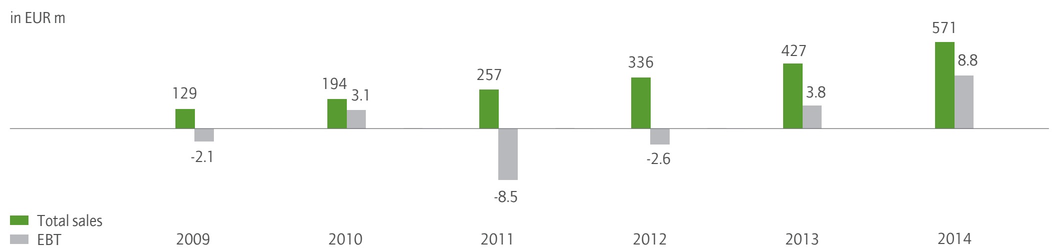
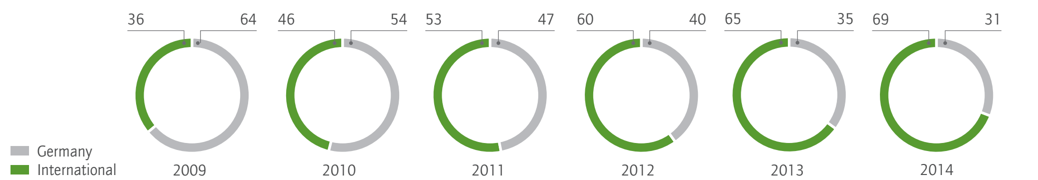
Annual report 2014

Key figures

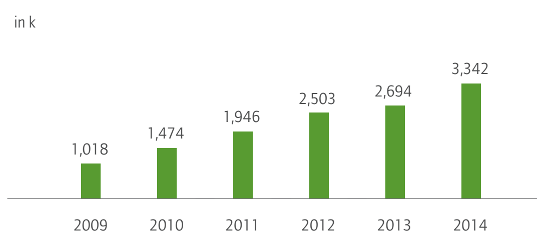
Total sales and EBT 2009-2014



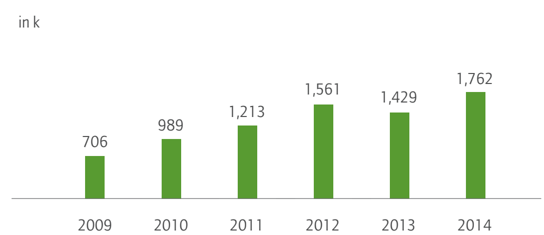
Sales origin in %



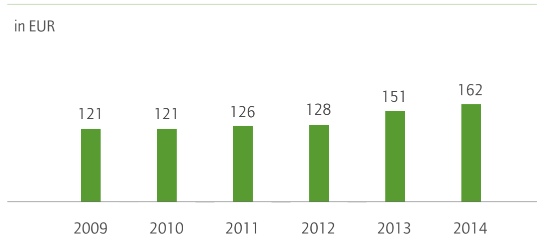
Active customers(1)



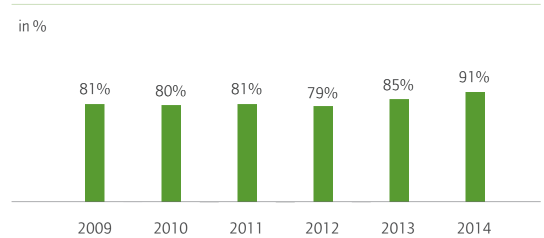
New customers



Sales per customer



Retention rate(2)



(1) incl. first customers / one-off-business

(2) sales-related repurchase rate

Performance over several years

		2009	2010	2011	2012	2013	2014
Total sales	in EUR m	129.1	193.6	257.1	335.6	426.9	570.9
Sales	in EUR m	122.6	177.8	244.8	319.2	407.0	543.1
Other income	in EUR m	6.4	15.8	12.3	16.3	19.9	27.8
Gross profit	in EUR m	51.9	84.1	100.0	121.3	147.1	177.9
Gross margin	in %	40.2	43.4	38.9	36.2	34.5	31.2
EBITDA	in EUR m	-1.4	3.9	-6.8	-1.8	4.9	9.9
EBT	in EUR m	-2.1	3.1	-8.5	-2.6	3.8	8.8
EPS - Earnings per share [1]	in EUR / share	-0.61	0.38	-1.07	-0.35	0.29	0.83
Employees	number	108	143	191	217	253	267
Balance sheet total	in EUR m	30.5	58.4	75.1	65.4	83.7	138.6
Inventories	in EUR m	12.5	20.6	25.5	32.3	43.7	65.0
Equity	in EUR m	9.5	21.2	35.5	33.9	36.7	86.2
Equity ratio	in %	31.1	36.3	47.3	51.9	43.9	62.2

[1] undiluted and starting in 2010 taking into account the capital increase from company funds carried out in 2011

Statement of comprehensive income Q1-Q4 / 2014

		Q1 / 2014	Q2 / 2014	Q3 / 2014	Q4 / 2014
Total sales	in EUR m	126.3	130.7	146.4	167.5
Sales	in EUR m	120.7	124.1	140.0	158.3
EBITDA	in EUR m	1.5	2.3	3.1	3.0
EBT	in EUR m	1.2	2.0	2.8	2.7

Highlights 2014

Total sales up 34 % to EUR 571 m

– Market leadership in online retailing segment extended

New best marks recorded in new customer acquisition and customer loyalty

– Number of new customers rises substantially to 1.8 million;
Customer loyalty rate increases to 91 %

Cost efficiency further improved

– Total cost ratio (all costs excl. cost of goods ⁄ total sales) below 30 % for the first time

Positive earnings before taxes (EBT) of EUR 8.8 m

– Earnings more than doubled compared to the previous year

zooplus at a glance

Customers

- Present in 28 European countries
- Strong USP from a customer perspective: Attractive pricing, selection and delivery quality
- Continuous improvement in value-for-money

Company

- European online market leader with a significant edge over the competition
- Outstanding international logistics for rapid delivery throughout Europe
- Around EUR 700 m in total sales expected by the end of 2015

Market

- Sales volume of European pet supply market currently around EUR 25 bn
- Growing, stable overall market
- Robust growth in online retailing in the pet supply sector

Company profile zooplus AG

zooplus AG was founded in 1999 and has established itself today as Europe’s leading online retailer for pet products. Measured in terms of sales, zooplus already ranks as the third largest retailer in the overall European market, which includes both bricks-and-mortar and online sales of pet supplies. The company retails over 8,000 SKUs for all major types of pets. The company's product range most notably includes pet food (wet and dry food, food supplements), as well as accessories (such as scratching posts, dog baskets and toys) across all value ranges. In addition to the huge product range and the option of fast and free delivery, zooplus customers also benefit from a variety of interactive content and community features, such as veterinary advice and discussion forums. zooplus AG’s business model has been successfully introduced in 28 European countries to date. This positions zooplus AG as the only genuinely pan-European online retailer for pet supplies. The company’s total sales have risen since its IPO from EUR 85 m in 2008 to EUR 571 m in the financial year 2014.

Pet supplies are a key market segment within the European retail landscape. In 2014, gross sales of around EUR 25 bn were generated within the European pet supplies industry. Given the ongoing “humanization” of pets in most countries, stable growth in the overall market is also anticipated for the coming years. In addition, continued significant growth is expected for Internet retailing in Europe overall. zooplus AG is therefore anticipating continued dynamic company development on the back of these trends. In 2015, the company is targeting total sales of around EUR 700 m.

Table of contents

To the shareholders

Letter of the Management Board


From left to right: Jürgen Vedie, Andrea Skersies, Dr. Cornelius Patt, Andreas Grandinger

Dear Shareholders,

The 2014 financial year was a very good year for zooplus, which sustained and built on the successful business performance of the year before. The growth in total sales accelerated year on year, reaching 34% in 2014. The absolute rise in total sales was therefore an emphatic EUR 144 million, after an increase of EUR 91 million in the previous year. This is a new and impressive growth record. At the same time, earnings before taxes (EBT) were increased to EUR 8.8 million despite the strong growth of the business. This is more than twice what was achieved in 2013.

In 2014, we continued to focus primarily on generating sustainable growth with, in our view, the best value for money in the market. Although competition remained fierce from online as well as brick-and-mortar competitors, new records were set in terms of customer acquisition and the loyalty of existing customers. We therefore intend to stick to this course in 2015. At the same time, we also want to stay well ahead of existing and new competitors – online as well as brick-and-mortar – and to continue building on our market position.

We are confident that we will be able to carry on increasing growth and earnings in a sustainable manner in the years to come. In our view, zooplus is and shall remain the uncontested and fastest growing online market leader for pet supplies in Europe. In 2014, we took another step closer to our target of being the only online competitor to catch up with the leading brick-and-mortar competitors in Europe, thanks to the size we have already reached and our growth potential. At the same time, developments in 2014 served as an impressive confirmation that the company's strategy is the right one and that zooplus' excellent value for money guarantees growth and advertising efficiency.

