Zalando.
The starting point for fashion.

Investor Factbook
February 2020
Dear reader,

Zalando keeps the pace high. Only 12 years after founding the company in 2008, we today have more than 31m active customers in 17 European countries and have become Europe’s leading online fashion destination. Building on this, more than 13,000 employees work hard every day to turn Zalando into the starting point for fashion for every fashion-loving European.

This factbook is designed to give you easy access to the most relevant capital markets information about Zalando.

Enjoy the read!

Robert, David, Rubin, Jim, David and the IR team
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The Zalando Group

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Investment Highlights - The Starting Point for Fashion

1. Our vision is to become the **starting point for fashion**, the destination that consumers gravitate to for all their fashion needs.

2. The number 1 priority is to **focus on growth** with 20-25% topline CAGR to achieve a scale of 20bn EUR GMV by 2023/24.

3. The most important building block on that journey is to transition our business towards a **true platform business**.

4. At scale our strategy will result in an **attractive financial profile**, characterized by double-digit margin profile and strong cash generation.

5. To become the starting point we **aim to invest** our economic surplus in our **customer experience across assortment, digital experience and convenience** to drive customer satisfaction and retention.
Strong Growth Track Record Since Foundation In 2008

MARKET ENTRY
• Focus on shoes
• Defined value proposition
• Leadership in Germany

CATEGORY EXPANSION
• Apparel
• Sports
• Accessories
• Private label

GEOGRAPHIC EXPANSION
• 15 European markets
• 425m population
• Highly localized approach

OPERATIONAL EXCELLENCE
• Basis for sustained growth
• Proprietary technology and logistics infrastructure
• App innovation
• IPO October 2014

PLATFORM MODEL
• Basis for future growth layers
• Leveraging infrastructure beyond wholesale (Partner Program)
• Focusing on deep customer relationships (e.g. Zalando Plus)

2009 revenue: €6m

2008/2009

2010/2011

2011/2012

2013/2014

2019 revenue: €6.5bn

2015+
**Zalando In A Nutshell**

<table>
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<tr>
<th>UNMATCHED REACH</th>
<th>STRONG LOCALIZATION</th>
</tr>
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<tbody>
<tr>
<td>17 European countries</td>
<td>&gt;2,500 (local) Brands</td>
</tr>
<tr>
<td>&gt;80% mobile traffic</td>
<td>&gt;20 payment methods</td>
</tr>
<tr>
<td>&gt;4bn site visits last year</td>
<td>&gt;20 logistics partner</td>
</tr>
<tr>
<td>&gt;31M active customers</td>
<td>13 languages</td>
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</table>

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<tr>
<th>PLATFORM STRATEGY</th>
<th>LOGISTICS &amp; TECH CAPABILITIES</th>
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<tr>
<td>Zalando is leveraging its position to develop from a typical retailer to become the ‘starting point for fashion’</td>
<td>Best-in-class e-commerce logistics infrastructure and technology talent</td>
</tr>
</tbody>
</table>
We Are Present in 17 European Markets…

Fashion Store revenue & adj. EBIT FY/19 per region

DACH
- Most mature Zalando markets
- Similar consumer behavior (e.g. higher gross baskets, high return rates, high invoice share)
- Proximity to warehouse footprint

REST OF EUROPE
- Some less developed online markets
- Diverse set of consumer behavior (e.g. return rates, payment methods, discount affinity, …)

Geographical breakdown into the regions DACH & Rest of Europe

- Revenue: ~49%
- Adj. EBIT: ~100%
- DACH: ~51%
- Rest of Europe: ~49%

Since 2018

~17% YoY
~0%
~23% YoY
~100%
~51%
…With Our Success Build On Best-in-class
E-commerce Logistics Infrastructure And Technology Talent

1. ERFURT (GER)
   Start in 2012
2. BRIESELANG (GER)
   Start in 2011
3. MÖNCHENGLADBACH
   (GER)
   Start in 2013
4. LAHR (GER)
   Start in 2013
5. PARIS
   (FR, Moissy-Cramayel)
   Start in 2016
6. STOCKHOLM
   (SWE)
   Start in 2018

7. SZCZECIN (PL, Gryfino)
   Start in 2017
8. OLSZTYNEK (PL)
   Start in 2019
9. LODZ (PL, Gluchow)
   Start in 2019
10. VERONA (IT)
    Start in 2020
11. MILANO (IT, Stradella)
    Start in 2016
12. ROTTERDAM
    (NL, Bleiswijk)
    - 140,000 sqm
    - €200m capex invest
    - First parcel: mid 2021
    - Fully automated: mid 2022

- Create the capacity for future growth:
  12 warehouses can fulfill ~€14bn GMV
- Get closer to our customers:
  We will deliver 30% of orders on the next day by 2020
- Scale a differentiating asset which we can open up to brand partners

- Tech capabilities will allow us to build a highly scalable, reactive platform to drive fashion commerce – for us and our partners
- Micro Services/cloud based architecture
- AI and data-driven methods are weaving itself to all areas of our business (e.g. sizing advice, pricing, recommendations)
Our Competitive Advantage Is Our Clear Focus To Be A Pureplay Online Fashion Leader In Europe

<table>
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<tr>
<th>EXAMPLES</th>
<th>GENERAL E-COMMERCE</th>
<th>FASHION E-COMMERCE</th>
<th>VERTICAL FASHION PLAYERS</th>
<th>BRAND OWN E-COMMERCE</th>
<th>SOCIAL MEDIA</th>
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<tr>
<td>ONLINE SCALE</td>
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<td>🅽</td>
<td>🅽</td>
<td>🅽</td>
<td>🅽</td>
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<tr>
<td>FASHION FOCUS/EXPERTISE</td>
<td>🟠</td>
<td>🅽</td>
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<tr>
<td>BUY-IN FROM BRANDS</td>
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<td>E-COMMERCE INFRASTRUCTURE/TECHNOLOGY</td>
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<td>n/m</td>
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<td>GEOGRAPHIC</td>
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<td>n/m</td>
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</tbody>
</table>
Zalando Is Still Managed By Its Founders, Supported By High-profile Experts That Secure A Well-rounded View Of The Business

Robert Gentz
Founder & Co-CEO
- Marketing / Sales
- Human Resources

David Schneider
Founder & Co-CEO
- Fashion Offer
- Assortment Strategy
- Category Management
- Brand Relations

Rubin Ritter
Co-CEO
- Strategy
- Corporate Communication & Public Affairs

Jim Freeman
CTO
- Product
- Technology

David Schröder
CFO
- Finance
- Operations
All Supervisory Board Members Have The Relevant Track Record From Various Businesses To Support Zalando

CRISTINA STENBECK
ANDERS HOCH POVLSEN
ALEXANDER SAMWER
JORGEN MADSEN LINDEMANN
ANTHONY BREW

KELLY BENNETT
KONRAD SCHÄFERS
BEATE SIERT
MARIELLA RÖHM-KOTTMANN

(1) Current term until the end of Annual General Meeting 2021
(2) Employee representatives
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The Zalando Group

- Zalando at a glance
- Group strategy

Business segments

Financials

Share & contact
Facing an Immense Market Opportunity, Our Number One Priority Is to Capture Market Share

Fashion Market offers massive growth opportunity over the next 5-10 years\(^1\)…

...with low online share compared to other categories

Currently 1.8%

>5%

>25%

Fashion

Consumer Electronics\(^2\)

2018 2023

2018 2023

15% 20% 36% 45%


Fashion data incl. apparel and footwear, bags and luggage, jewelry and watches. Data for Europe (excluding Russia) inclusive of sales tax

Source: United States online penetration, Statista, last update 2020-02
Our Vision:
Zalando. The Starting Point for Fashion
What Are Successful Starting Points?

- Music
- Movies & Series
- Fashion
Starting Point – What We Mean By This?

