

QUARTERLY STATEMENT Q3 2017



ZALANDO AT A GLANCE

KEY FIGURES

	JUL 1 – SEP 30, 2017	JUL 1 – SEP 30, 2016	JAN 1 – SEP 30, 2017	JAN 1 – SEP 30, 2016
Group key performance indicators				
Site visits (in millions)	615.6	468.6	1,828.4	1,428.4
Mobile visit share (in %)	71.8	67.0	70.1	64.6
Active customers (in millions)	22.2	19.2	22.2	19.2
Number of orders (in millions)	22.5	16.4	64.7	49.6
Average orders per active customer	3.8	3.4	3.8	3.4
Average basket size (in EUR)	62.0	62.8	63.2	65.1
Marketing cost ratio (in % of revenue)	8.6	9.7	8.5	10.3
Adjusted marketing cost ratio (in % of revenue)	8.4	9.5	8.3	10.2
Fulfillment cost ratio (in % of revenue)	27.2	24.2	26.4	23.9
Adjusted fulfillment cost ratio (in % of revenue)	27.0	24.0	26.3	23.7
Results of operations				
Revenue (in EUR m)	1,074.7	834.8	3,155.3	2,547.4
EBIT (in EUR m)	-5.9	12.7	85.3	106.4
EBIT (in % of revenue)	-0.5	1.5	2.7	4.2
Adjusted EBIT (in EUR m)	0.4	19.5	102.5	120.7
Adjusted EBIT (in % of revenue)	0.0	2.3	3.2	4.7
EBITDA (in EUR m)	9.4	23.8	126.7	136.8
EBITDA (in % of revenue)	0.9	2.9	4.0	5.4
Adjusted EBITDA (in EUR m)	15.7	30.6	143.9	151.1
Adjusted EBITDA (in % of revenue)	1.5	3.7	4.6	5.9
Financial position				
Net working capital (in EUR m)	-115.3	-127.6*	-115.3	-127.6*
Equity ratio (in % of balance sheet total)	49.1	55.5*	49.1	55.5*
Cash flow from operating activities (in EUR m)	92.3	63.0	154.7	210.7
Cash flow from investing activities (in EUR m)	20.3	-122.7	-38.6	-210.0
Cash and cash equivalents (in EUR m)	1,084.6	976.4	1,084.6	976.4
Other				
Employees (as of the reporting date)	14,217	11,998*	14,217	11,998*
Basic earnings per share (in EUR)	-0.04	0.02	0.17	0.24
Diluted earnings per share (in EUR)	-0.04	0.02	0.16	0.24

pp = percentage points

*) As of Dec 31, 2016

For an explanation of the performance indicators please refer to the Glossary to the annual report 2016 (section 04.1). Rounding differences may arise in the percentages and numbers shown in this quarterly statement.

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01.1 FINANCIAL PERFORMANCE OF THE GROUP

- Zalando continues strong growth in the third quarter of 2017
- Revenue increases significantly by 28.7% to EUR 1,074.7m
- Adjusted EBIT at EUR 0.4m
- High investments in consumer and supplier proposition and in infrastructure influence financial result
- Full-year guidance: revenue growth in the upper half of the guided range of 20% to 25% despite a weaker than expected October, as a result adjusted EBIT margin slightly below 5.0%

01.1 FINANCIAL PERFORMANCE OF THE GROUP

In the reporting period, the condensed consolidated income statement for the third quarter of 2017 showed very strong revenue growth compared to the corresponding prior-year period. To support this growth, we continued to invest into our consumer experience, brand partner proposition and expanding infrastructure, which influenced the result of the third quarter of 2017.