First of all, however, a look back at the successful 2014 financial year highlights the following key developments:

- Total sales increased 34% from EUR 427 million to EUR 571 million.
- New records were set in customer loyalty and customer acquisition.
- Marketing efficiency in customer acquisition improved again.
- The total expense ratio was less than 30% for the first time thanks to further gains in efficiency and economies of scale.
- Positive earnings before taxes (EBT) were achieved at EUR 8.8 million

We want to continue performing this positively in 2015 and consistently pursuing our overall business strategy – growing sustainably while becoming more profitable – into the future. As things stand, we are confident of improving total sales and EBT again in the 2015 financial year.

In particular, we have set ourselves the following key financial targets for 2015:

- Total sales of around EUR 700 million.
- EBT of between EUR 8 million and EUR 12 million before any unexpected non-recurring effects from our planned IT migration

At the same time, the continuous adjustment of organizational structures to the company's growth in size and investment in our employees will remain high priorities for us in future, in order to best support long-term and sustainable growth and the accompanying added value.

For example, we will expand our logistics capacity considerably in 2015 by opening a fourth site in France and further increasing capacity in Poland. In addition, the primary focus of our efforts in 2015 will still be the satisfaction of our customers. We want to continue offering our customers all over Europe a compelling shopping experience around the clock in our online stores as well as the best possible service in every respect. By implementing a capital increase at the end of the 2014 financial year, we also expanded our financial base, on which we can build in order to be best equipped to implement our plans for further vigorous growth.

2014 was a very successful year for zooplus. For us and the entire zooplus team, this is an acknowledgment of the work done, but also a mandate and a motivation to continue zooplus' success story. Our warmest thanks go to our employees, who contribute to zooplus AG's success with their great dedication, loyalty and performance.

We thank our customers, suppliers and business partners for their support and the positive and successful cooperation in 2014. We would also like to thank you, our shareholders, for your solidarity with the company. We appreciate your confidence in us and will continue working for zooplus AG to the best of our abilities.

Dr. Cornelius Patt (CEO)	Andrea Skersies	Andreas Grandinger	Jürgen Vedie

Report of the Supervisory Board

Dear Shareholders,

During the financial year 2014, the Supervisory Board performed its tasks according to the law, the articles of incorporation and the bylaws, and constantly monitored and regularly advised the Management Board in its work in leading the company and conducting company business.

Cooperation with the Management Board

Once again, the Supervisory Board can look back on good and close cooperation with the Management Board. Regular, up-to-date and comprehensive reporting by the Management Board allowed the Supervisory Board to deal in detail with the company's standing and development. There was constant contact and exchange between the Supervisory Board and Management Board, discussing issues relating to the company's strategic alignment, business development, risk management, various other subjects as well as key individual measures. The Supervisory Board received information on projects and affairs of particular importance or urgency outside of meetings. The Chairman of the Supervisory Board maintained intensive contact with the Management Board, particularly with the CEO, and remained informed on the business situation and significant business operations. The Supervisory Board was included directly in all decisions of fundamental importance for the company.

Focus of Discussions

As part of its regular meetings, the Supervisory Board dealt with the company's operating and strategic development, while informing itself about the business and financial development of the company and its operating environment in the past financial year based on written and verbal reports by the Management Board. At the Supervisory Board meetings, the members discussed and resolved on numerous issues and measures requiring approval.

During the financial year 2014, the Supervisory Board met for four regular, face-to-face meetings on March 19, 2014, May 27, 2014, September 17, 2014 and December 3, 2014. Moreover, several resolutions were made via the telephone during the year and based on the written circulation of documents.

On January 22, 2014, the Supervisory Board approved the Management Board resolution on a pending investment into the IT technology of the company, i.e. extending the existing storage system for back-office production processes at zooplus AG.

In its meeting on March 19, 2014, the Supervisory Board focused on the business development of the past financial year 2013, the annual financial statements and management reports of zooplus AG as well as the Group as of December 31, 2013. The Supervisory Board approved the results of the auditor, adopted the annual financial statements and approved the consolidated financial statements and the dependency report. Moreover, the Supervisory Board resolved on the agenda points for the Ordinary Annual General Meeting 2014.

On April 1, 2014, the Supervisory Board approved the appointment of Jürgen Vedie as a fourth member of the company's Management Board and the conclusion of a corresponding management contract agreement. In this context, the Supervisory Board resolved on a change in the schedule of responsibilities for the Management Board.

In its meeting on May 27, 2014 following the Ordinary Annual General Meeting of zooplus AG, the Management Board initially reported on the latest business development. Following this, the Management Board and Supervisory Board addressed the strategic alignment of the company in depth.

On June 26, 2014, the Supervisory Board approved the Management Board resolution to extend the logistics network of zooplus AG and, as part of this, open a further warehouse and logistics center in France as well as conclude the agreements required for realizing this.

The meeting of the Supervisory Board on September 17, 2014 was dedicated to the following points: The Management Board provided a comprehensive overview of the status quo and the future plans relating to the company's "own brands". Subsequently, the Supervisory Board informed itself in depth about the HR development and HR projects in 2014 as well as "procurement" topics within operations. The Supervisory Board also addressed the business development and competitive environment of the company.

In its resolution on November 10, 2014, the Supervisory Board agreed on a joint application with the Management Board for the premature legal appointment of Moritz Greve as a further member of the Supervisory Board following the exit of Dr. Lübcke from the Supervisory Board after the latter stepped down from his post.

On November 17, 2014, the Supervisory Board approved the Management Board resolution to increase the share capital of the company excluding the subscription right of the shareholders by EUR 610,039.00 partially using the authorized capital by issuing up to 610,039 bearer shares in return for cash contributions. On November 18, 2014, the Supervisory Board approved the resolution of the Management Board on the determination of the placement price of the new shares at EUR 61.50 per share.

The object of the meeting on December 3, 2014 was initially the latest report from the audit committee. Mr. Greve took part in the meeting for the first time, as he was legally appointed as the successor to Dr. Lübcke until the next Annual General Meeting, following the latter's exit from the Supervisory Board. The Supervisory Board selected Dr. Wentz as a Deputy Chairman, while Moritz Greve was appointed as a member of the audit committee and its deputy chairman. After that, the Management Board informed the Supervisory Board on the current business and market development of zooplus AG. In addition, it presented the zooplus AG budget for 2015 to the Supervisory Board. After thoroughly examining and discussing the budget, it was approved by the Supervisory Board. The agenda of the meeting also included adherance to the recommendations of the German Corporate Governance Code in its latest version. In line with the recommendation of the Code, the Supervisory Board discussed the efficiency of its work in depth and provided a declaration of conformity to the German Corporate Governance Code together with the Management Board.

Moreover, an update from IT to the Supervisory Board on the latest status of the project implementation for conceiving and introducing a new transaction system (ERP and shop system) at zooplus was an item of every meeting.

Conflicts of interest on the part of Management Board and Supervisory Board members, which must be disclosed to the Supervisory Board immediately and reported to the Annual General Meeting, did not occur during the past financial year.

No member of the Supervisory Board attended less than half of the meetings of the Supervisory Board.

Supervisory Board Committees

In order to efficiently execute its tasks, the Supervisory Board formed an audit committee. In the financial year, this committee included Dr. Wentz and Mr. Rohowski, while Dr. Jörg Lübcke, who left the Supervisory Board on November 30, 2014, was replaced by Moritz Greve. The acting chairman of the audit committee in the year under review Dr. Wentz fulfills the legal requirements for independence and expertise in the fields of accounting and auditing annual accounts.

The audit committee met for four meetings during the year under review. Its meeting on March 3, 2014 focused on the preparation of the annual accounts meeting. The audit committee then used the subsequent meetings on March 19, 2014, September 17, 2014, and December 3, 2014 to take an in-depth look at the accounting process in the company, the effectiveness of the internal Group-wide control and risk management system and its further development, as well as IT security. The chairman of the audit committee reported to the Supervisory Board in full on the content and results of the committee meetings at the Supervisory Board meetings following the respective committee meeting.

Membership of the Supervisory Board and Management Board

Effective as of November 30, 2014, Dr. Jörg Lübcke left the Supervisory Board of zooplus AG after stepping down from his post. Moritz Greve was appointed as his successor in the Supervisory Board by the court. The Supervisory Board would like to thank Dr. Lübcke for his trustworthy and constructive work. The Supervisory Board elected Dr. Wentz as Deputy Chairman of the Supervisory Board. Mr. Greve was elected as a member of the audit committee and made its deputy chairman.

Effective as of April 1, 2014, zooplus AG extended its Management Board to include Jürgen Vedie as a fourth member. As Chief Operating Officer (COO), Mr. Vedie is responsible for supply chain management, sourcing, logistics, warehousing and distribution. Mr. Vedie has been working in the aforementioned fields for zooplus AG since 2012 and is able to draw on outstanding experience in both operations and retailing.

Corporate Governance

The Supervisory and Management Boards are aware that good corporate governance is in the best interests of our shareholders and forms a key foundation of the company's capital market success.

Together with the Management Board, the Supervisory Board issued a declaration of conformity pursuant to Section 161 of the German Stock Corporation Act (AktG) in December 2014 which was made permanently accessible on zooplus AG's website (http://investors.zooplus.com). A separate report is provided on the implementation of the Corporate Governance Code as part of this annual report.