- **INDISPENSABLE ROLE**
  Play an indispensable role in the life of our customers

- **NO REASON TO DEFLECT**
  Customers should not have a reason to deflect

- **BE TOP OF MIND**
  Be the place our customers go to whenever he/she thinks about fashion

- **CONVOY HER JOURNEY**
  We cover the full customer journey – from start to end
As A Starting Point, We Need To Be Top Of Mind, Top Of Consideration And Top Choice For Our Customers

Starting Point for Fashion

Top of Mind

- ~70% unaided brand awareness\(^1\)

Top of Consideration

- ~80% direct traffic

Top Choice

- ~25% share of wallet\(^2\)

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\(^1\) Brand Monitor Q4/18; Zalando markets excl. UK, IE and CZ.

\(^2\) GMV per active customer Q4/18 vs. estimated average customer fashion spend of €1,000.
We See Clear Progress On Our Journey To Build The Starting Point For Fashion…

Unaided Brand Awareness
(relative to following competitor\(^1\))

- **1.4x** Nordics
- **2.3x** DACH
- **1.8x** Southern Europe
- **2.5x** Other

Site Visits

- **2.5x** in 2018
- **~70%** in 2014
- **~90%** in 2018 (in # m)

Most Visited Fashion Destination in Europe
(average # of monthly unique visitors in Europe 2018\(^2\))

- **#1** Zalando
- Inditex
- H&M
- Asos
- Adidas
- Nike

*Notes:
\(^{1}\) Brand Monitor Q4/18; simple average of relative positions across markets
\(^{2}\) Comscore data as of Dec 2018
...With Customers Clearly Want One Multi-Brand Fashion Aggregator, Serving Them Head to Toe

- 45% of orders contain more than one brand
- 13 different brands bought per year by female customers
Slowing Monobrand E-com Growth And Greater Engagement
Via App Reiterates Our View

Monobrand E-com Growth Is Slowing Down, … …while customers gravitate towards app… …and Increase Engagement¹

% yoy

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fast fashion brands</td>
<td>45</td>
<td>33</td>
<td>28</td>
<td>23</td>
</tr>
<tr>
<td>Shoe brand</td>
<td>31</td>
<td>31</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>Sport brands</td>
<td>14</td>
<td>14</td>
<td>15</td>
<td>12</td>
</tr>
<tr>
<td>Fashion brand</td>
<td>22</td>
<td>12</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

App users visit more often:
8.8x vs 3.5x on desktop

…spend more time:
104 vs 23 products seen

… shop more²:
+31% GMV

…and are happier³:
NPS +8

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¹ Data from December 2018, if not stated otherwise
² Existing customers who uses the App compared to existing user without App usage (period: 6 months 2017-2018)
³ App vs Desktop customer (Jan-May 2018)

Source: Euromonitor
The Platform Strategy Is One Key Lever Towards Being the Starting Point

- Offer desirable and comprehensive assortment
- High availability
- High level of curation through strict access control for partner onboarding

- **Partner Program** enables brands to directly sell their products to Europe’s digital consumer
- Brands can leverage Zalando capabilities by using its fulfillment and marketing services (tech, data, logistics)
- Platform adds scale to Zalando
- Less inventory risk – while improving customer offering (50% of PP volume incremental)
Only in partnership with our brand partners, we are able to offer a superior experience for our customers to enjoy.

Partner Program offers growth opportunities and advantages to all parties.

<table>
<thead>
<tr>
<th>ZMS</th>
<th>Zalando Marketing Services</th>
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</thead>
<tbody>
<tr>
<td>ZFS</td>
<td>Zalando Fulfillment Solutions</td>
</tr>
<tr>
<td>✔</td>
<td>Partner Program</td>
</tr>
</tbody>
</table>

Direct-to-Consumer
- Control of Product, Content & Pricing
- Superior Order Economics, Convenience to Consumer & Physical Access to Consumer
- High Sell-Through & Brand Building

Commission 5%-25%

Cost-Plus

Auction-bid pricing & campaigns

ZFS

ZFS

ZMS
Our Success Is Build On Two Pillars: Wholesale Business Vs Partner Program

<table>
<thead>
<tr>
<th>Wholesale / Classical Retail</th>
<th>Partner Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Zalando buys merchandise ahead of the season</td>
<td>- Brands have full control of the offer and price</td>
</tr>
<tr>
<td>- Zalando is responsible for pricing and fulfillment</td>
<td>- In PP brand takes care of Fulfillment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GMV(^1)</th>
<th>~88%</th>
<th>~12%</th>
</tr>
</thead>
<tbody>
<tr>
<td>SKUs(^1)</td>
<td>~70%</td>
<td>~30%</td>
</tr>
</tbody>
</table>

Additionally
- Zalando Fulfillment Solutions (ZFS): Zalando takes care of the fulfillment of the order
- Zalando Marketing Services (ZMS): Increase visibility & drives sales through campaigns/ad placements on our premises

1 GMV/SKU share as of FY 2019
We Aim To Achieve A Scale Of 20bn EUR GMV By 2023/24

Growth Ambition 2023/24
In €bn GMV

- 2020: ~10
- 2023/24: ~20

~12% Partner Program

Business Model Mix 2023/24

- GMV:
  - ~20
  - Wholesale: ~60%
  - Partner program: ~40%

- Revenue:
  - 13

CAGR\(^1\): +20-25% to +15-20%

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(1) 5-year CAGR (2018-2023): high end of range, 6-year CAGR (2018-2024): low end of range
# Platform Model to Drive Higher Long Term Profitability At Scale

## Target Margin

(growth in line with / slightly above online market)

<table>
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<tr>
<th>In % of revenue</th>
<th>Wholesale¹</th>
<th>Partner Program</th>
<th>Group margin impact ²</th>
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<tr>
<td>Gross margin</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fulfillment costs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing costs</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Admin expense</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Wholesale¹

- Wholesale includes Offprice and Private label
- Trend vs. 2018 cost lines

### Partner Program

### Group margin impact ²

### Key assumptions:

- PP share ~50% of GMV
- ZFS share ~75% of PP items
- ZMS revenue 3-4% of GMV
- Operating leverage and fixed cost deflection
- Cash Flow: WC neutral and CapEx slightly above D&A

### Adj. EBIT margin

- 6-8%
- 20-25%
- 10-13%

---

¹ Wholesale includes Offprice and Private label, trend vs. 2018 cost lines.
In 2019, we achieved several milestones along our Platform transition…

- **Target model**: 40% Partner Program share of FS GMV
- **ZFS**: ~25% +15% ~40% 75% ZFS share of PP items
- **ZMS**: ~0.7% +0.3% ~1% 3-4% of GMV

1. Partner Program share of 40% refers to our business model mix ambition for 2023/24. In our long-term target model, we aim for a 50% Partner Program share.
2. Refers to our long-term target model ambition.
# Financial Profile During Transition to Platform Model

<table>
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<tr>
<th>Transition phase 2019 - 2021</th>
<th>Years following</th>
<th>Target model</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Continued high GMV growth of 20-25% for the next 5 years</td>
<td></td>
<td>- Growth in line with / slightly above online market</td>
</tr>
<tr>
<td><strong>Profitability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Margins between 2-4%, driven by growth investments and platform transition</td>
<td>• Margins start to increase as platform transition progresses (e.g. impact of ZMS)</td>
<td>• Target margin of 10-13%</td>
</tr>
<tr>
<td><strong>Cash</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Cash Flow negative</td>
<td></td>
<td>• Target margin leading to a strong cash generation</td>
</tr>
<tr>
<td>• NWC neutral</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Capex of 4-5% of revenue, driven by logistics and technology investments</td>
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Business segments

- Fashion Store
- Offprice
- Other: Emerging Businesses

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Share & contact
We Manage Our Business In Three Distinct Segments