NINE MONTHS CONSOLIDATED INCOME STATEMENT

IN EUR M	JAN 1 – SEP 30, 2017	As % of revenue	JAN 1 – SEP 30, 2016	As % of revenue	Change
Revenue	3,155.3	100.0%	2,547.4	100.0%	0.0pp
Cost of sales	-1,796.0	-56.9%	-1,436.4	-56.4%	-0.5pp
Gross profit	1,359.3	43.1%	1,111.0	43.6%	-0.5pp
Selling and distribution costs	-1,100.9	-34.9%	-870.2	-34.2%	-0.7pp
Administrative expenses	-175.8	-5.6%	-138.2	-5.4%	-0.1pp
Other operating income	7.5	0.2%	6.3	0.2%	0.0pp
Other operating expenses	-4.8	-0.2%	-2.5	-0.1%	-0.1pp
Earnings before interest and taxes (EBIT)	85.3	2.7%	106.4	4.2%	-1.5pp

01.1 FINANCIAL PERFORMANCE OF THE GROUP

THIRD QUARTER CONSOLIDATED INCOME STATEMENT

IN EUR M	JUL 1 – SEP 30, 2017	As % of revenue	JUL 1 – SEP 30, 2016	As % of revenue	Change
Revenue	1,074.7	100.0%	834.8	100.0%	0.0pp
Cost of sales	-636.2	-59.2%	-490.6	-58.8%	-0.4pp
Gross profit	438.5	40.8%	344.3	41.2%	-0.4pp
Selling and distribution costs	-384.0	-35.7%	-283.1	-33.9%	-1.8pp
Administrative expenses	-62.6	-5.8%	-48.7	-5.8%	0.0pp
Other operating income	3.2	0.3%	1.3	0.2%	0.1pp
Other operating expenses	-1.0	-0.1%	-1.1	-0.1%	0.0pp
Earnings before interest and taxes (EBIT)	-5.9	-0.5%	12.7	1.5%	-2.1pp

DEVELOPMENT OF REVENUE

In the third quarter of 2017, Zalando increased its revenue by EUR 239.8m from EUR 834.8m to EUR 1,074.7m compared to the prior-year period. This corresponds to a strong year-on-year revenue growth rate of 28.7%.

The increase in revenue was driven by a larger customer base as well as an increase in average orders per active customer. As of September 30, 2017, the group had 22.2 million active customers compared to 19.2 million active customers as of September 30, 2016. This corresponds to an increase of 15.7%. The larger customer base ordered more frequently compared to the prior-year period with the average number of orders per active customer rising by 12.1%.

In the first nine months of 2017, revenue showed a 23.9% rise to EUR 3,155.3m (prior year: EUR 2,547.4m) compared to the corresponding prior-year period, driven by the aforementioned key performance indicators.

DEVELOPMENT OF EBIT

The group recorded an EBIT of EUR -5.9m in the third quarter of 2017 (prior year: EUR 12.7m), which corresponds to an EBIT margin of -0.5% (prior year: 1.5%). The decrease in the EBIT margin of 2.1 percentage points was mainly driven by the fulfillment cost ratio which increased by 3.0 percentage points, and by the gross margin which decreased slightly by 0.4 percentage points and could not be offset by an improved marketing cost ratio, which decreased by 1.1%.

In Q3 2017, cost of sales rose by 29.7% from EUR 490.6m to EUR 636.2m, with the gross margin being overall in line with the prior-year period, decreasing slightly by 0.4 percentage points from 41.2% to 40.8%. The group discount rate was slightly higher compared to the prior-year period.

Selling and distribution costs rose by 35.6% from EUR 283.1m to EUR 384.0m. This corresponds to an increase as a percentage of revenue of 1.8 percentage points from 33.9% to 35.7%. Selling and distribution costs consist of fulfillment and marketing costs.

The fulfillment cost ratio as a percentage of revenue increased in the third quarter of 2017 by 3.0 percentage points in comparison to the prior-year period. The increase in the fulfillment cost ratio is primarily attributable to higher logistic costs, as Zalando continued its investments into the customer and brand proposition as well as in infrastructure. Noteworthy are the ramp-up of new fulfillment centers in southern Germany, in France, Italy and Poland, continued investments in convenience to enhance our customer experience like same-day delivery, and the ramp-up of our Zalando Fulfillment Solution product for brand partners, where we take on the fulfillment services for brands that are selling in our partner program. The investments in convenience also include Zalando Zet, a recently launched membership program that offers additional benefits such as faster delivery as well as customized premium services like pick-up of returns on demand.

The marketing cost ratio improved by 1.1 percentage points to 8.6% compared to the prior-year period mainly due to continued efficiency gains. Marketing spend included our second Bread & Butter event as well as the season start campaigns in September.