Annual and Consolidated Financial Statements as of December 31, 2014

During the Supervisory Board's meeting discussing the annual financial statements on March 18, 2015, the Supervisory Board dealt in depth with the documents for the annual financial statements and auditor's report, in particular the annual financial statements prepared according to German accounting standards (HGB) and the consolidated financial statements prepared according to IFRS, each as of December 31, 2014, and the company's management report and Group management report for the financial year 2014. The auditor's report, the financial statements prepared by the Management Board and the report on the situation of zooplus AG and the Group were presented to us in good time, which gave us sufficient opportunity to review these documents.

The auditor PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch office, had previously examined the financial statements. There are no concerns regarding the auditor's independence. According to the auditor's opinion, the single and consolidated financial statements in compliance with the respective accounting standards give a true and fair view of the net assets, financial position and results of operations, as well as of the cash flows of the company and Group. The auditors issued unqualified opinions in each case. In addition, as part of the audit of the risk management system, the auditors ascertained that the Management Board had put the relevant measures in place that are required under Section 91 para. 2 AktG in order to facilitate an early recognition of risks which could endanger the company's continued existence.

Representatives from the firm of auditors were present during the discussions on the single and consolidated financial statements, reported on key findings of the audit and were also available to provide the Supervisory Board with additional information. Upon thorough examination of the annual financial statements and the management report, the Supervisory Board concurred with the auditor's report. No objections were raised. The Supervisory Board therefore approved the annual financial statements and consolidated financial statements in its meeting on March 18, 2015. The annual financial statements of zooplus AG are therefore fully adopted. The Supervisory Board also approved the management report, the Group management report and the judgments made regarding the further development of the company.

Dependency Report

The Management Board prepared a report on the relationships with associated companies in line with Section 312 AktG ("Dependency report") and presented it to us.

The auditor reviewed the dependency report and provided the following unqualified opinion: "After our mandatory review and opinion, we confirm that the actual information provided by the report is correct, that the payments made by the company in the legal transactions outlined in the report were not unreasonably high and that with regard to the measures outlined in the report no circumstances indicate an assessment materially different to that given by the Management Board."

The Supervisory Board also examined the report from the Management Board regarding relationships with associated companies and it concurs with the results of the review of the dependency report by the auditor. After the final results of the discussions and its own review of the dependency report, the Supervisory Board believes that the statements made by the Management Board are accurate and no objections therefore have to be raised against the Management Board's final declaration provided at the end of the report and adopted into the management report of zooplus AG.

On behalf of the Supervisory Board, I would like to thank the members of the Management Board and all the employees of the zooplus Group for their outstanding personal contributions that greatly helped the company in bringing the financial year 2014 to such a successful close.

Munich, March 2015

On behalf of the Supervisory Board

Michael Rohowski

Chairman of the Supervisory Board

Corporate Governance Report

The Management Board and Supervisory Board report on the corporate governance of the company on an annual basis in line with the guidelines of the German Corporate Governance Code. The corporate governance declaration pursuant to Section 289a of the HGB is published in the investor relations section of the company's website at http://investors.zooplus.com, as well as in the management report on page 68.

Declaration by the Management and Supervisory Boards of zooplus AG pursuant to Section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) regarding the recommendations of the "Government Commission German Corporate Governance Code"

The Management and Supervisory Boards of zooplus AG declare that they have corresponded and will in future continue to correspond with the recommendations of the Government Commission German Corporate Governance Code (in the version dated June 24, 2014) announced by the Federal Ministry of Justice in the official section of the electronic federal gazette since the last declaration of conformity on November 25, 2013, with the following exceptions:

Item 3.8 para. 3: The current D&O insurance does not include a deductible for members of the Supervisory Board. The Management and Supervisory Boards believe that a deductible does not change the sense of responsibility and loyalty with which the members of the boards perform their tasks and functions.

Item 4.2.3 para. 2 sentence 8: A retroactive adjustment of the comparison parameters is possible in the organization of variable remuneration components under precisely defined conditions. The members of the company's Management Board are granted a long-term incentive program in the form of a share price-based performance share plan in annual tranches. With every tranche, a number of virtual shares in the company are allocated to members of the Management Board of the company depending on EBT target achievement. These shares are subject to a waiting period of three years and can lead to a cash payout to Management Board members of the company after the waiting period expires. The program provides for the opportunity to adjust the EBT target figure of the respective current financial year and future financial years if considerable changes are to be expected due to transactions, and the company and the entitled parties agree to such adjustments in writing during the financial year in question or before the start of the financial year. A change is viewed as considerable if the EBT target figure changes by more than 5 % compared to the existing EBT target figure for the financial year in question due to a transaction (purchase of companies or interests). An entitlement to an adjustment is excluded. The regulation serves to ensure the fair calculation of the EBT target figure for both sides given the case that companies or interests are acquired.

Item 4.2.3 para. 4 sentence 3: In the case of the premature termination of a contract within the Management Board, the calculation of the severance payment cap is not based on the total compensation of the previous year and the expected total compensation of the current financial year. Management Board contracts provide for a limit to the severance payment cap at two annual remunerations for the case of premature termination of contract. Such an agreement, which calculates the severance payment cap on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year, is unable to sufficiently take into account the concrete conditions which may later lead to a premature termination of a Management Board contract and the other factors in the individual case at the time of the termination.

Item 4.2.5: The company does not provide individualized information on the remuneration of specific members of the Management Board as a result of the resolution by the Annual General Meeting on May 22, 2012, according to which disclosures pursuant to section 285 no. 9 a) p. 5-8 HGB and section 314 para. 1 no. 6a) p. 5-8 HGB are excluded.

Item 5.3.3: The Supervisory Board did not form a nomination committee as the drafting of election suggestions should be undertaken by the entire Supervisory Board in the view of the Supervisory Board. The entire Supervisory Board will therefore continue to pay close attention in future to the election of suitable candidates proposed to the Annual General Meeting.

Item 5.4.3 sentence 2: Suggested candidates for the chairmanship of the Supervisory Board are not announced to shareholders as the election of the Chairman of the Supervisory Board is an internal matter for the Supervisory Board and therefore its internal responsibility. The Supervisory Board selects a Chairman and Deputy Chairman from within its ranks by virtue of its own organizational provisions at the first meeting after its election by the Annual General Meeting. A prior announcement of the candidates for the chairmanship of the Supervisory Board is therefore not appropriate in the view of the company within this context.

Item 5.4.6: The Chairman of the Supervisory Board is taken into account in the remuneration structure of Supervisory Board members, as is the chairmanship of committees. The Deputy Chairman of the Supervisory Board as well as the membership of committees is not taken into account in the remuneration structure of Supervisory Board members as the workload of the Deputy Chairman or members of committees is not significantly different from that of the remaining Supervisory Board members.

Item 6.3: zooplus AG publishes the interests of Management Board and Supervisory Board members in zooplus AG in line with legal requirements, if the legal reporting levels pursuant to Section 21 of the German Securities Trading Act (WpHG) are exceeded or undercut, as well as all "director's dealings" among this group of people in line with Section 15a of the German Securities Trading Act (WpHG). The Management and Supervisory Boards believe that this information, which fulfills the legal obligations, is sufficient for investors and the general public.

Item 7.1.2 sentence 2: The semi-annual and quarterly reports are not discussed by the Supervisory Board or an audit committee with the Management Board before publication. This could lead to delays in capital market information for time-related reasons.

Item 7.1.2 sentence 4: The interim reports are each published at the latest two months after the end of the reporting period, and therefore during the two-month period required by Frankfurt Stock Exchange's regulations for listing in the Prime Standard. zooplus AG believes that this deadline is sufficient to ensure proper accounting.

Munich, December 3, 2014

On behalf of the Supervisory Board	On behalf of the Management Board
Michael Rohowski	Dr. Cornelius Patt
Chairman of the Supervisory Board	CEO

In line with Section 161 para. 2 of the German Stock Corporation Act (AktG), the declaration of compliance is permanently available for shareholders and all other interested parties on the company's website at http://investors.zooplus.com.

Corporate Governance

Responsible, sustainable and value-oriented company management is accorded top priority at zooplus. Good corporate governance is a central element of our company management and provides the framework for leading and monitoring the Group, including its organization, business principles and measures for steering and controlling.

The German Corporate Governance Code aims to create transparent general conditions for company management and control. zooplus considers good corporate governance to be an important measure for increasing trust on the part of shareholders, employees and customers. Good and responsible company management aimed at sustainable value creation is therefore the goal for the Management Board and Supervisory Board of zooplus AG.

Management and Control Structure

As a German public limited company (Aktiengesellschaft, AG), zooplus is subject to the German Stock Corporation Act and has a dual-pronged management and control structure. This structure is characterized by a strict personnel separation between the Management Board as the management body and the Supervisory Board as the oversight.

Management Board

zooplus AG's Management Board is responsible for managing the company free from third-party interference, in line with the provisions of the law, the company's articles of incorporation, rules of procedure, its organizational chart outlining areas of responsibilities as well as the resolutions of the Annual General Meeting. The Management Board devises the strategic plans for the company, agrees these plans with the Supervisory Board and, having done so, ensures their implementation.