**FASHION STORE**
- The online shops, i.e. the main sales channel in 17 European countries
- Characterized by a high level of convenience and a comprehensive in-season assortment
- Includes private label business zLabels
- Business model currently under transformation: from wholesale to platform (i.e. fast-growing partner program business)

**OFFPRICE**
- Zalando Lounge: shopping club for off-season and highly discounted merchandise with lower level of convenience (100% wholesale based)
- Zalando Outlets: 8 stores in DE

**OTHERS**
- Emerging Businesses which contains several different businesses like Zalon, Zalando Wardrobe, Zalando Marketing Solutions and inventory integration services from Anatwine and Tradebyte

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(1) Fashion Store (Other) contains ~€80.9m (~€271.1m) reconciliation of internal revenues
(2) Offprice and Others combined

Group revenue & adj. EBIT FY/19 per segment

- €7.4bn
- €6.0bn
- €0.7bn
- €0.3bn
- €5m

Adj. EBIT
~€220m
# Our Holistic Fashion Proposition to Customers and Brand Partners

<table>
<thead>
<tr>
<th>Segments</th>
<th>Fashion Store</th>
<th>Offprice</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Channels / Service</td>
<td>zalando lounge</td>
<td>zalando outlet</td>
<td>ZALON</td>
</tr>
<tr>
<td>Business models</td>
<td>• Major sales channels</td>
<td>• Lounge: shopping club for off-season merchandise</td>
<td>• Zalon: fashion curation service (stylists)</td>
</tr>
<tr>
<td></td>
<td>• Includes business models:</td>
<td>• Outlet: offline sales channel for excess inventory (8 stores +5 stores in the planning)</td>
<td>• Wardrobe: second hand channel</td>
</tr>
<tr>
<td></td>
<td>• Partner Program</td>
<td></td>
<td>• Connected Retail: integration of brick-and-mortar stores</td>
</tr>
<tr>
<td></td>
<td>• Zalando Fulfillment Solutions</td>
<td></td>
<td>• ZMS: marketing services unit</td>
</tr>
<tr>
<td></td>
<td>• Private label business zlabels</td>
<td></td>
<td>• Brand facing inventory integration business (Saas)</td>
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<tr>
<td></td>
<td>• Distributed Commerce</td>
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**Emerging Businesses**

- **Platform Enablers**
  - Tradebyte.
  - anatwine.
Zalando’s Holistic Fashion Proposition

By Introducing Customers to All Our Services We Cover More of Their Needs and Spend

“Zalando is my one-stop-shop for everything I want in fashion”

GMV per Active Customer\(^1\)

(in %)

- +50%
- +20%

\(^1\) FY2018
As a result, our customer base is growing, engaging more with us and happier than ever with our services.

**Active Customers**
- **(# m)**
- 2013: 13.1
- 2019: 31.0
- 2.4x increase

**Order Frequency**
- **(# per customer, LTM)**
- 2013: 2.7
- 2019: 4.7
- 1.7x increase

**Customer Satisfaction**
- **(Group NPS)**
- 2014-2018: +14pts

---

*Note: Net Promoter Score (NPS) is a way to measure customer satisfaction. It is calculated as: 'How likely is it that you would recommend Zalando to a friend/colleague?'*
Consequently, We Continue To Observe Healthy Development Of Our Customer Cohorts

TOTAL GMV PER COHORT\(^1\) AND ORDER YEAR

1. Old Cohorts Grow Again Over Time

2. Customer churn goes down

3. Every new cohort is bigger than the previous one

(1) Cohort refers to customers grouped by the calendar year in which they first placed an order with Zalando.
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**Business segments**

- **Fashion Store**
- **Offprice**
- **Other: Emerging Businesses**

Financials

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## Our Holistic Fashion Proposition to Customers and Brand Partners

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<td>Sales Channels</td>
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<td>Emerging Businesses</td>
<td>ZMS</td>
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<td><strong>Business models</strong></td>
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<td>zalando</td>
<td>zalandolounge</td>
<td>zalandowardrobe</td>
<td>ZALON</td>
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<td>Outlet</td>
<td>Wardrobe</td>
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<td>Zalon: fashion curation service (stylists)</td>
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<td>Outlet: offline sales channel for excess</td>
<td>ZMS: marketing</td>
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<tr>
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<td></td>
<td>inventory (8 stores +5 stores in the planning)</td>
<td>services unit</td>
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<td>Wardrobe: second hand channel</td>
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<td>Connected Retail: integration of brick-and</td>
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<td>-mortar stores</td>
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<td>Brand facing</td>
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<td></td>
<td>inventory</td>
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<td>integration</td>
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<td></td>
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<td></td>
<td></td>
<td>business (Saas)</td>
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</tbody>
</table>

- Major sales channels
- Includes business models:
  - Partner Program
  - Zalando Fulfillment Solutions
  - Private label business zlabels
  - Distributed Commerce
In Our Fashion Store, We Offer Brands Three Options Of Collaboration

<table>
<thead>
<tr>
<th>Order Flow</th>
<th>Wholesale</th>
<th>Partner Program with ZFS</th>
<th>Partner Program without ZFS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control over product</td>
<td>Zalando buys product and has full control</td>
<td>Partner owns product, sets price and books full retail value</td>
<td></td>
</tr>
<tr>
<td>Customer Touchpoints</td>
<td></td>
<td></td>
<td>Zalando shop (payment, customer care, reimbursement)</td>
</tr>
<tr>
<td>Logistics</td>
<td>Zalando warehouse</td>
<td>Zalando warehouse</td>
<td>Brand warehouse</td>
</tr>
<tr>
<td>Package</td>
<td>Zalando package</td>
<td>Zalando package</td>
<td>Brand package</td>
</tr>
<tr>
<td>Delivery</td>
<td>Zalando provider (more favorable carrier conditions, delivery and returns experience; greater basket size)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
“Zalando is my one-stop-shop for everything I want in fashion”

What We Want Our Customers To Say About The Starting Point For Fashion

1. Assortment
   “If it’s not on Zalando, it doesn’t exist”

2. Digital Experience
   “Zalando always knows what I want and what inspires me”

3. Convenience
   “I always buy fashion on Zalando – it’s so convenient, why would I look anywhere else?”
Most Complete Assortment Makes Us The Starting Point For Fashion

<table>
<thead>
<tr>
<th>ALL BRANDS</th>
<th>FULL RANGE</th>
<th>NEVER SOLD OUT</th>
<th>ENGAGING CONTENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Massimo Dutti</td>
<td></td>
<td></td>
<td>~1000 Campaigns across</td>
</tr>
<tr>
<td>Bershka</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MONKI</td>
<td></td>
<td></td>
<td>17 Markets</td>
</tr>
<tr>
<td>SEE BY CHLOÉ</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BOSS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>L'ORÉAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SWAROVSKI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MAYBELLINE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MAC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CLINIQUE</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ESTÉE LAUDER</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>includes zLabels</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Partner program backfilling

EUR 190M in GMV 2018
Our Partner Program Helps Us To Complete The Assortment…

- **CHOICE**: More Articles
- **AVAILABILITY**: More Items Per Article
- More Items Per Basket
- More Transactions
...In Which Our Partners Having Full Control

- Payment
- Customer care
- Reimbursement

- Shipment to Zalando customer
- Returns handling

- Delivery note
- Returns label

- Same delivery and returns experience
- Tracking

- Partner sets price
- One seller per article
- Partner books full retail revenue
Since Fulfillment Is Challenging For Partners At Times...