Compared to the prior-year period, administration costs increased by EUR 13.9m from EUR 48.7m to EUR 62.6m in Q3 2017, leaving the percentage of revenue unchanged. The absolute increase resulted mainly from higher headcount and associated office expenses.

The development in the first nine months of 2017 can be summarized as follows: the EBIT margin as a percentage of revenue decreased by 1.5 percentage points from 4.2% in the first nine months of 2016 to 2.7% in the first nine months of 2017. This decline mainly resulted from a higher selling and distribution cost ratio and a slight decrease in gross margin. As a percentage of revenue, the selling and distribution costs increased by 0.7 percentage points from 34.2% in the first nine months of 2016 to 34.9% in the first nine months of 2017, mainly as a result of continued investments in our technology and logistic infrastructure.

ADJUSTED EBIT

To assess the operating performance of the business, Zalando's management also considers adjusted EBIT and the adjusted EBIT margin before expenses for equity-settled share-based payments and other non-operating one-time effects, if applicable.

In the third quarter of 2017, Zalando generated an adjusted EBIT of EUR 0.4m (prior year: EUR 19.5m), which translates into an adjusted EBIT margin of 0.0% (prior year 2.3%).

EBIT includes the following expenses from equity-settled share-based payments. More information can be found in the notes to the annual financial statements 2016 (section 03.5.7 (20.)).

01.1 FINANCIAL PERFORMANCE OF THE GROUP

SHARE-BASED COMPENSATION EXPENSES PER FUNCTIONAL AREA

IN EUR M	JUL 1 – SEP 30, 2017	JUL 1 – SEP 30, 2016	Change	JAN 1 – SEP 30, 2017	JAN 1 – SEP 30, 2016	Change
Expenses for equity-settled share-based payments	6.3	6.8	-0.5	17.2	14.3	2.9
Cost of sales	1.7	1.7	0.0	4.4	3.6	0.9
Selling and distribution costs	3.4	3.4	0.0	8.8	7.2	1.7
thereof marketing costs	1.7	1.7	0.0	4.4	3.6	0.8
thereof fulfillment costs	1.7	1.7	0.0	4.4	3.6	0.8
Administrative expenses	1.2	1.7	-0.5	3.9	3.6	0.4

EBIT contains no other non-operating one-time effects either in the first nine months of 2017 or in the respective prior-year period.

As expenses from equity-settled share-based payments remained mainly stable as compared to the prior-year period, the decrease in adjusted EBIT and the adjusted EBIT margin stemmed from the aforementioned drivers.

01.2 RESULTS BY SEGMENT

The condensed segment results for the third quarter of 2017 show a strong improvement in revenue across all segments. EBIT increased in the Rest of Europe and Other segments, while the DACH segment showed a decrease in EBIT compared to the prior-year period.

CONSOLIDATED SEGMENT RESULTS

IN EUR M	JUL 1 – SEP 30, 2017	JUL 1 – SEP 30, 2016	Change	JAN 1 – SEP 30, 2017	JAN 1 – SEP 30, 2016	Change
Revenue						
DACH	497.7	407.1	90.6	1,515.6	1,284.4	231.2
Rest of Europe	489.7	374.0	115.7	1,387.8	1,091.8	296.0
Other	87.2	53.7	33.6	251.9	171.3	80.7
Earnings before interest and taxes (EBIT)						
DACH	12.8	38.1	-25.3	99.6	139.2	-39.6
Rest of Europe	-19.1	-20.8	1.7	-25.4	-24.9	-0.6
Other	0.4	-4.5	5.0	11.1	-8.0	19.1
Other segment financial information						
Adjusted EBIT DACH	15.7	41.4	-25.7	107.8	146.3	-38.5
Adjusted EBIT Rest of Europe	-16.2	-17.9	1.7	-17.9	-19.0	1.0
Adjusted EBIT Other	0.9	-4.0	4.9	12.6	-6.6	19.3

EBIT comprises the following expenses from equity-settled share-based payments:

SHARE-BASED COMPENSATION EXPENSES PER SEGMENT

IN EUR M	JUL 1 – SEP 30, 2017	JUL 1 – SEP 30, 2016	Change	JAN 1 – SEP 30, 2017	JAN 1 – SEP 30, 2016	Change
Equity-settled share-based payment expenses	6.3	6.8	-0.5	17.2	14.3	2.9
DACH	2.9	3.3	-0.4	8.2	7.1	1.1
Rest of Europe	2.9	2.9	0.0	7.5	5.9	1.6
Other	0.5	0.6	0.0	1.5	1.3	0.2

SEGMENT DEVELOPMENT FOR THE QUARTER

Zalando's revenue growth was generated across all segments, thereby further expanding its market position across its segments.

