

## 04.1 GLOSSARY

### ACTIVE CUSTOMERS

We define active customers as the number of customers who have placed at least one order in the last 12 months during the reporting period, irrespective of cancellations or returns.

### ADJUSTED EBIT

We define adjusted EBIT as EBIT before equity-settled share-based payment expense and other non-operating one-time effects.

### ADJUSTED EBITDA

We define adjusted EBITDA as EBITDA before equity-settled share-based payment expense and other non-operating one-time effects.

### ADJUSTED FULFILLMENT COST RATIO

We define the adjusted fulfillment cost ratio as fulfillment costs before equity-settled share-based payments, divided by the revenue during the reporting period. Fulfillment costs include expenditures for shipment processing, content creation, customer service and payment processing, as well as allocated overhead costs and write-downs on trade receivables. Fulfillment costs thus include all selling and distribution costs with the exception of marketing costs.

### ADJUSTED MARKETING COST RATIO

We define the adjusted marketing cost ratio as marketing costs before equity-settled share-based payment expense, divided by the revenue during the reporting period. Marketing costs consist of expenses for advertising, including search engine marketing and advertising on television, online and other marketing channels, as well as allocated overhead costs.

### APPS

Applications that were developed to optimize internet use for a specific task with a mobile phone or smartphone.

### AVERAGE BASKET SIZE

We define the average basket size as the gross merchandise volume (including the gross merchandise volume from our partner program) after cancellations and returns, divided by the number of orders delivered during the reporting period. The gross merchandise volume is defined as the total amount spent by our customers (including VAT) less cancellations and returns during the reporting period.

### AVERAGE ORDERS PER ACTIVE CUSTOMER

We define the average orders per active customer as the number of orders in the last 12 months of the reporting period, divided by the number of active customers.

### BRAND SHOP

We define brand shops as the pages within the Zalando shop that can be designed by the individual brands themselves. This allows these brands to present themselves in the best possible light in the Zalando environment, along the lines of an online flagship store.

#### BRAND SOLUTIONS

Zalando Brand Solutions is part of a partner program and allows brands to market their products directly via the fashion store. In addition, we make it possible for certain brands to design their own unique brand shop in the Zalando shop using a content management system. With the aid of analysis methods, they can assess any products or campaigns in detail.

#### CONTENT CREATION

We define content creation as the production of photos and text for the sale of products on our websites.

#### CONTENT CREATOR

We define content creators as opinion leaders that have a certain reach and contacts within the relevant target groups and therefore function as multipliers.

#### CONTENT MANAGEMENT SYSTEM

A content management system (CMS) is a program that allows joint creation, processing and organization of webpage content.

#### CORPORATE RESPONSIBILITY

Corporate Responsibility (CR) is a business approach that takes responsibility for social and environmental impacts resulting out of company activity. The goal is to create long-term value for shareholders, other stakeholders and communities by embracing the opportunities associated with economic, environmental and social developments.

#### CUSTOMER SERVICE

We define customer services as the service we offer our customers via our hotline or e-mail.

#### EBIT

EBIT is short for "earnings before interest and taxes".

#### EBITDA

EBITDA is short for EBIT before depreciation and amortization of property, plant and equipment and intangible assets.

#### EBIT MARGIN

The EBIT margin is defined as EBIT as a percentage of revenue.

#### FAST FASHION

Fast fashion refers to affordable fashion or clothing that quickly transfers from the catwalk to stores in order to capture the most recent fashion trends.

#### FLAGSHIP STORE

A flagship store refers to company retail locations that are characterized by exclusive features and therefore serves as a retailer's showcase location.

#### FREE CASH FLOW

Cash flow from operating activities plus cash flow from investment activities (excluding investments in time deposits and restricted cash).

#### HACK WEEK

Hack Week is our annual innovation week, in which Zalando technology employees put their day-to-day tasks to one side in order to fully focus on their own creative ideas, develop new concepts and work on initial prototypes.

#### INTEGRATED COMMERCE

Integrated Commerce connects the offline with the online world: Various technical solutions provide our fashion partners with an opportunity to become part of the Zalando platform. They can place their products that are either stored in their own warehouses or in their bricks-and-mortar retail stores on the platform or flexibly accept orders from Zalando customers and close the sale from their own local stores.

#### MOBILE COMMERCE

We define mobile commerce as retail via mobile devices such as smartphones or tablet computers.

#### MOBILE VISIT SHARE (AS % OF SITE VISITS)

We define the mobile visit share (as % of site visits) as the number of page views via m.sites, t.sites or apps divided by the total number of page views during the period in question.

#### M.SITES

Websites designed to be accessed via smartphones or mobile phones that offer users internet access.

#### NET WORKING CAPITAL

We calculate net working capital as the sum of inventories and trade receivables less trade payables and similar liabilities.

#### NUMBER OF ORDERS

We define the number of orders as the number of orders placed by customers during the reporting period, irrespective of cancellations or returns. An order is counted on the day the customer places the order. The number of orders placed may differ from the number of orders delivered because the orders at the end of the reporting period may still be in transit or may have been canceled.

#### PRIVATE LABELS

For us private labels (zLabels) are Zalando's own labels. The product assortment comprises shoes, apparel and accessories for women, men and children.

#### PURPOSE

Our shared purpose is what unites us all – it lies at the core of everything we do: reimagine fashion for the good of all. The shared purpose sets the course for the company and explains why Zalando exists and what influence we want to have on the world around us.

#### SITE VISITS

We define site visits as the number of series of page views from the same device and the same source (via websites, m.sites, t.sites or apps) during the relevant period. The series is considered ended when a page view is not recorded for longer than 30 minutes.

#### SMART DATA

Smart data is the result of processing and analyzing collected data to create added value.

#### SOCIAL MEDIA

Social media encompasses digital media and technologies that allow a social interaction between users and content creation.

#### T.SITES

Websites designed to be accessed via tablets, such as Apple iPad or the Samsung Galaxy tablets.

#### ZALON

Zalon is our curated shopping service in which professional stylists in Germany, Austria and Switzerland compile an individual look that is tailored to our customers.