LIMITED EU CROSS BORDER LOGISTICS NETWORK

HIGH SHIPPING COSTS

HIGH CUSTOMER EXPECTATIONS
...They Can Make Use Of Our Fulfillment Capabilities Via Zalando Fulfillment Solutions

- Partner sets price
- One seller per article
- Partner books full retail revenue

Zalando Shop

- Payment
- Customer care
- Reimbursement

Zalando Warehouse

- Reduces logistics redundancies
- Higher ecom logistics efficiency

Zalando Package

- More favorable carrier conditions
- Greater basket size through broader assortment

Zalando provider

- Same delivery and returns experience
- Tracking
ZFS Unlocks Positive Platform Dynamics For Customers

Superior Convenience for Customers

1 parcel instead of 3-4 parcels

Larger Assortment for Customers

Unmatched unit economics for brands

~50% lower shipping costs (on average) per item for brands

Making shopping economics in some case better than own e-com

Assortment of example brand on Zalando, SKUs

2016 ~6,000

2018 (with ZFS) ~18,000

x3
To Make The Look For Our Customers Complete, We Have Launched Our Beauty Segment In 2018…

> 10,500 SKUs
INITIAL FOCUS ON COLOR COSMETICS AND SKIN CARE

#300 BRANDS
AND MANY MORE TO COME...

ENGAGING AND INSPIRING CONTENT AND ADVICE

>60% OF BEAUTY ORDERS ARE MIXED BASKET ORDERS
…With The European Beauty Market Harbouring An Enormous Potential With Channel Shift Yet To Come

EU Beauty Market Size…

Total Beauty EU Market ~€85bn

Beauty online Market

€5bn

…with low online share compared to other categories

<table>
<thead>
<tr>
<th>Category</th>
<th>Online Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beauty</td>
<td>5%</td>
</tr>
<tr>
<td>Fashion</td>
<td>15%</td>
</tr>
<tr>
<td>Consumer Electronics</td>
<td>36%</td>
</tr>
</tbody>
</table>

Source: Statista, Euromonitor
What We Want Our Customers To Say About The Starting Point For Fashion

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“Zalando is my one-stop-shop for everything I want in fashion”
Our strategic pillars

Inspiration

Advice

Relevance
Inspiration

from

Mainly products

Shoppable content available on all customer journeys

Mainly our voice

Many voices
Advice

from

Disconnected channels

Static content

Focus on individual items

to

Immersive journeys across all channels

Different media

Curation through outfits and collections
<table>
<thead>
<tr>
<th>from</th>
<th>to</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-size-fits-all experience</td>
<td>Unique, personalized experience including preferences, such as sizing</td>
</tr>
<tr>
<td>Linear journey</td>
<td>Fluid &amp; immersive experience</td>
</tr>
</tbody>
</table>

Relevance
We Allow Customers To Spend More Time With Us In A Relevant Way

Digital Experience

Personalized inspiration

"Zalando always knows what I want and what inspires me"

More Time Spend with Us
(time spend on the app; per user per month in min)

- 2014: 16 min
- 2018: 69 min

Increasing Size Recommendations
(size flags as share of wholesale assortment)

- 2017: 20%
- 2018: 86%

4.3x

-4% size-related returns
What We Want Our Customers To Say About The Starting Point For Fashion

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“Zalando is my one-stop-shop for everything I want in fashion”
Zalando Convenience Delivers Five Key Services To Our Customers...

1. **Transactional Core**
   - Cart
   - Check-Out
   - Return Flow
   - Transaction Handling

2. **Payments**
   - Payment processing
   - Risk management & fraud prevention
   - Receivables accounting
   - Dunning & collection

3. **Logistics**
   - Warehouse logistics (inbound, storage, parcel outbound)
   - Returns handling
   - Transportation & shipping
   - Network planning
   - Warehouse engineering

4. **Customer Care**
   - Mail & phone support
   - Chat
   - Social Media
   - Self-help / Smart FAQ
…With Ease Of Payments And Ease Of Returns Are At
The Core Of Customer Satisfaction

**Convenience**

Frictionless service experience

“I always buy fashion on Zalando – it’s so convenient, why would I look anywhere else?”

More Deferred Payments Offered ...
(share of customers offered deferred payments)

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>55%</td>
</tr>
<tr>
<td>2018</td>
<td>65%</td>
</tr>
</tbody>
</table>

+10pp

>90 Payment NPS

…and easier returns
(NPS Q4/18)

93%

of customers are very happy with ease of returns
We Offer A Broad Range Of Payment Methods To Satisfy Local Customer Preferences

Countries

Our presence in 17 countries requires localization

Payment Methods

22 different payment methods

Deferred Payments

>60% deferred payment share
We Recently Turned Every Living Room Into A Personal Fitting Room

Traditional e-commerce customer flow

New Zalando Pay Later experience

(1) One week to try at home and only the amount of the articles kept is captured on the card. Available in 10 of 17 countries
To Ensure A Fast And Convenient Delivery And Return Handling To Our Customers…

Create the capacity for future growth: 12 warehouses allow > 14bn GMV

Get closer to our customers: We will deliver 30% of orders on the next day by 2020¹

Scale a differentiating asset which we can open up to brand partners

1. ERFURT
   Start in 2012

2. BRIESELANG
   Start in 2011

3. MÖNCHENGLADBACH
   Start in 2013

4. LAHR
   Start in 2016

5. PARIS (Moissy-Cramayel)
   Start in 2016

6. STOCKHOLM
   Start in 2018

7. SZCZECIN (Gryfino)
   Start in 2017

8. OLSZTYNEK
   Start in 2019

9. LODZ (Gluchow)
   Start in 2019

10. VERONA (Nogarole Rocca)
    Start in 2020

11. MILANO (Stradella)
    Start in 2016

12. ROTTERDAM (Bleiswijk)
    Start in 2021

13. Halle/Saale
    (Inbound Distribution Center)
    Start in 2019

¹ 3pm cutoff time
...We Heavily Invested Into Our Warehouse Assets

<table>
<thead>
<tr>
<th></th>
<th>Type</th>
<th>Construction start</th>
<th>Full capacity exp.</th>
<th>Capex (€m)</th>
<th>Size (k sqm)</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Brieselang (GER)</td>
<td>Hub</td>
<td>2011</td>
<td>2014</td>
<td>&lt;50</td>
<td>~30</td>
</tr>
<tr>
<td>2</td>
<td>Erfurt (GER)</td>
<td>Hub</td>
<td>2012</td>
<td>2015</td>
<td>~100</td>
<td>~130</td>
</tr>
<tr>
<td>3</td>
<td>Mönchengladbach (GER)</td>
<td>Hub</td>
<td>2013</td>
<td>2017</td>
<td>~100</td>
<td>~130</td>
</tr>
<tr>
<td>4</td>
<td>Lahr (GER)</td>
<td>Hub</td>
<td>2015</td>
<td>2018</td>
<td>~150</td>
<td>~130</td>
</tr>
<tr>
<td>5</td>
<td>Milan (IT)</td>
<td>Spoke</td>
<td>2015</td>
<td>2018</td>
<td>&lt;50</td>
<td>~40</td>
</tr>
<tr>
<td>6</td>
<td>Szczecin (PL)</td>
<td>Hub</td>
<td>2016</td>
<td>2019</td>
<td>~150</td>
<td>~130</td>
</tr>
<tr>
<td>7</td>
<td>Paris (FR)</td>
<td>Spoke</td>
<td>2016</td>
<td>2018</td>
<td>&lt;50</td>
<td>~20</td>
</tr>
<tr>
<td>8</td>
<td>Stockholm (SWE)</td>
<td>Spoke</td>
<td>2017</td>
<td>2018</td>
<td>&lt;50</td>
<td>~50</td>
</tr>
<tr>
<td>9</td>
<td>Lodz (PL)</td>
<td>Hub</td>
<td>2017</td>
<td>2021</td>
<td>~100</td>
<td>~130</td>
</tr>
<tr>
<td>10</td>
<td>Olsztynek (PL)</td>
<td>Hub (Lounge)</td>
<td>2018</td>
<td>2021</td>
<td>~100</td>
<td>~80</td>
</tr>
<tr>
<td>11</td>
<td>Verona (IT)</td>
<td>Hub</td>
<td>2018</td>
<td>2021</td>
<td>~150</td>
<td>~130</td>
</tr>
<tr>
<td>12</td>
<td>Rotterdam (NL)</td>
<td>Hub</td>
<td>2019</td>
<td>2022</td>
<td>~200</td>
<td>~140</td>
</tr>
<tr>
<td>13</td>
<td>Halle/Saale (GER)</td>
<td>Inbound DC</td>
<td>2019</td>
<td>Third Party</td>
<td>~35</td>
<td>Done</td>
</tr>
</tbody>
</table>