In the third quarter of 2017, revenue in the DACH segment grew by 22.3%, in the Rest of Europe segment by 30.9% and in the Other segment by 62.5%, compared to the prior-year period. The DACH segment continued to generate the highest absolute level of revenue, however, the Rest of Europe segment shows the highest increase of revenue in absolute terms. The revenue increase in the Other segment is mainly due to Zalando Lounge, which significantly increased the number of campaigns and active customers.

EBIT margin of the DACH segment decreased by 6.8 percentage points to 2.6%. The decrease primarily results from higher fulfillment costs, plus a lower gross margin. The EBIT margin of the Rest of Europe segment improved by 1.7 percentage points from -5.6% to -3.9% mainly due to an improved marketing cost ratio, outweighing higher fulfillment costs. The Other segment recorded an increase of 8.9 percentage points, resulting in an EBIT margin of 0.5% in the third quarter of 2017. The positive development mainly resulted from a strong margin uplift due to profitable sourcing deals.

SEGMENT DEVELOPMENT FOR THE FIRST NINE MONTHS

In the first nine months of 2017, group revenue increased by 23.9% from EUR 2,547.4m in the corresponding prior-year period to EUR 3,155.3m.

In the DACH segment, revenue rose by 18.0% in the first nine months of 2017 compared to the corresponding prior-year period, and as such DACH continues to be the strongest segment in terms of absolute revenue. In the Rest of Europe segment, revenue grew by 27.1%. Zalando's revenue growth in the Other segment was especially strong with 47.1%. Apparel remained the largest product category in terms of revenue in the first nine months of 2017.

The EBIT margin in the DACH segment decreased from 10.8% in the first nine months of 2016 to 6.6% in the first nine months of 2017. This decline mainly results from higher fulfillment costs. EBIT margin for the Rest of Europe segment slightly improved by 0.4 percentage points to -1.8% in the first nine months of 2017. The EBIT margin in the Other segment improved from -4.7% in the first nine months of 2016 to 4.4% in the first nine months of 2017 mainly resulting from a gross margin uplift due to profitable sourcing deals.

ADJUSTED EBIT

The DACH segment generated an adjusted EBIT margin of 3.2% in the third quarter of 2017 compared to 10.2% the prior-year period. The Rest of Europe segment recorded a rise of 1.5 percentage points in the adjusted EBIT margin compared to -4.8% in the prior-year period. The Other segment generated an adjusted EBIT margin of 1.1% in the third quarter of 2017 as compared to -7.4% in the prior-year period. As expenses from equity-settled share-based payments as well as their distribution across segments remained fairly stable when compared to the prior-year period, the development in adjusted EBIT and adjusted EBIT margin resulted from the aforementioned drivers described for unadjusted EBIT.

01.3 FINANCIAL POSITION

The liquidity and the financial development of the Zalando group are presented in the following condensed statement of cash flows:

CONDENSED STATEMENTS OF CASH FLOWS

IN EUR M	JUL 1 – SEP 30, 2017	JUL 1 – SEP 30, 2016	JAN 1 – SEP 30, 2017	JAN 1 – SEP 30, 2016
Cash flow from operating activities	92.3	63.0	154.7	210.7
Cash flow from investing activities	20.3	-122.7	-38.6	-210.0
Cash flow from financing activities	-0.5	-0.2	-2.3	-1.4
Change in cash and cash equivalents	112.0	-60.0	113.8	-0.8
Exchange-rate-related and other changes in cash and cash equivalents	-2.5	0.5	-1.8	0.9
Cash and cash equivalents at the beginning of the period	975.1	1,035.9	972.6	976.2
Cash and cash equivalents as of Sep 30	1,084.6	976.4	1,084.6	976.4

Zalando generated a positive cash flow from operating activities of EUR 92.3m in the third quarter of 2017 (prior-year period: EUR 63.0m).