The Management Board consists of four members: Dr. Cornelius Patt (CEO), Andrea Skersies, Andreas Grandinger and Jürgen Vedie (since April 1, 2014).

The members of the Management Board have clearly defined and separate tasks. As set out in the respective applicable schedule of responsibilities for the Management Board and Management Board resolutions, each Management Board member is solely responsible for his or her own specific area, and is to keep Management Board colleagues constantly informed on these areas. The CEO heads the overall management and guides the business policies of the company. In the interests of the company, members of the Management Board, as the top management body, are also jointly responsible for the overall management of the company.

Supervisory Board

The Supervisory Board monitors and advises the Management Board on conducting its business. It reviews the annual financial statements, the management report and the proposed appropriation of net retained profit, as well as the consolidated financial statements, Group management report and dependency report by the Management Board. Taking the auditors' reports into account, it adopts zooplus AG's annual financial statements and approves the consolidated financial statements. The Supervisory Board's tasks also include appointing members of the Management Board, as well as preparing and concluding Management Board employment contracts with Management Board members.

The Supervisory Board of zooplus AG includes six members, all of which were elected by the Annual General Meeting. The composition of the body changed as follows during the year under review: Dr. Jörg Lübcke stepped down from his Supervisory Board position as of November 30, 2014. As his successor, Moritz Greve was appointed by the court following an application until the end of the Ordinary Annual General Meeting 2015.

The Supervisory Board of zooplus AG now comprises Michael Rohowski (Chairman), Dr. Rolf-Christian Wentz (Deputy Chairman), Moritz Greve, Thomas Schmitt, Dr. Norbert Stoeck and Stefan Winners. The periods of office are the same for all members and end at the Ordinary Annual General Meeting 2016, with the exception of Mr. Greve. The Supervisory Board elected Dr. Rolf-Christian Wentz as Deputy Chairman of the Supervisory Board following the exit of Dr. Jörg Lübcke.

The Supervisory Board discusses the business development, forecasts as well as the company's strategy and its implementation with the Management Board at regular intervals. As part of the strategic evaluation of the company, its risk management and reporting, the Management Board communicates with the entire Supervisory Board. In an effort to make work as efficient as possible, communications are not limited to the Chairman of the Supervisory Board.

The Supervisory Board formed an audit committee. The central task of the audit committee is supporting the Supervisory Board in fulfilling its control obligation in relation to the correctness of the annual and consolidated financial statements, the activities of the auditor as well as the internal control functions, particularly risk management and internal auditing. In the year under review, the audit committee included Dr. Wentz, Mr. Rohowski and Dr. Lübcke (up to November 30, 2014). Mr. Greve was elected as successor to Dr. Lübcke in the audit committee. The acting chairman of the audit committee in the year under review, Dr. Wentz, fulfills in his function as Financial Expert the legal requirements for independence and expertise in the fields of accounting and auditing annual accounts.

The members of the Supervisory Board do not have any board functions or advisory tasks at key competitors of the company, or have any professional or personal connection with zooplus AG or its Management Board. The Supervisory Board does not include any former Management Board members.

The Supervisory Board has set itself rules of procedure. These define the Supervisory Board's tasks, obligations and internal organization as well as outline details on non-disclosure requirements, the handling of conflicts of interests and the constitution and work of the committees.

In line with the recommendation in Item 5.6 of the Code, the Supervisory Board reviewed the efficiency of its activities in 2014 without the Management Board being present. The efficiency review particularly focused on process flows within the Supervisory Board and the flow of information between Supervisory Board members.

With regards to Item 5.4.1 of the Code, the Supervisory Board has set itself the following targets for its composition:

- **Professional qualifications:** Professional qualifications and personal skills are the most important prerequisites for operating as a member of the Supervisory Board. When examining the candidates proposed for election to the Supervisory Board, the focus is placed on their knowledge, abilities and professional experience, as well as their ability to perform the duties of a member of the Supervisory Board in an international company and to uphold the zooplus Group's image in public.
- **International presence:** Moreover, in view of the company's international orientation, it should also be ensured that the Supervisory Board includes a sufficient number of members with long-standing experience in international business.
- **Diversity:** Overall, the aim of the composition of the Supervisory Board is to allow its members to optimally execute their monitoring and advisory functions through diversity. As part of this, "diversity" primarily relates to international background, upbringing, education and career path, and not to nationality, or diversity in the context gender or age. This means that the composition of the Supervisory Board should appropriately represent the diversity in an open, innovative and internationally-active company such as zooplus AG. However, it also means that nobody should be discounted or proposed as a candidate for the Supervisory Board solely due to the fulfillment or non-fulfillment of any of the aforementioned characteristics. Women should be appropriately taken into consideration based on their qualifications and suitability. Therefore the Supervisory Board strives to appropriately involve women in its election proposals, even though the Supervisory Board is aware that the envisaged appropriate involvement of women cannot be achieved immediately. Nonetheless, the Supervisory Board intends to include qualified women in its selection process and election proposals, starting from the examination of potential candidates for a new appointment or replacement for vacant Supervisory Board positions. A prerequisite for the proposed election of female Supervisory Board members should be their qualification and concrete suitability for the company. The Supervisory Board is striving to ensure that there is at least one female member of the Supervisory Board.
- **Avoiding potential conflicts of interest / number of independent members:** The Supervisory Board should consist of an adequate number of independent members as defined by the German Corporate Governance Code. The Supervisory Board considers the appointment of at least two independent members as adequate. Material and non-temporary conflicts of interest, for example from positions in executive bodies or consulting roles with key competitors to zooplus AG, should be avoided. In addition, the members of the Supervisory Board should have sufficient time available to carry out their duties, ensuring that they can perform these with the due care and regularity required.
- **Age limit:** The Supervisory Board has ruled that its members should generally be no older than 70 years old.

The aims relating to "Professional qualifications", "Internationality" and "Avoiding potential conflicts of interest" have all been implemented, as has the aim relating to the "Age limit". In the Supervisory Board's opinion, three members of the Supervisory Board are considered to be independent within the meaning of the Corporate Governance Code, so the independence of the Supervisory Board is adequately ensured. The "Diversity" aim will also be taken into account in future when searching for a suitable candidate for the Supervisory Board. When including female candidates in the election of new members of the Supervisory Board, competencies and qualifications will remain the key elements for election proposals. By the same token, the Supervisory Board has made it an objective to continue to search for suitable female candidates for a position on the Supervisory Board.

Cooperation between the Management and Supervisory Boards

Intensive dialogue between the Management Board and Supervisory Board forms the basis for responsible company management.

The Management Board informs the Supervisory Board in a regular, prompt and comprehensive manner about all relevant company issues relating to strategy, planning, business development, risk positions, risk management and compliance. The information provided by the Management Board investigates any business developments which deviate from the proposed plans and objectives, providing explanations for these deviations. In a monthly jour fixe between the Chairman of the Management Board and the Chairman of the Supervisory Board, important questions concerning business development and other current topics are discussed. Critically assessing the course of business is one of the Supervisory Board's core tasks.

The Management Board's concrete tasks and duties in relation to the Supervisory Board are set out in the rules of procedure for the Management Board. The rules of procedure specify the Management Board's obligations in regards to informing and reporting to the Supervisory Board, and outline the requirement that the Supervisory Board provides its approval to any transactions of fundamental importance to the business.

Remuneration

The Supervisory Board is responsible for setting the remuneration system, as well as the individual remuneration of members of the Management Board. It regularly reviews the remuneration structure to ensure its appropriateness. The company does not provide individualized information on the remuneration of specific members of the Management Board as a result of the resolution by the Annual General Meeting on May 22, 2012 pursuant to Section 286 para. 5 s. 1 HGB. The exemption from the obligation to publish individualized records applies up to and including the financial year 2016.

In addition to compensation for their expenses for the past financial year, members of the Supervisory Board receive a fixed annual remuneration of EUR 20,000.00 in accordance with the articles of incorporation. The Chairman of the Supervisory Board receives one and a half times this amount. The fixed remuneration is paid out after the financial year is completed. Members of the Supervisory Board do not receive variable or share-based remuneration. The chairman of the committees receives remuneration of EUR 5,000.00.

Shareholders and the Annual General Meeting

The shareholders are able to exercise their rights and vote at the Annual General Meeting. Each share grants one vote. No shares with multiple voting rights, preferential voting rights or maximum voting rights exist. The Ordinary Annual General Meeting takes place annually. The Management and Supervisory Board give account of the preceding financial year. At the Annual General Meeting, shareholders can exercise their voting rights in person, be represented by an authorized proxy of their choice or by a proxy appointed by the company and obliged to vote.

The Management Board presents the Annual General Meeting with the annual financial statements and consolidated financial statements. The Annual General Meeting decides upon the appropriate use of any net retained profits and approves the actions of the members of both the Management Board and the Supervisory Board as well as elects the auditor. Wherever required, the Annual General Meeting is empowered to make changes to the company's articles of incorporation, elect members of the Supervisory Board and resolve on other agenda resolutions.

Systematic Risk Management

Using the established internal control system, the company is in a position to identify possible business and financial risks ahead of time in order to be able to take the corresponding countermeasures. This control system is conceived in such a way that prompt risk supervision is possible and therefore correct accounting of all business transactions is ensured as is continuous reliable data for the financial situation of the company.