(1) All warehouses are leased (except for the interior)
We Continue To Focus On Warehouse Automation  
To Reduce Lead Time And Costs
Without Having Strong Partnerships With (Local) Logistics Partners, A ’Best-in-class‘ E-com Network Would Be Fruitless

- >10 international warehouses
- 25 domestic carrier integrations, 2 express carrier, 14 same day destinations
- Economies of scale and “unfair” order economics
We Furthermore Make Use Of A Local Delivery Network - Orchestrated Via Technology
To Enhance Our Customer Propositions Even Further, We Introduced Our To Fashion Tailored Membership Program Zalando Plus

Program vision:
Building a program that defines the best-in-class online fashion experience

Target customer:
existing customers with a high fashion spend

Economic objective:
to increase customer satisfaction & share of wallet

Available to all customers in Germany for €15 / year

- Faster delivery, including same-day
- Early access to sales
- Personal stylist service
- Dedicated customer service
Now we are scaling it as part of our premium membership program Zalando Plus.

Premium delivery for Zalando Plus

- Delivery options:
  - Today, 19:00 - 21:30: Premium delivery in the evening (free with Zalando Plus)
  - Sat. 26.05. - Mo. 28.05.: Premium delivery (free with Zalando Plus)
  - Mo. 28.05. - Fri. 29.05.: Standard Delivery
  - Sat. 26.05.: Express Delivery

DELIVERY ADDRESS:
- Ms. Smart Delivery
- Nazarethkriest 59
- 13347 Berlin
- Germany
- Corresponds to my delivery address

PAYMENT:
- VOUCHER & DISCOUNT CODES (optional)

Zalando Plus expands in Europe

- Existing network
- Planned network
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The Zalando Group

Business segments

Fashion Store

Offprice

Other: Emerging Businesses

Financials

Share & contact
Our Holistic Fashion Proposition to Customers and Brand Partners

<table>
<thead>
<tr>
<th>Segments</th>
<th>Fashion Store</th>
<th>Offprice</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Channels / Service</td>
<td>zalando</td>
<td>zalando lounge</td>
<td>zalando outlet</td>
</tr>
<tr>
<td>Business models</td>
<td>• Major sales channels</td>
<td>• Lounge: shopping club for off-season merchandise</td>
<td>• Zalon: fashion curation service (stylists)</td>
</tr>
<tr>
<td></td>
<td>• Includes business models:</td>
<td>• Outlet: offline sales channel for excess inventory (8 stores +5 stores in the planning)</td>
<td>• Wardrobe: second hand channel</td>
</tr>
<tr>
<td></td>
<td>• Partner Program</td>
<td></td>
<td>• Connected Retail: integration of brick-and-mortar stores</td>
</tr>
<tr>
<td></td>
<td>• Zalando Fulfillment Solutions</td>
<td></td>
<td>• ZMS: marketing services unit</td>
</tr>
<tr>
<td></td>
<td>• Private label business zlabels</td>
<td></td>
<td>• Brand facing inventory integration business (Saas)</td>
</tr>
<tr>
<td></td>
<td>• Distributed Commerce</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Offprice With Outstanding Development In The Last 8 Years – Successfully Leveraging The Zalando Platform

CUSTOMERS

• Shopping club addressing discount affine customers
• Daily sales campaigns with 50-70% discount

BRANDS

• Allows brands to manage excess inventory while maintaining brand image
• International distribution

• Synergetic with Zalando platform: additional consumer reach, solves overstock problem for brands and Zalando
• Strong financials: ~40% p.a. growth since 2016 and profitable
• 2/5 sourced internal, remaining part from external sources

(1) Zalando Lounge sourcing split is as of FY 2018
The Zalando Outlets Strategically Complement Other Offerings
On The Zalando Platform

Zalando outlets are supposed to sell high-quality fashion items from either previous seasons or with minor defects.
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- The Zalando Group
  - **Business segments**
    - Fashion Store
    - Offprice
    - **Other: Emerging Businesses**
  - Financials
  - Share & contact
Our Holistic Fashion Proposition to Customers and Brand Partners

<table>
<thead>
<tr>
<th>Segments</th>
<th>Fashion Store</th>
<th>Offprice</th>
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<tbody>
<tr>
<td>Sales Channels / Service</td>
<td>zalando</td>
<td>zalando lounge</td>
<td>ZALON</td>
</tr>
</tbody>
</table>
| Business models | • Major sales channels  
• Includes business models:  
  • Partner Program  
  • Zalando Fulfillment Solutions  
  • Private label business zlabels  
  • Distributed Commerce | • Lounge: shopping club for off-season merchandise  
• Outlet: offline sales channel for excess inventory (8 stores +5 stores in the planning) | • Zalon: fashion curation service (stylists)  
• Wardrobe: “pre-owned” fashion channel  
• Connected Retail: integration of brick-and-mortar stores |

<table>
<thead>
<tr>
<th>Others</th>
<th>Platform Enablers</th>
</tr>
</thead>
</table>
| Emerging Businesses | • ZMS: marketing services unit  
• Brand facing inventory integration business (Saas) |
| Brand-facing/ B2B services | Consumer-facing/ App based |
Zalon – Connecting Consumers With Stylists

CONSUMERS (M/W)

PERSONALIZED STYLE ADVICE FOR FREE

TOGETHER TOWARDS THE PERFECT LOOK

FREELANCE STYLISTS
Zalando Marketing Services – Connecting Brands To Consumers

Brands

Zalando Marketing Services

Consumers

Influencer Products (Collabary)

Consumer Insights

Media Products

>37m female unique visitors

No. of campaigns

>1bn visits per quarter

>31 active customers

>1bn visits per quarter

No. of campaigns

2016 2017 2018
Connected Retail - Connecting Offline Stores To Our Online World

DEEP SYSTEM INTEGRATION - MANY TRIED IT, MANY FAILED

HANDSHAKE MODEL – LEAN WAY OF INTEGRATING
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- Zalando at a glance
- Group strategy