Compared to the prior-year period, net income decreased from EUR 5.0m in the prior-year period to EUR -11.1m in the third quarter of 2017. However, operating cash flow increased by EUR 29.3m which was mainly driven by the decrease in other assets less other liabilities, which was influenced especially by lower outstanding VAT receivables compared to the prior-year period.

In Q3 2017, cash flow from investing activities amounted to EUR 20.3m. This includes changes in investments in term deposits (EUR 70m) and in restricted cash (EUR 2.7m). Excluding those changes, remaining cash flow from investing activities amounted to EUR -52.4m and contains investments into logistics infrastructure of EUR 18.9m, relating primarily to the fulfillment centers in Lahr and Gryfino close to Szczecin, Poland, as well as investments in internally developed software of EUR 16.6m.

As a result, free cash flow increased by EUR 24.6m, from EUR 15.3m in the prior-year period to EUR 39.9m in the third quarter of 2017.

Aggregate cash and cash equivalents increased by EUR 109.5m in the third quarter, resulting in Zalando carrying cash and cash equivalents of EUR 1,084.6m as of September 30, 2017.

01.4 NET ASSETS

The group's net assets are shown in the following condensed statement of financial position.

ASSETS

IN EUR M	SEP 30, 2017		DEC 31, 2016		Change	
Non-current assets	567.4	18.9%	392.6	15.5%	174.9	44.5%
Current assets	2,435.9	81.1%	2,145.6	84.5%	290.3	13.5%
Total assets	3,003.4	100.0%	2,538.2	100.0%	465.2	18.3%

EQUITY AND LIABILITIES

IN EUR M	SEP 30, 2017		DEC 31, 2016		Change	
Equity	1,474.9	49.1%	1,407.5	55.5%	67.5	4.8%
Non-current liabilities	60.0	2.0%	32.5	1.3%	27.4	84.2%
Current liabilities	1,468.5	48.9%	1,098.2	43.3%	370.3	33.7%
Total equity and liabilities	3,003.4	100.0%	2,538.2	100.0%	465.2	18.3%

Compared to December 31, 2016, Zalando's total assets increased by EUR 465.2m. The balance sheet is dominated by working capital, cash and cash equivalents as well as equity.

In the first nine months of 2017, additions to intangible assets amounted to EUR 103.2m (prior-year period: EUR 62.0m), mainly impacted by acquisitions and investments around Kickz Never Not Ballin' GmbH, Munich, Germany and Anatwine Ltd, Cheltenham, United Kingdom during the second quarter of 2017. Additions to property, plant and equipment totaled EUR 131.5m (prior-year period: EUR 89.0m), mainly relating to the fulfillment centers in Gryfino close to Szczecin, Poland and Lahr, Germany.

Inventories almost exclusively comprise merchandise for Zalando's wholesale business. The EUR 282.3m increase in inventories to EUR 859.3m predominantly relates to the delivery peak with respect to the fall/winter collection.

Trade and other receivables as reported on September 30, 2017 are all current. The increase from EUR 216.0m to EUR 260.1m is primarily attributable to the higher volume in business.

In the first nine months of 2017, equity rose from EUR 1,407.5m to EUR 1,474.9m. The EUR 67.5m increase primarily stems from the net income for the period. As liabilities increased more strongly than equity, the equity ratio decreased from 55.5% at the beginning of the year to 49.1% as of September 30, 2017.

Current liabilities increased by EUR 370.3m in the reporting period. This increase is mainly attributable to trade payables and similar liabilities, which rose by EUR 314.2m, increasing from EUR 920.5m to EUR 1,234.7m, mainly due to recent deliveries of the fall/winter collection. Under reverse factoring agreements, suppliers' claims against Zalando totaling EUR 339.2m as of September 30, 2017 were transferred to various factoring providers (December 31, 2016: EUR 282.3m). These items were recognized in the statement of financial position under trade payables and similar liabilities.