Transparency

In order to ensure the greatest possible transparency, we inform our shareholders, financial analysts, shareholder associations, media and interested members of the public regularly and promptly on the situation of the company as well as significant changes in the business. The aim is to further expand the trust in the value potential of zooplus AG among investors.

The company keeps stakeholders continually informed about relevant events in a timely and reliable manner. Insider information directly affecting the company is published immediately by the company, in line with legal guidelines. The company enjoys regular discussions with private and institutional investors at its Annual General Meeting as well as at capital market events, such as roadshows and conferences. In line with the principle of fair disclosure, we treat all shareholders and key target groups equally when it comes to valuation-relevant information. We provide information on important new circumstances without delay to the general public.

The company website http://investors.zooplus.com serves as the central platform for providing the latest information on the company. Moreover, financial reports, presentations from analyst and investor conferences as well as press and ad-hoc releases from the company are also available there. The dates of the key recurring publications and events (such as annual reports, interim reports, Annual General Meeting) are published with sufficient notice.

In addition, on our website http://investors.zooplus.com, interested parties can view disclosures of reportable securities transactions involving members of the Management Board and Supervisory Board of zooplus AG as well as related parties (directors' dealings), which are published by us immediately after receiving the information pursuant to Section 15a of the German Securities Trading Act (WpHG). The same applies for voting rights disclosures sent to us pursuant to Section 21 ff. WpHG.

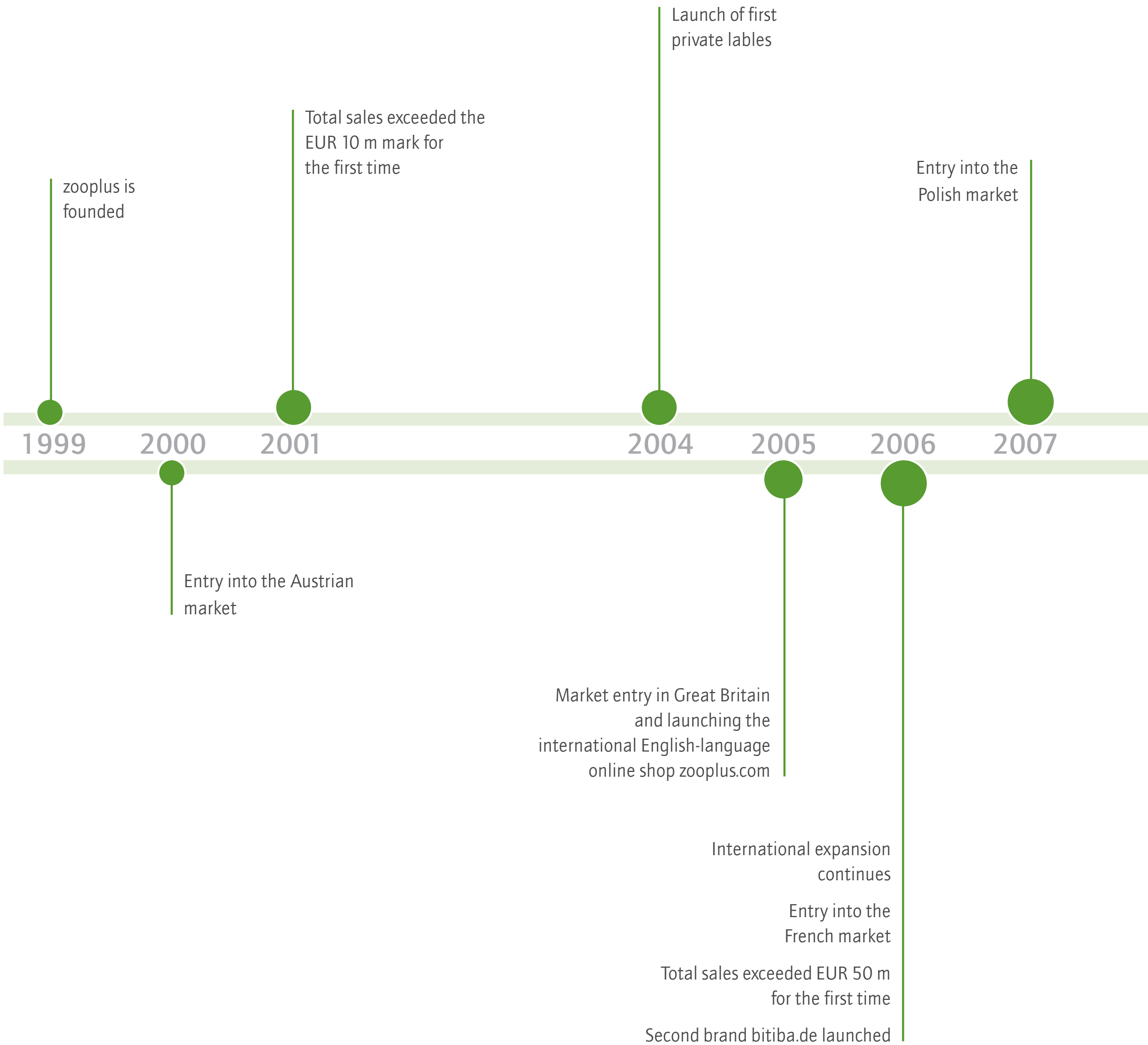
Accounting and Auditing

Since the 2005 financial year, accounting at group level has been carried out in accordance with the International Financial Reporting Standards (IFRS) while the single-entity statements are completed in adherence with German standards (German Commercial Code – HGB). Reporting with the annual financial statements and quarterly interim reports is made in line with statutory requirements and stock market regulations. According to international standards, the annual report and company website are also published in English, and the annual and interim reports are published online on our company website at http://investors.zooplus.com.

The Management Board prepares the consolidated financial statements and these are examined by the auditor and the Supervisory Board. PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch office, was selected as auditor by the Annual General Meeting 2014. As proof of its independence, the auditor submitted a declaration of independence to the Supervisory Board. On March 5, 2015, the auditor attended the audit committee meeting and on March 18, 2015 the Supervisory Board's discussion of the 2014 annual financial statements and consolidated financial statements. At these meetings, the auditor reported to the Supervisory Board on the results of the audit of the annual financial statements, the zooplus AG management report as of December 31, 2014 (German Commercial Code – HGB) as well as the consolidated financial statements and zooplus Group management report as of December 31, 2014 (IFRS).

The auditors of zooplus AG agreed that the Chairman of the Supervisory Board is to be promptly informed of any possible disqualifying reasons and conflicts of interests discovered in the course of the audit, if these are not resolved immediately.

Relationships with shareholders, who are to be classified as related parties according to the applicable accounting standards, are described in the notes to the consolidated financial statements.


1999
zooplus is founded
2000
Entry into the Austrian market
2001
Total sales exceeded the EUR 10 m mark for the first time
2004
Launch of first private lables
2005
Market entry in Great Britain and launching the international English-language online shop zooplus.com
2006
International expansion continues
Entry into the French market
Total sales exceeded EUR 50 m for the first time
Second brand bitiba.de launched
2007
Entry into the Polish market

2008

Shares of zooplus AG admitted to the stock exchange (Entry Standard)

Market entries include Spain, the Netherlands and Italy

2009

Uplisting to Frankfurt Stock Exchange's Prime Standard segment

Total sales: EUR 130 m

zooplus is present in 17 European countries

2010

Total sales above EUR 190 m

2011

Admission to the SDAX

2012

Total sales quadruple since start of 2008 to EUR 336 m

2013

Warehouse and logistics center opens in Poland, increasing overall logistics capacity to sales of EUR 650 m

International expansion of bitiba

2014

1st place in the customer rating ranking (in front of Amazon) according to a study by the Cologne-based E-Commerce Center (ECC)

Presence in 28 countries

Total sales: EUR 571 m

EBT: EUR 8.8 m

2015

Total sales target of around EUR 700 m, EBT EUR 8–12 m

Group's Business Model

Business Model

In terms of sales and total sales, zooplus AG ranks as Europe's largest online retailer for pet products and the clear market segment leader by a considerable margin over its competitors. In the overall European market including both online and bricks-and-mortar business, which weighed in at around EUR 25 bn in sales during 2014, the company currently operates as an exclusively Internet-based B2C retailer across 28 countries. Its product range, which features over 8,000 SKUs, includes pet food in particular and accessories across all major pet supplies segments.

Track Record

Since its foundation in June 1999, the company has been successfully employing the Internet as a sales platform for products within the pet supplies segment. Its business activities have been continuously expanded in recent years. The extension of the product portfolio, the penetration of new European markets through a focused early international expansion, as well as the company's IPO in 2008 and the subsequent admission to the SDAX are just some of the key milestones on zooplus' continuing dynamic growth track. In 2014, the threshold of significantly more than EUR 500 m in total sales was exceeded for the first time.