Business segments

Financials

Share & contact
### Zalando Group Key Figures

#### Group Key Figures

<table>
<thead>
<tr>
<th>Year</th>
<th>FY/14</th>
<th>FY/15</th>
<th>FY/16</th>
<th>FY/17</th>
<th>Quarter Q1/18</th>
<th>Quarter Q2/18</th>
<th>Half Year H1/18</th>
<th>Quarter Q3/18</th>
<th>Quarter Q4/18</th>
<th>Year FY/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site Visits (m)</td>
<td>1,363.8</td>
<td>1,656.4</td>
<td>1,991.6</td>
<td>2,563.5</td>
<td>713.5</td>
<td>734.3</td>
<td>1,447.8</td>
<td>728.7</td>
<td>960.7</td>
<td>3,137.2</td>
</tr>
<tr>
<td>Mobile Visit Share (% of Site Visits)</td>
<td>42.3%</td>
<td>57.1%</td>
<td>65.6%</td>
<td>70.7%</td>
<td>76.6%</td>
<td>78.4%</td>
<td>79.5%</td>
<td>81.0%</td>
<td>81.6%</td>
<td>79.3%</td>
</tr>
<tr>
<td>Active Customers (m)</td>
<td>14.7</td>
<td>17.9</td>
<td>19.9</td>
<td>23.1</td>
<td>23.9</td>
<td>24.6</td>
<td>24.6</td>
<td>25.1</td>
<td>26.4</td>
<td>26.4</td>
</tr>
<tr>
<td>Number of Orders (m)</td>
<td>41.4</td>
<td>55.3</td>
<td>69.2</td>
<td>90.5</td>
<td>25.4</td>
<td>29.0</td>
<td>54.4</td>
<td>27.7</td>
<td>34.1</td>
<td>116.2</td>
</tr>
<tr>
<td>Average Order per Active Customer (LTM)</td>
<td>2.82x</td>
<td>3.08x</td>
<td>3.48x</td>
<td>3.92x</td>
<td>4.02x</td>
<td>4.18x</td>
<td>4.18x</td>
<td>4.30x</td>
<td>4.40x</td>
<td>4.49x</td>
</tr>
<tr>
<td>Average Basket Size (in €) (LTM)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>60.6</td>
<td>59.4</td>
<td>58.4</td>
<td>58.4</td>
<td>57.7</td>
<td>57.2</td>
<td>57.2</td>
</tr>
</tbody>
</table>

#### Results of Operations

<table>
<thead>
<tr>
<th>Year</th>
<th>FY/14</th>
<th>FY/15</th>
<th>FY/16</th>
<th>FY/17</th>
<th>Quarter Q1/18</th>
<th>Quarter Q2/18</th>
<th>Half Year H1/18</th>
<th>Quarter Q3/18</th>
<th>Quarter Q4/18</th>
<th>Year FY/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross merchandise volume (GMV) (in €bn)</td>
<td>119.4</td>
<td>174.6</td>
<td>216.3</td>
<td>215.1</td>
<td>0.4</td>
<td>94.0</td>
<td>94.4</td>
<td>(38.9)</td>
<td>117.8</td>
<td>173.4</td>
</tr>
<tr>
<td>Adjusted EBIT (as % of revenue)</td>
<td>3.7%</td>
<td>3.6%</td>
<td>5.9%</td>
<td>4.8%</td>
<td>0.0%</td>
<td>7.1%</td>
<td>3.7%</td>
<td>(3.2%)</td>
<td>7.1%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Adjusted EBITDA (as % of revenue)</td>
<td>8.0%</td>
<td>4.2%</td>
<td>7.0%</td>
<td>5.5%</td>
<td>0.3%</td>
<td>8.0%</td>
<td>4.3%</td>
<td>(2.8%)</td>
<td>7.8%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Capital Intensive &amp; Non-Operating Adjusted EBITDA (as % of revenue)</td>
<td>4.9%</td>
<td>4.8%</td>
<td>7.3%</td>
<td>6.1%</td>
<td>1.5%</td>
<td>8.5%</td>
<td>5.2%</td>
<td>(1.4%)</td>
<td>8.7%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

#### Financial Position (in €m)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY/14</th>
<th>FY/15</th>
<th>FY/16</th>
<th>FY/17</th>
<th>Quarter Q1/18</th>
<th>Quarter Q2/18</th>
<th>Half Year H1/18</th>
<th>Quarter Q3/18</th>
<th>Quarter Q4/18</th>
<th>Year FY/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic earnings per share (in €)</td>
<td>0.2</td>
<td>0.5</td>
<td>0.5</td>
<td>0.4</td>
<td>(0.1)</td>
<td>0.2</td>
<td>0.2</td>
<td>(0.2)</td>
<td>0.2</td>
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</tr>
</tbody>
</table>

---

1. Adj. EBIT excludes equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects.
### Income Statement

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (€m)</th>
<th>% margin</th>
<th>Gross Profit (€m)</th>
<th>% margin</th>
<th>Operating Income (€m)</th>
<th>% margin</th>
<th>EBIT (€m)</th>
<th>% margin</th>
<th>EBITDA (€m)</th>
<th>% margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>2,214.0</td>
<td>3.7%</td>
<td>1,960.0</td>
<td>4.7%</td>
<td>1,200.2</td>
<td>42.9%</td>
<td>1,661.6</td>
<td>28.3%</td>
<td>1,597.3</td>
<td>20.5%</td>
</tr>
<tr>
<td>FY15</td>
<td>2,958.2</td>
<td>3.7%</td>
<td>2,526.0</td>
<td>42.9%</td>
<td>1,200.2</td>
<td>42.9%</td>
<td>1,872.9</td>
<td>28.6%</td>
<td>1,872.9</td>
<td>21.1%</td>
</tr>
<tr>
<td>FY16</td>
<td>3,638.0</td>
<td>4.7%</td>
<td>3,300.0</td>
<td>44.7%</td>
<td>1,200.2</td>
<td>42.9%</td>
<td>2,074.2</td>
<td>30.3%</td>
<td>2,074.2</td>
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</tr>
<tr>
<td>FY17</td>
<td>4,488.0</td>
<td>4.7%</td>
<td>4,040.0</td>
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<td>1,200.2</td>
<td>42.9%</td>
<td>2,266.5</td>
<td>28.1%</td>
<td>2,266.5</td>
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</tr>
<tr>
<td>Q1/18</td>
<td>1,166.1</td>
<td>4.7%</td>
<td>1,024.1</td>
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<td>1,200.2</td>
<td>42.9%</td>
<td>1,344.2</td>
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<tr>
<td>Q2/18</td>
<td>1,330.0</td>
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<td>1,176.0</td>
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<td>1,200.2</td>
<td>42.9%</td>
<td>1,516.2</td>
<td>28.7%</td>
<td>1,516.2</td>
<td>21.8%</td>
</tr>
<tr>
<td>Q3/18</td>
<td>2,526.0</td>
<td>42.9%</td>
<td>2,294.0</td>
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<td>1,200.2</td>
<td>42.9%</td>
<td>1,688.2</td>
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</tr>
<tr>
<td>H1/18</td>
<td>3,830.0</td>
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<td>3,524.0</td>
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<td>1,200.2</td>
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<td>1,860.2</td>
<td>29.4%</td>
<td>1,860.2</td>
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<tr>
<td>Q4/18</td>
<td>5,379.1</td>
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<td>4,146.0</td>
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<td>1,200.2</td>
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<tr>
<td>FY18</td>
<td>5,975.1</td>
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<tr>
<td>Q1/19</td>
<td>1,565.2</td>
<td>23.0%</td>
<td>1,155.2</td>
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<td>1,161.6</td>
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<td>1,041.2</td>
<td>30.3%</td>
<td>1,041.2</td>
<td>21.1%</td>
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<tr>
<td>Q2/19</td>
<td>1,957.3</td>
<td>28.3%</td>
<td>1,586.5</td>
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<td>1,200.2</td>
<td>42.9%</td>
<td>1,192.5</td>
<td>30.4%</td>
<td>1,192.5</td>
<td>21.1%</td>
</tr>
<tr>
<td>Q3/19</td>
<td>2,957.5</td>
<td>28.3%</td>
<td>2,357.5</td>
<td>33.0%</td>
<td>1,200.2</td>
<td>42.9%</td>
<td>1,381.8</td>
<td>30.5%</td>
<td>1,381.8</td>
<td>21.1%</td>
</tr>
<tr>
<td>H1/19</td>
<td>4,522.7</td>
<td>28.3%</td>
<td>3,629.7</td>
<td>31.5%</td>
<td>1,200.2</td>
<td>42.9%</td>
<td>1,563.6</td>
<td>30.2%</td>
<td>1,563.6</td>
<td>21.1%</td>
</tr>
<tr>
<td>Q4/19</td>
<td>5,212.1</td>
<td>28.3%</td>
<td>4,162.1</td>
<td>31.1%</td>
<td>1,200.2</td>
<td>42.9%</td>
<td>1,644.1</td>
<td>30.1%</td>
<td>1,644.1</td>
<td>21.1%</td>
</tr>
<tr>
<td>FY19</td>
<td>6,482.5</td>
<td>28.3%</td>
<td>5,162.5</td>
<td>31.0%</td>
<td>1,200.2</td>
<td>42.9%</td>
<td>1,725.1</td>
<td>29.9%</td>
<td>1,725.1</td>
<td>21.1%</td>
</tr>
</tbody>
</table>