01.5 OUTLOOK

Zalando continues to expect revenue growth in the upper half of its guided range of 20% to 25%, despite a weaker than expected October. As a result, Zalando forecasts adjusted EBIT margin in the fourth quarter to be slightly below last year's strong level, leading to a full year adjusted EBIT margin of slightly below 5%.

Berlin, November 3, 2017

The Management Board

Robert Gentz

David Schneider

Rubin Ritter

02.1 CONSOLIDATED INCOME STATEMENT

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CONSOLIDATED INCOME STATEMENT

IN EUR M	JUL 1 – SEP 30, 2017	JUL 1 – SEP 30, 2016	JAN 1 – SEP 30, 2017	JAN 1 – SEP 30, 2016
Revenue	1,074.7	834.8	3,155.3	2,547.4
Cost of sales	-636.2	-490.6	-1,796.0	-1,436.4
Gross profit	438.5	344.3	1,359.3	1,111.0
Selling and distribution costs	-384.0	-283.1	-1,100.9	-870.2
Administrative expenses	-62.6	-48.7	-175.8	-138.2
Other operating income	3.2	1.3	7.5	6.3
Other operating expenses	-1.0	-1.1	-4.8	-2.5
Earnings before interest and taxes (EBIT)	-5.9	12.7	85.3	106.4
Interest and similar income	1.1	1.0	2.3	1.5
Interest and similar expenses	-4.7	-3.3	-11.2	-7.3
Result of investments accounted for using the equity method	0.0	-1.1	0.3	-2.5
Other financial result	-0.1	0.1	-1.0	0.5
Financial result	-3.7	-3.3	-9.6	-7.8
Earnings before taxes (EBT)	-9.6	9.4	75.7	98.5
Income taxes	-1.5	-4.4	-34.2	-38.0
Net income for the period	-11.1	5.0	41.5	60.5
Thereof net income attributable to the shareholders of ZALANDO SE	-10.5	5.0	42.5	60.5
Thereof net income attributable to non-controlling interests	-0.6	0.0	-1.0	0.0

02.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSETS

IN EUR M	SEP 30, 2017	DEC 31, 2016
Non-current assets		
Intangible assets	184.6	100.9
Property, plant and equipment	352.2	243.0
Financial assets	27.2	29.2
Deferred tax assets	1.2	1.6
Non-financial assets	2.3	3.0
Investments accounted for using the equity method	0.0	14.8
	567.4	392.6
Current assets		
Inventories	859.3	576.9
Prepayments	2.5	1.1
Trade and other receivables	260.1	216.0
Other financial assets	97.3	245.8
Other non-financial assets	132.1	133.1
Cash and cash equivalents	1,084.6	972.6
	2,435.9	2,145.6
Total assets	3,003.4	2,538.2

02.2 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – EQUITY AND LIABILITIES

IN EUR M	SEP 30, 2017	DEC 31, 2016
Equity		
Issued capital	247.3	247.2
Capital reserves	1,178.0	1,161.0
Other reserves	4.8	-3.3
Accumulated profit	45.1	2.5
Non-controlling interest	0.3	0.0
	1,474.9	1,407.5
Non-current liabilities		
Provisions	15.1	12.6
Government grants	0.2	0.0
Borrowings	8.9	11.2
Other financial liabilities	9.7	2.3
Other non-financial liabilities	1.4	3.3
Deferred tax liabilities	24.5	3.1
	60.0	32.5
Current liabilities		
Provisions	1.6	1.7
Borrowings	3.2	3.2
Trade payables and similar liabilities	1,234.7	920.5
Prepayments received	15.6	8.1
Income tax liabilities	1.5	8.9
Other financial liabilities	89.1	69.0
Other non-financial liabilities	122.8	86.7
	1,468.5	1,098.2
Total equity and liabilities	3,003.4	2,538.2

02.3 CONSOLIDATED STATEMENT OF CASH FLOWS

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CONSOLIDATED STATEMENT OF CASH FLOWS