International Presence

Since 2005, the company has been pursuing a strongly growth-oriented internationalization strategy. This approach allows the company to firmly establish itself and achieve critical size in the German-speaking domestic market as well as in France, Italy, Spain, the Netherlands, Great Britain and Poland. These countries are the seven largest European markets in terms of volume and are therefore of key importance to zooplus AG. The company has succeeded in positioning itself as online market leader in these markets, and as one of the market leaders overall in Great Britain. In addition, zooplus AG is active in 21 other European markets. Today, the strong international alignment of the company represents a clear advantage compared to the competition.

Shipments to customers are made by way of four central logistics hubs: Hörselgau in Germany, Tilburg in the Netherlands, Wroclaw in Poland and Chalon-sur-Saône in France (since March 2015). Together, these centers represent a total logistics capacity of around EUR 900 m in sales. Thanks to a state-of-the-art Europe-wide networked logistics and fulfillment structure, international markets can be served quickly and efficiently.

Past experience has shown us the importance of country-specific and localized offerings and sites – our customers clearly expect this. And this is why zooplus AG already operates local language websites in 23 markets, through which the company strives to offer a large number of specific regional pet products. In addition, zooplus is currently available via its English website zooplus.com in Liechtenstein, Luxemburg, Estonia, Latvia and Lithuania. In addition to the zooplus website with its comprehensive range of all 8,000 SKUs, zooplus is also represented by its additional brand bitiba, which is designed as a discount concept with a reduced range of goods and already available in eleven countries parallel to the zooplus brand.

zooplus currently gains new customers on a daily basis in 28 countries across Europe. A huge product range, attractive prices and a reliable, fast delivery service – guaranteed by a high-performance infrastructure – position the company the clear number 1 in online retailing for pet supplies.

zooplus' European market presence

- ■ Country-specific, established webshops
- ■ Supply via webshops of other countries
- ❶ Logistic facility Tilburg
- ❷ Logistic facility Hörselgau
- ❸ Logistic facility Wroclaw
- ❹ Logistic facility Chalon-sur-Saône

Date describes market entry
*2005
**2008

zooplus' value chain

Country-specific websites

As of the end of 2014	
Germany	Austria
Switzerland	The Netherlands
Belgium	Great Britain
Ireland	Finland
Sweden	France
Denmark	Spain
Italy	Poland
Portugal	Slovakia
Czech Republic	Bulgaria
Hungary	Slovenia
Romania	Turkey
Croatia	

While zooplus AG continues to post stable double-digit sales growth in the domestic German market, the international markets present substantially higher growth potential. This is due to the still lower market share for zooplus compared to Germany. As a result, in addition to expanding the market position in Germany, the systematic penetration of existing international markets is a focus of the company's growth strategy.

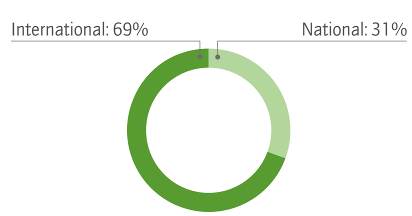
Our multi-lingual customer services, tailored to our customers' needs, together with a variety of international payment systems and a high-performance logistics infrastructure via designated parcel services, form a key factor in the zooplus internationalization strategy. In the past, this tried and tested structure has proven to be highly efficient, offering effective service while highly scalable at the same time. At all of its locations, zooplus AG can rely on highly motivated, well-trained employees, ensuring the sustained success of the business model.

Creating flexible, high-performance and efficient operating structures adjusted in line with the strong company growth was and remains a key objective in developing the zooplus business model. These considerations are continuously taken into account by zooplus AG across all core business operating areas.

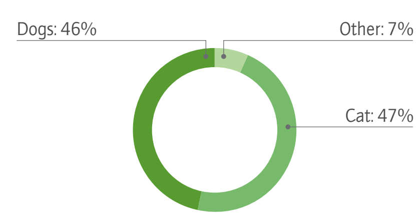
Purchasing and Product Range

The company commands internationally positioned purchasing operations as well as a resulting wide product selection. Overall, zooplus AG offers an extensive and impressive product range spanning all pet types and product categories from a customer's perspective. The company also covers special local products across its individual European markets. Whether specialist foods or large-dimension aquariums, zooplus offers around 8,000 food and accessory products for dogs, cats, small animals, birds, fish and horses – resulting in a huge selection for customers to choose from. This broad range of brands and products includes everyday staples such as recognizable branded food ranges generally available in specialist stores, as well as own label and specialty articles such as care products, litter, toys and other accessories. Due to the fact that dogs and cats account for the largest proportion of the individual pet types, the range of brands focuses on food for dogs and cats as well as corresponding accessories.

Share of sales national ⁄ international



Share of sales product portfolio



It is essential to maintain a continuously close relationship with our key suppliers and manufacturers in order to provide this type of product range at market-leading value. zooplus AG procures all of its products directly from the respective manufacturers. zooplus purchases its products from a range of more than 100 international suppliers.

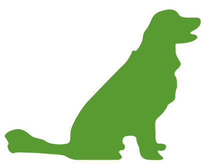
Private Label Business

The zooplus range is supplemented by our continually developed private label strategy within key product areas. In this context, the company fields an exclusive brand range, which has been developed in-house and has already established itself as an outstanding offering for our customers. This includes premium dry and wet foods for dogs and cats under the Rocco, Cosma and Smilla brands, as well as additional proprietary brands (Lukullus, Catessy, Tigerino, among others). In strategic terms, the company attaches particular importance to consistently differentiating products within its existing proprietary labels around a strong brand core, as well as to establishing the brand in a sustainable manner. The products and brands that have been launched so far enjoy a high level of acceptance among our customers and help to improve customer loyalty.

Private label brands play a prominent role in our overall strategy. In the financial year 2014, this share of sales stood at around 9 %. Over the coming years, the company is planning to further increase the proportion of own brands as a percentage of sales.

zooplus' private label brand cosma

Dogs

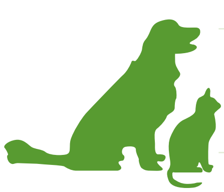


Rocco	**Wet food and snacks** – Premium food made of 100 % fresh meat for an appropriate diet
Lukullus	**Dry and wet food as well as snacks** – Premium food harnessing the power of nature: High-quality, natural ingredients; particularly gentle production process
Barkoo	**Snacks** – Experts in snacks: Large range of snacks, all of which are extremely popular
DogMio	**Dry food and snacks** – Dog food and snacks offering unbeatable value-for-money

Cats

cosma	**Wet food and snacks** – High-end premium food made of 100 % fresh meat for an appropriate diet
smilla	**Dry and wet food as well as snacks** – Premium food developed in cooperation with experts according to the latest academic findings
Catessy	**Dry and wet food as well as snacks** – Varied product range with unusual flavors at a constantly good-value price
Feringa	**Dry and wet food** – Premium food: made with lots of love, just like home-made. Grain-free
Tigerino	**Cat litter** – Cat litter in various types with excellent value-for-money

Dogs and cats



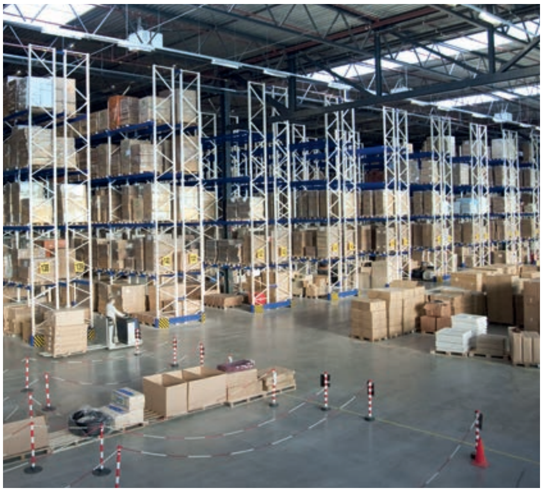
Purizon	**Dry food** – High-quality, premium food with 70 % protein / meat, 30 % fruit and vegetables – 0 % grain
Greenwoods	**Dry and wet food** – Hypoallergenic pet food with the best ingredients for an appropriate diet
zoolove	**Food, snacks and accessories** – Helping animals can be so simple and easy: 10 % of the purchase price of the zoolove products is donated to animals in need

Logistics

zooplus AG currently boasts four central logistics centers - in Hörselgau, Germany, in Tilburg, the Netherlands, in Wroclaw, Poland and in Chalon-sur-Saône, France, since March 2015. All locations are operated together with the current two international logistics partners that are responsible for the operational handling of fulfillment. The investment costs for setting up the logistics centers are the responsibility of the logistics partners, which means that zooplus does not incur any investment costs (CAPEX). The remuneration of the logistics partners is largely variable and dependent on the volumes handled. All logistics centers are closely synchronized and work together in a production network. This is a key driver of efficiency within the business.

Despite having outsourced its logistics operations, all core fulfillment processes are managed centrally by zooplus AG and therefore represent the company's proprietary expertise. The company employs a designated in-house team to coordinate and further develop its logistics and distribution structure. Smooth material flows, packaging efficiency and quality as well as delivery speed are critical levers for improving cost efficiency and maximizing customer satisfaction, which in turn is a crucial factor for the company's business success. Both inventory planning and supply chain management are processed through the company's proprietary systems. Deliveries to customers across Europe are dispatched via national and international parcel service providers.