**Notes:**
1. Prior year figures not re-stated for shifts between cost lines as a result of new segment structure as of Jan 18.
2. Adj. EBIT excludes equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects.
### Segment Performance

#### Yearly Revenue (in €m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (in €m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY/14</td>
<td>2,214.0</td>
</tr>
<tr>
<td>FY/15</td>
<td>2,958.2</td>
</tr>
<tr>
<td>FY/16</td>
<td>3,639.0</td>
</tr>
<tr>
<td>FY/17</td>
<td>4,489.0</td>
</tr>
<tr>
<td>FY/18</td>
<td>5,387.9</td>
</tr>
<tr>
<td>FY/19</td>
<td>6,482.5</td>
</tr>
</tbody>
</table>

#### Fashion Store
- FY/14: 1,093.9
- FY/15: 1,233.4
- FY/16: 2,327.3
- FY/17: 1,101.3
- FY/18: 4,967.7
- FY/19: 5,964.9

#### DACH
- FY/14: 1,580.1
- FY/15: 1,813.8
- FY/16: 2,150.0
- FY/17: 625.2
- FY/18: 763.5
- FY/19: 876.9

#### Rest of Europe
- FY/14: 1,580.1
- FY/15: 1,813.8
- FY/16: 2,150.0
- FY/17: 625.2
- FY/18: 763.5
- FY/19: 876.9

#### Offprice
- FY/14: 345.3
- FY/15: 120.4
- FY/16: 114.6
- FY/17: 235.0
- FY/18: 497.5
- FY/19: 659.4

#### Other
- FY/14: 166.5
- FY/15: 255.1
- FY/16: 345.3
- FY/17: 99.8
- FY/18: 444.8
- FY/19: 62.2

#### Reconciliation
- FY/14: (352.0)
- FY/15: (118.1)
- FY/16: (118.7)
- FY/17: (236.8)
- FY/18: (125.1)
- FY/19: (160.0)

#### Adjusted EBIT (in €m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted EBIT (in €m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY/14</td>
<td>82.0</td>
</tr>
<tr>
<td>FY/15</td>
<td>107.5</td>
</tr>
<tr>
<td>FY/16</td>
<td>216.3</td>
</tr>
<tr>
<td>FY/17</td>
<td>215.1</td>
</tr>
<tr>
<td>FY/18</td>
<td>94.4</td>
</tr>
<tr>
<td>FY/19</td>
<td>(38.9)</td>
</tr>
</tbody>
</table>

#### Fashion Store
- FY/14: 213.7
- FY/15: (0.2)
- FY/16: 92.1
- FY/17: (40.9)
- FY/18: 110.9
- FY/19: 103.6

#### DACH
- FY/14: 101.9
- FY/15: 226.3
- FY/16: 193.5
- FY/17: (7.8)
- FY/18: 71.1
- FY/19: 139.9

#### Rest of Europe
- FY/14: (3.3)
- FY/15: (3.3)
- FY/16: 20.3
- FY/17: 32.2
- FY/18: 39.7
- FY/19: 39.7

#### Offprice
- FY/14: -
- FY/15: -
- FY/16: -
- FY/17: -
- FY/18: -
- FY/19: -

#### Other
- FY/14: 8.9
- FY/15: (6.7)
- FY/16: (26.3)
- FY/17: (8.3)
- FY/18: (15.8)
- FY/19: (4.7)

#### Reconciliation
- FY/14: -
- FY/15: -
- FY/16: (0.0)
- FY/17: (0.4)
- FY/18: (1.7)
- FY/19: (1.3)

#### Adjusted EBIT margin (in %)

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted EBIT margin (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY/14</td>
<td>3.7%</td>
</tr>
<tr>
<td>FY/15</td>
<td>3.6%</td>
</tr>
<tr>
<td>FY/16</td>
<td>5.9%</td>
</tr>
<tr>
<td>FY/17</td>
<td>4.8%</td>
</tr>
<tr>
<td>FY/18</td>
<td>0.0%</td>
</tr>
<tr>
<td>FY/19</td>
<td>-0.4%</td>
</tr>
</tbody>
</table>

#### Fashion Store
- FY/14: 5.2%
- FY/15: 7.5%
- FY/16: 3.6%
- FY/17: 7.2%
- FY/18: 7.2%
- FY/19: 7.2%

#### DACH
- FY/14: 6.4%
- FY/15: 12.5%
- FY/16: 9.0%
- FY/17: 3.0%
- FY/18: (1.4%)
- FY/19: 9.3%

#### Rest of Europe
- FY/14: (0.3%)
- FY/15: (0.2%)
- FY/16: 1.0%
- FY/17: (3.1%)
- FY/18: 5.3%
- FY/19: 5.1%

#### Offprice
- FY/14: -
- FY/15: -
- FY/16: 8.0%
- FY/17: 7.1%
- FY/18: 6.5%
- FY/19: 7.4%

#### Other
- FY/14: 5.3%
- FY/15: (7.6%)
- FY/16: 6.9%
- FY/17: (7.4%)
- FY/18: 6.5%
- FY/19: 3.0%

#### Reconciliation
- FY/14: -
- FY/15: -
- FY/16: (0.4%)
- FY/17: (3.2%)
- FY/18: (0.1%)
- FY/19: (0.1%)

*New segment structure from Jan 1, 2018 onwards. Offprice reported separately from Q2/18 onwards. FY/14 to FY/16 not restated.*

