

# Zalando reports â€œsubstantial improvementâ€ in profitability in Q1

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German online retailer Zalando has reported a substantial improvement in profitability for the first quarter of 2024, with the firm delivering growth after winning more multi-channel fulfilment B2B partners over the first three months of the year and boosting the quality of its assortment.

For Q1 2024, Zalando reported adjusted EBIT of €28.3 million, in line with market expectations and representing a margin of 1.3%, compared to -€0.7 million in the prior year period. Meanwhile, GMV rose by 1.3% to €3.3 billion, and revenue was €2.2 billion compared with €2.3 billion in Q1 2023.

According to the firm, the substantial improvement in profitability was driven by lower fulfilment costs and successful inventory management, leading to an improved gross margin.

Net income improved from a loss of €38.5 million in Q1 2023 to a loss of €8.9 million in Q1 2024.

## The ecosystem approach

The results are a validation of Zalando's updated strategy, announced in March, to build the leading pan-European fashion and lifestyle e-commerce ecosystem around its two main growth vectors: business-

to-consumer (B2C) and business-to-business (B2B).

The firm hopes that this ecosystem approach will help drive revenue growth of 0% to 5% in 2024, after a 1.9% drop to €10.1 billion last year. The company is aiming for a compound annual growth rate of 5-10% for both GMV and revenue over the next five years. In 2023, GMV decreased 1.1% to €14.6 billion.

Meanwhile, Zalando confirmed that it still expects adjusted EBIT to be between €380 million and €450 million in 2024 – up from €350 million in 2023, and €185 million in 2022. With both B2C and B2B, Zalando aims to cover in the long term the equivalent of 15% of the European fashion market, which is worth €450 billion.

“As we are executing our ecosystem strategy, we are excited by the positive response from customers and partners in the first quarter. We are returning to growth,”

said Dr Sandra Dembeck, Zalando CFO.

"B2C customers are showing increased interest in our quality assortment, digital tools, propositions and inspiring content. B2B customers are signing up for our unique

offering. Both of our growth vectors are strong and contributing to results, demonstrating the strength of our plans," Dembeck added.

Source: [CEP Research](#)