In contrast to online retailers from other segments, returns are hardly an issue for zooplus AG. In particular, size demands or individual tastes of customers play a secondary role – customers know what their animals want. As a result, the return rate stands at a very low level of around 2 %, and consequently, the costs from this area of business are also low.



Technological Infrastructure

zooplus AG's performance is based on the company's own operating back-end structures. These include the European central logistics and international supply chain management systems, as well as the integrated pan-European technology platform, which in turn allows the individual control of all respective national markets. All of the company's core areas, such as logistics and distribution, marketing, payment transactions, pricing and product management, purchasing and finance are controlled centrally from the company's headquarters in Munich. In addition, the existing international offices allow for separate, regional fine tuning. These structures enable the generation of significant economies of scale based on continued dynamic company growth.

zooplus AG is a technology-driven online retailer. New and follow-on developments of core processes and other important systems within the business model are almost exclusively initiated in-house and implemented either internally or in cooperation with external teams. This is intended to allow tailored and highly flexible solutions for a scalable business model. In order to complement zooplus' internal know-how and implementation capacities, external partners are called on when internal know-how is not or insufficiently available. In the past few years, highly-specific software solutions within all key areas have proved decisive building blocks in zooplus AG's success, and will also remain mission critical for delivering on the company's future targets. Business areas in which these highly specialized systems play a role include:

- Price and margin management
- Logistics management and controlling
- National and international payment processes
- Online marketing and customer acquisition
- Working capital management and procurement
- International group controlling

The smooth and reliable provision of national and international payment options is of considerable significance to zooplus AG as an online retailer. The company offers almost all leading European payment options within the order process. Highly advanced credit checks have allowed the company to limit default rates to a low level.

Marketing and Customer Acquisition

Marketing and the acquisition of new customers plays a key role in the company's dynamic growth. zooplus offers customer access to the online shop via desktop, tablet, smartphone or its own zooplus app, and it is therefore optimally prepared for the increasing share of sales via mobile platforms. One key factor in terms of marketing efficiency is to avoid any media breaks within our customers' search pattern: As a result, the company does not undertake any traditional marketing measures in print, radio or TV. Our focus is on online marketing in order to meet our customers right where they have direct and simple access to zooplus: online. This ranges from conventional online advertising, search engine advertising and search engine optimization to affiliate networking, the use of price comparison engines and other industry-specific online activities. In addition, the company uses a wide selection of social media channels, such as Facebook, Twitter and YouTube. As a company active across most of Europe, zooplus AG adapts all of its activities to the different countries and regions in order to achieve the most efficient acquisition process possible.

Based on these measures, the company was able to acquire around 1.8 million new customer accounts during 2014. The aim is to maintain a high level of new customer acquisition in future in order to realize our planned growth. Here, the total number of new customers is not solely relevant, but in particular the share of new customers to have become repeat customers. As a result, retaining and optimally supporting existing customers is also decisive. Ultimately, zooplus AG's business success is based on converting new customers into repeat customers and establishing itself as their primary pet supplies provider. In particular, stable and attractive repeat purchasing frequencies among zooplus' loyal customer base – driven by a regular demand for food supplies – are the main source of the company's long-term business success. In 2014, zooplus AG was able to further improve its customer loyalty and achieve new best figures. The activities outlined above serve to realize this objective, as do regular special offers, customer loyalty programs, reactivation programs for dormant customer accounts as well as first and foremost a constantly attractive pricing structure with an outstanding product and service range.

Outstanding Customer Satisfaction

The company aims to hold the position of clear quality and service leader among its industry competitors in terms of customer satisfaction and also achieve further improvements in this respect on the back of these efforts in 2014. According to a study by the Cologne-based E-Commerce Center (ECC) from January 2015, zooplus once again held one of the top three positions in the overall ranking of customer ratings for over 100 online shops, ahead of competitors Amazon and Fressnapf. The assessment factors were website design, user-friendliness, product range, customer service, payment options, shipping and delivery.

Conclusion

Since its foundation, zooplus has established itself as the clear leader in European online pet supplies and already holds the number 3 ranking in Europe in the overall market (bricks-and-mortar and online) behind Fressnapf and Pets at Home. Thanks to this strong position, customers benefit from a significant value added built into the business model – particularly with regard to attractive prices as well as rapid and generally free delivery. For zooplus AG, the business model pays off in view of high levels of customer loyalty and repurchasing rates. At the same time, zooplus AG has substantially improved cost efficiency and is able to achieve substantial economies of scale in various cost items due to the strong growth. zooplus AG assumes that it already holds cost leadership in the pet supplies segment compared to bricks-and-mortar and major online competitors. Our aim is to further expand our unique market positioning and reputation as part of a growth strategy and thereby continue our success story. The company is expected to participate in the ongoing, strong growth of the overall online market.

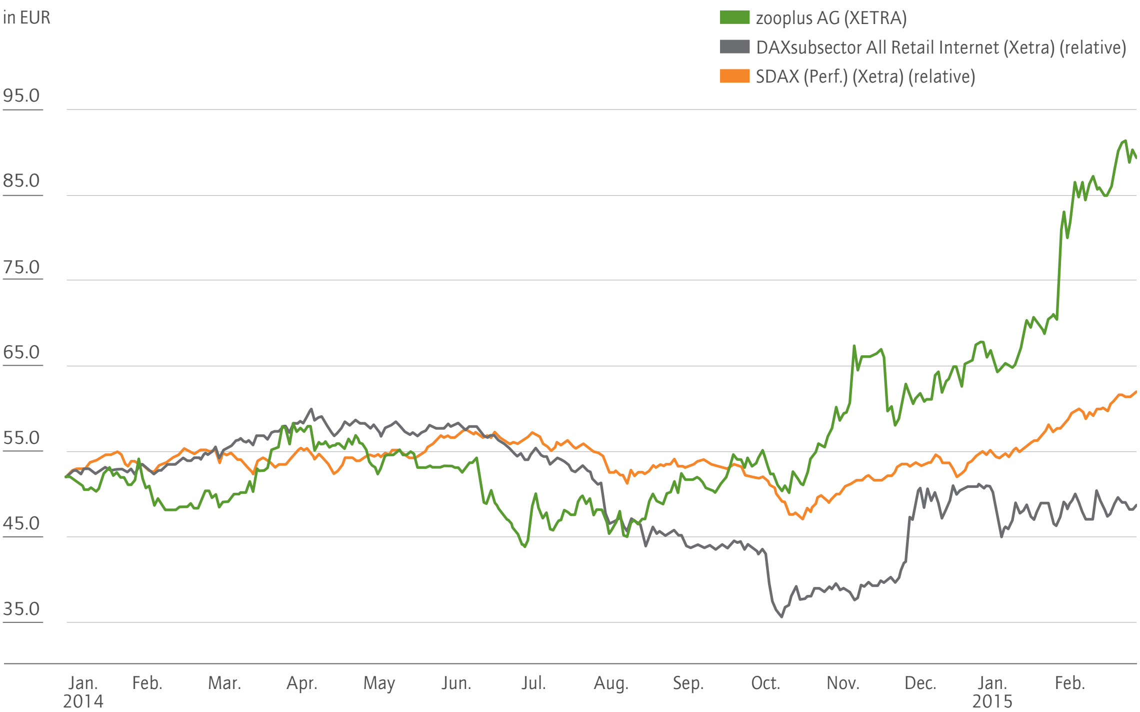
As a first mover and market leader within the online field, zooplus AG enjoys substantial advantages over its bricks-and-mortar competition:

- Leading online full-service provider within the pet supplies segment
- Pan-European positioning across all key consumer retail markets
- Company with the highest growth in this segment
- Scalable technology and logistics platform
- Excellent track record in tapping and developing new markets

Therefore, there is (almost) no reason not to shop for pet supplies online at zooplus.

The zooplus AG Share

Stock chart zooplus AG: January 2, 2014 to February 27, 2015



The Share

zooplus AG's shares were introduced to the Frankfurt Stock Exchange's Entry Standard segment on May 9, 2008. Around one and a half years later, on October 22, 2009, the company successfully moved into the Prime Standard segment (which stipulates the highest transparency and publicity standards in Germany). After continuous positive development in market capitalization and trading volumes, the zooplus AG share ascended to the SDAX on June 29, 2011.

Share Price Development

The zooplus share closed the first day of trading in the financial year 2014 (January 2, 2014) at a price of EUR 51.88. As part of a consolidation movement in February and March, the price fell to EUR 48.00. A substantial recovery in the zooplus AG share price then started in mid-March. The zooplus share recorded its initial high during the reporting period of EUR 58.18 on March 31, 2014. In the following months, a downwards trend once again set in, which saw the share price fall back to its low for the financial year 2014 on July 1, with a share price of EUR 43.81.

zooplus remains on its expansion track and is thereby clearly positioned as a growth company. Development potentials in the European market are continued to be maximized.