*Adj. EBIT excludes equity-settled share-based payment expense ("SBC"), restructuring costs and non-operating one-time effects.*
<table>
<thead>
<tr>
<th>Year</th>
<th>FY/14</th>
<th>FY/15</th>
<th>FY/16</th>
<th>FY/17</th>
<th>Quarter Q1</th>
<th>Year 2017</th>
<th>Quarter Q2</th>
<th>Year 2018</th>
<th>Quarter Q3</th>
<th>Year 2019</th>
<th>Quarter Q4</th>
<th>Year 2020</th>
<th>Quarter H1</th>
<th>Year 2021</th>
<th>Quarter H2</th>
<th>Year 2022</th>
<th>Quarter H3</th>
<th>Year 2023</th>
<th>Quarter H4</th>
<th>Year 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (in €m)</td>
<td>2,214.0</td>
<td>2,958.2</td>
<td>3,639.0</td>
<td>4,489.0</td>
<td>1,196.0</td>
<td>1,330.0</td>
<td>2,526.0</td>
<td>1,200.2</td>
<td>1,661.6</td>
<td>1,378.2</td>
<td>1,597.3</td>
<td>1,521.1</td>
<td>1,985.9</td>
<td>6,482.5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of Sales (in €m)</td>
<td>(1,250.9)</td>
<td>(1,619.6)</td>
<td>(2,024.6)</td>
<td>(2,522.7)</td>
<td>(721.3)</td>
<td>(720.7)</td>
<td>(1,442.1)</td>
<td>(725.5)</td>
<td>(935.8)</td>
<td>(3,103.4)</td>
<td>(817.7)</td>
<td>(866.3)</td>
<td>(1,683.9)</td>
<td>(895.1)</td>
<td>(1,313.4)</td>
<td>(3,710.9)</td>
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</tr>
<tr>
<td>Cost of Sales (in % of revenue)</td>
<td>(56.5%)</td>
<td>(54.7%)</td>
<td>(55.6%)</td>
<td>(56.2%)</td>
<td>(60.3%)</td>
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<td>(57.1%)</td>
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<td>(54.2%)</td>
<td>(58.6%)</td>
<td>(58.9%)</td>
<td>(57.0%)</td>
<td>(57.2%)</td>
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</tr>
<tr>
<td>Gross Profit (in €m)</td>
<td>963.1</td>
<td>1,338.6</td>
<td>1,614.4</td>
<td>1,866.3</td>
<td>474.7</td>
<td>609.3</td>
<td>1,084.0</td>
<td>725.8</td>
<td>2,284.5</td>
<td>566.5</td>
<td>731.0</td>
<td>1,291.5</td>
<td>625.5</td>
<td>854.5</td>
<td>2,771.6</td>
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</tr>
<tr>
<td>Gross Profit (in % of revenue)</td>
<td>43.5%</td>
<td>45.3%</td>
<td>44.4%</td>
<td>43.9%</td>
<td>39.7%</td>
<td>45.8%</td>
<td>39.2%</td>
<td>43.7%</td>
<td>42.4%</td>
<td>39.9%</td>
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<td>42.8%</td>
<td>42.8%</td>
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<td></td>
</tr>
<tr>
<td>Fulfillment Cost Ratio (in % of revenue)</td>
<td>(492.7)</td>
<td>(762.5)</td>
<td>(842.8)</td>
<td>(1,161.4)</td>
<td>(336.5)</td>
<td>(374.8)</td>
<td>(711.3)</td>
<td>(360.3)</td>
<td>(421.9)</td>
<td>(1,493.5)</td>
<td>(394.3)</td>
<td>(435.4)</td>
<td>(829.7)</td>
<td>(435.5)</td>
<td>(501.4)</td>
<td>(1,766.6)</td>
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</tr>
<tr>
<td>Fulfillment Cost Ratio (in % of revenue)</td>
<td>(22.3%)</td>
<td>(25.8%)</td>
<td>(23.2%)</td>
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<td>(29.7%)</td>
<td>(28.6%)</td>
<td>(25.2%)</td>
<td>(27.3%)</td>
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</tr>
<tr>
<td>Marketing Cost Ratio (in % of revenue)</td>
<td>(291.5)</td>
<td>(347.4)</td>
<td>(377.0)</td>
<td>(355.7)</td>
<td>(62.2)</td>
<td>(85.2)</td>
<td>(167.4)</td>
<td>(95.8)</td>
<td>(122.7)</td>
<td>(385.8)</td>
<td>(96.2)</td>
<td>(130.0)</td>
<td>(226.2)</td>
<td>(122.4)</td>
<td>(171.3)</td>
<td>(519.8)</td>
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</tr>
<tr>
<td>Marketing Cost Ratio (in % of revenue)</td>
<td>(13.2%)</td>
<td>(11.7%)</td>
<td>(10.2%)</td>
<td>(7.9%)</td>
<td>(6.9%)</td>
<td>(6.4%)</td>
<td>(6.6%)</td>
<td>(8.0%)</td>
<td>(7.4%)</td>
<td>(7.2%)</td>
<td>(7.0%)</td>
<td>(8.1%)</td>
<td>(7.6%)</td>
<td>(8.0%)</td>
<td>(8.6%)</td>
<td>(8.0%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling and Distribution Costs (in €m)</td>
<td>(784.2)</td>
<td>(1,109.9)</td>
<td>(1,213.7)</td>
<td>(1,517.0)</td>
<td>(418.7)</td>
<td>(460.6)</td>
<td>(878.7)</td>
<td>(456.1)</td>
<td>(544.6)</td>
<td>(1,879.3)</td>
<td>(490.5)</td>
<td>(565.4)</td>
<td>(1,055.9)</td>
<td>(557.9)</td>
<td>(672.7)</td>
<td>(2,286.4)</td>
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</tr>
<tr>
<td>Selling and Distribution Costs (in % of rev)</td>
<td>(35.4%)</td>
<td>(37.5%)</td>
<td>(33.4%)</td>
<td>(33.8%)</td>
<td>(35.0%)</td>
<td>(34.6%)</td>
<td>(34.8%)</td>
<td>(38.0%)</td>
<td>(32.8%)</td>
<td>(34.9%)</td>
<td>(35.6%)</td>
<td>(35.4%)</td>
<td>(35.5%)</td>
<td>(36.7%)</td>
<td>(33.9%)</td>
<td>(35.3%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Expenses &amp; Other (in % of rev)</td>
<td>(96.9)</td>
<td>(121.2)</td>
<td>(184.3)</td>
<td>(234.3)</td>
<td>(55.6)</td>
<td>(55.3)</td>
<td>(110.9)</td>
<td>(57.3)</td>
<td>(63.4)</td>
<td>(231.8)</td>
<td>(63.7)</td>
<td>(63.9)</td>
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<th>Administrative Expenses</th>
<th>Share Based Compensation</th>
<th>Restructuring costs / non-operating one-time effects</th>
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Other assets includes investments into short-term deposits of €20m, which are not listed under Cash and Cash Equivalents due to their maturity of more than 3 but less than 12 months.
### Cash Flow Statement

Zalando Group Cash Flow Statement (in €m)

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<th>FY/15</th>
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## Management Compensation Scheme

### Non-Performance-Based Remuneration

**Fixed Remuneration**

- Gross annual **fixed based salary** amounts to **€65k** per member of the Management Board

### Performance-Based Remuneration (Long-Term Incentives)

**Long Term Incentive 2018**

- Each member of the Management Board receives **1,750,000 options** for the **five-year** contract under the LTI 2018
- Each option relates to one share in the company and has an exercise price of **€47.44**
- **Performance criterion:**
  
  Execercisable options (in% of total # of vested options)
  
  \[ \text{CAGR}^2 \geq 15.0\% \rightarrow 100\% \]
  
  \[ \text{>15.0\% but} \geq 14.5\% \rightarrow 90\% \]
  
  \[ <14.5\% \text{ but} \geq 14.0\% \rightarrow 80\% \text{ etc.} \]
  
  \[ <10.0\% \rightarrow 0\% \]

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1. The new management compensation system became effective as of December 1, 2018, only applicable for the three Co-CEOs
2. The Performance Criterion relates to the compound average growth rate (CAGR) of the Company's business during the relevant performance period. As relevant parameter for the growth of the Company’s business the Company’s consolidated revenues are used. However, should the share from the Company’s so-called Partner Program increase to a 14% share in consolidated revenues, adjusted for the "grossed up Partner Program merchandise volume, then these adjusted consolidated revenues shall be used as the relevant parameter for the growth of the Company’s business for the full relevant performance period.
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The Zalando Share

Shareholder structure
- Kinnevik AB (publ): 25.82%
- Anders Holch Povlsen: 10.14%
- Other shareholders (free float): 62.38%
- Treasury shares: 1.65%

Share information
- Type of Shares: Ordinary bearer shares with no-par value (Stückaktien)
- Stock Exchange: Frankfurt Stock Exchange
- Market Segment: Regulated Market (Prime Standard)
- Index Listings: MDAX, STOXX600, FTSE4Goods
- First day of trading: October 1, 2014
- Issue price: EUR 21.50
- Total Number of Shares Outstanding: 252,883,564
- Issued Share capital: EUR 252,883,564
- ISIN: DE000ZAL1111
- WKN: ZAL111
- Ticker Symbol: ZAL
- Common Code: 111189528
- Thomson Reuters: ZALG.F
- Bloomberg: ZAL.GR

(1) As of 27 February 2020
(2) Free float definition of Deutsche Börse
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