



Rubin Ritter

Robert Gentz

David Schneider

## DEAR SHAREHOLDERS, DEAR FRIENDS,

An extraordinary year lies behind us. For the first time in Zalando's history, revenues exceeded the one billion Euro mark in a single quarter. Ending 2016 with the most successful quarter we have ever had is symbolic for a year in which we outperformed our own ambitious profit forecast, despite extensive investments focused on consumers, partners, and infrastructure.

"Reimagine fashion for the good of all." In early 2016, we defined this as Zalando's purpose and use it as a guiding principle to develop Zalando into the operating system for the fashion industry. To achieve this, we follow our platform strategy, which combines elements around consumers, partners, and infrastructure.

Investments into our customer proposition are already paying off and enabling us to make further headway. The fulfillment hub in Lahr, Germany began operations in August and the new site in Szczecin, Poland will start operations in the fall of 2017. Our Italian satellite fulfillment center in Stradella operates in full swing, the first parcels from Moissy-Cramayel near Paris have already been shipped, and plans for the newest site in Sweden are underway. These investments allow us to offer new services, such as same day delivery, express delivery, and instant returns, in more countries and to more customers.

One of the key milestones in 2016 was the launch of our integrated commerce activities as we aim to enable multiple ways of connecting fashion contributors and stakeholders to our platform. The integration of offline stores is an important element and we are making good progress, as shown by a successful pilot in close partnership with adidas, linking their Berlin flagship store to our platform.

Developing and deepening the relationship with our brands is fundamental to these efforts. We showcased our strong connections with dedicated campaigns throughout the year. Together with Beyoncé we launched her Ivy Park fashion line exclusively on Zalando and Gigi Hadid presented her co-created Tommy Hilfiger's Tommy X Gigi collection for our customers.

Our journey is being watched by millions of consumers and fashion industry players, best displayed by our inaugural and sold-out Bread&Butter fashion event in Berlin in September. We attracted more than 20,000 visitors and gained about 800 million impressions online, underlining our successful investment into brand visibility and reach.

Most of these efforts are enabled by technology, so we have further expanded our technology team's capacity and capability in 2016. More than 1,600 tech employees now work across seven Zalando tech sites.

Our efforts translated into strong financials for the full year, with revenues growing by 23% to EUR 3,639.0m. At the same time we have never been more profitable, with our adjusted EBIT reaching EUR 216.3m. 2016 has also been a year of continued recruiting efforts, increasing our staff from 9,987 to 11,998.

We are always aspiring to be more sustainable and want to share our actions and lessons learnt transparently. This year, for the first time we report in accordance with the Guidelines of the Global Reporting Initiative (GRI).

Our special thanks go to the entire team that has worked incredibly hard to carry on the Zalando success story.

Berlin, February 24, 2017

Robert Gentz

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In 2016, we continued to register positive tech growth. What is the successful formula of Zalando Tech, Robert?  
[zln.do/en-Robert](http://zln.do/en-Robert)



In 2016, we celebrated a variety of fashion highlights. Which were your favorites, David?  
[zln.do/en-David](http://zln.do/en-David)



Zalando outperformed financial expectations for 2016. What were your three personal highlights, Rubin?  
[zln.do/en-Rubin](http://zln.do/en-Rubin)