IN EUR M		JUL 1 – SEP 30, 2017	JUL 1 – SEP 30, 2016	JAN 1 – SEP 30, 2017	JAN 1 – SEP 30, 2016
1.	Net income for the period	-11.1	5.0	41.5	60.5
2.	+ Non-cash expenses from share-based payments	6.3	6.8	17.2	14.3
3.	+ Depreciation of property, plant and equipment and amortization of intangible assets	15.2	11.1	41.4	30.4
4.	+ Income taxes	1.5	4.4	34.2	38.0
5.	- Income taxes paid, less refunds	-15.1	-4.6	-34.5	-29.2
6.	+/- Increase/decrease in provisions	0.1	1.1	-0.1	0.7
7.	-/+ Other non-cash income/expenses	-1.1	0.3	1.9	-0.7
8.	+/- Decrease/increase in inventories	-195.9	-175.6	-269.9	-127.4
9.	+/- Decrease/increase in trade and other receivables	-13.2	-3.0	-43.0	-15.4
10.	+/- Increase/decrease in trade payables and similar liabilities	287.0	264.7	312.3	285.0
11.	+/- Increase/decrease in other assets/liabilities	18.6	-47.3	53.7	-45.6
12.	= Cash flow from operating activities	92.3	63.0	154.7	210.7
13.	- Cash paid for investments in property, plant and equipment	-28.9	-32.3	-129.1	-73.8
14.	- Cash paid for investments in intangible assets	-16.8	-15.4	-46.5	-42.1
15.	- Cash paid for acquisitions of subsidiaries and other business entities less cash and cash equivalents acquired	-6.7	0.0	-33.4	-29.2
16.	+/- Cash received from/paid for investments in term deposits	70.0	-75.0	160.0	-65.0
17.	+/- Change in restricted cash	2.7	0.0	10.4	0.0
18.	= Cash flow from investing activities	20.3	-122.7	-38.6	-210.0
19.	+ Cash received from capital increase by the shareholders less transaction costs	0.0	0.6	0.6	1.1
20.	- Repurchase of treasury shares	0.0	0.0	-0.7	0.0
21.	- Cash repayments of loans	-0.5	-0.8	-2.2	-2.4
22.	= Cash flow from financing activities	-0.5	-0.2	-2.3	-1.4

02.3 CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

IN EUR M		JUL 1 – SEP 30, 2017	JUL 1 – SEP 30, 2016	JAN 1 – SEP 30, 2017	JAN 1 – SEP 30, 2016
23.	= Net change in cash and cash equivalents from cash-relevant transactions	112.0	-60.0	113.8	-0.8
24.	+/- Change in cash and cash equivalents due to exchange rate movements	-2.5	0.5	-1.8	0.9
25.	+ Cash and cash equivalents at the beginning of the period	975.1	1,035.9	972.6	976.2
26.	= Cash and cash equivalents as of Sep 30	1,084.6	976.4	1,084.6	976.4
	Free cash flow	39.9	15.3	-54.4	65.6

03.1 FINANCIAL CALENDAR 2018

FINANCIAL CALENDAR

Date	Event
Thursday, March 1	Publication of the Annual Report 2017
Tuesday, May 8	Publication of the first quarter results 2018
Tuesday, August 7	Publication of the second quarter results 2018
Tuesday, November 6	Publication of the third quarter results 2018

03.2 IMPRINT

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CONCEPT AND LAYOUT

With the collaboration of MPM Corporate Communication Solutions, Mainz

Statement relating to the future

This quarterly statement contains statements that relate to the future and are based on assumptions and estimates made by the management of ZALANDO SE. Even if the management is of the opinion that these assumptions and estimates are appropriate, the actual development and the actual future results may vary from these assumptions and estimates as a result of a variety of factors. These factors include, for example, changes to the overall economic environment, the statutory and regulatory conditions in Germany and the EU and changes in the industry. ZALANDO SE makes no guarantee and accepts no liability for future development and the actual results achieved in the future matching the assumptions and estimates stated in this quarterly statement. It is neither the intention of zalando se nor does ZALANDO SE accept a special obligation to update statements related to the future in order to align them with events or developments that take place after this quarterly statement is published.

The quarterly statement is available in English. If there are variances, the German version has priority over the English translation. It is available for download in both languages at <https://corporate.zalando.com/en/ir>.