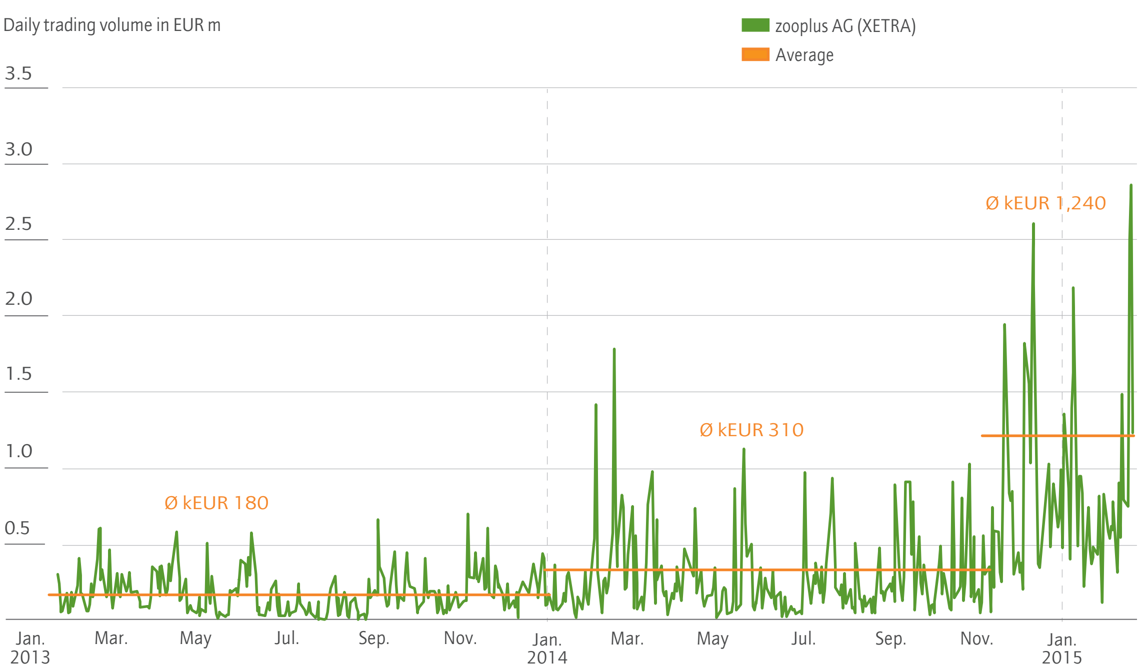
In the second half of 2014, a countermove established itself, ushering in record share prices. The share recovered in the period from mid-July to November 5, recording on the latter date a new all-time high of EUR 67.20. After the capital increase carried out in mid-November, the zooplus share price initially fell to a closing price of EUR 57.99 (November 20), before recording a further all-time high of EUR 67.90 on December 23. On the final day of trading in 2014, December 30, the zooplus AG share closed at EUR 65.95. This represents a price increase of 27.1 % over the course of the year. Consequently, the share significantly outperformed both relevant benchmark indices SDAX and DAX subsector All Retail Internet, particularly in the fourth quarter 2014.

At the start of 2015, the upwards trend in the share price continued. After a closing price of EUR 66.70 on the first day of trading (January 2, 2015), the share rose to a new all-time high of EUR 91.50 on February 24.

Capital Measures and Market Capitalization

In June 2014, the number of zooplus shares increased from 6,101,639 to an initial 6,368,211 due to options being exercised as part of the existing stock option program for employees, and then to 6,374,411 as of September 30, 2014 on the back of further options being exercised. On November 18, the company increased the share capital as part of an accelerated placement process, excluding subscription rights. As part of this, 610,039 new bearer shares, representing almost 10 % of the share capital, were placed at a price of EUR 61.50 per share with international institutional investors. This transaction increased the number of shares to 6,984,450. With a share price of EUR 89.19, the market capitalization of zooplus AG as of the editorial deadline (February 27, 2015) was therefore EUR 622.9 m.

Increased liquidity of zooplus' shares



Source: Deutsche Börse, As of: February 27, 2015

Trading in zooplus shares picked up substantially in 2014 and especially after the capital increase carried out in November 2014. After an average daily trading volume of around kEUR 180 in 2013, the trading volume increased in 2014 from January and until the capital increase in November 2014 by 75% to an average of around kEUR 310 per day. Since then, the liquidity quadrupled and till the end of February 2015 it has now reached an average of EUR 1.2 million.

Key Data

GERMAN SECURITIES CODE NO. (WKN)	511170
ISIN	DE0005111702
Ticker symbol	Z01
Trading segment	Regulated market (Prime Standard)
Type of shares	No-par-value ordinary bearer shares
Share capital in EUR as of December 31, 2013	6,101,639.00
Share capital in EUR as of December 31, 2014	6,984,450.00
Number of shares as of December 31, 2014	6,984,450
Initial listing	09.05.2008
Initial issuing price*	EUR 13.00
Share price as of January 2, 2014	EUR 51.88
Share price as of December 30, 2014	EUR 65.95
Percentage change	+27.12 %
Period high	EUR 67.90
Period low	EUR 43.81

Closing prices in the Xetra trading system from Deutsche Börse AG
* This takes into account the capital increase from company resources in July 2011

Investor Relations

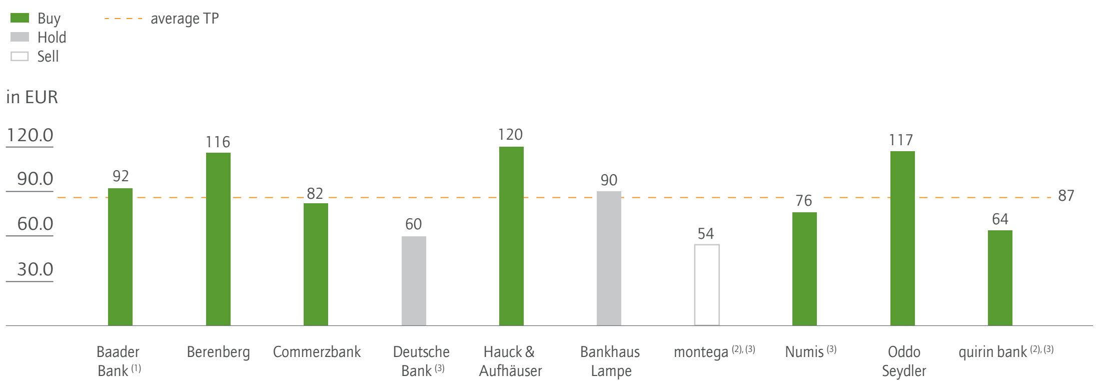
Maintaining and expanding a trust-based relationship with shareholders, analysts and other capital market participants represents a top priority for zooplus AG and its management team. The aim of zooplus' investor relations work is to communicate regularly and promptly about important company-relevant information and therefore provide shareholders and other stakeholders with the best possible information about the development of the company.

Both the Investor Relations department and the Management Board are continually available as a point of contact for interested parties. In addition, the company offers telephone conferences and webcasts as an information service parallel to the publishing of the final annual and semi-annual results. The corresponding documents for these are subsequently made accessible to the public on the publishing dates in the Investor Relations section of the zooplus website.

In 2014, the Management Board of zooplus AG substantially revised the investor relations presentation and in doing so ensured even more transparency with regards to the drivers of business development. As part of its investor relations activities, the Management Board took part in nine capital market conferences. Moreover, nine roadshows were held, e.g. in Frankfurt, London, Paris, Zurich and Copenhagen. In addition, the Management Board and Investor Relations department were available for questions and face-to-face discussions with investors and analysts. zooplus AG is currently being tracked by eleven banks on a regular basis as part of their research and analysis activities.

Analysts

Recommendations of Analysts as of February 28, 2015



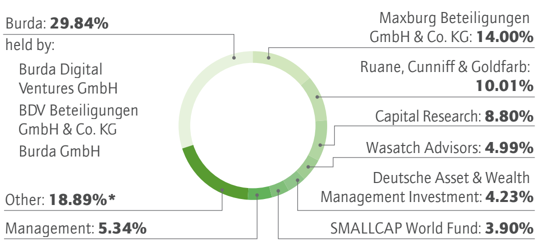
(1) coverage since 2015 (2) coverage since 2014 (3) no update in 2015

Annual General Meeting

The Annual General Meeting of zooplus AG took place on May 27, 2014 in Munich, Germany. Numerous shareholders used the opportunity to participate in the Annual General Meeting. A total of around 81.10 % of the capital and voting rights were represented. The CEO of zooplus AG, Dr. Cornelius Patt, outlined the business performance in the financial year 2013 to the shareholders and offered an outlook for 2014. All draft resolutions were adopted by the shareholders of zooplus AG with a large majority. In addition to the presentation of the adopted annual financial statements and approved consolidated financial statements together with the management reports, Supervisory Board report and the explanatory report of the Management Board. The agenda also included the resolution on approving the actions of the Supervisory Board and Management Board, the election of the auditor for the annual and consolidated financial statements for the financial year 2014 as well as the resolution on changing the object of the company and supplementing the remuneration of the Supervisory Board together with the corresponding amendments to the articles of incorporation.

Shareholder Structure

zooplus Shareholders



As of: February 27, 2015
*Free float stands at 70.16 % according to the Deutsche Börse's definition

Disclaimer: The shareholder structure presented is based on the published voting rights announcements and corporate information. zooplus AG does not accept any liability for the correctness, completeness and up-to-dateness of the disclosures.

The financial year 2014 saw partial sales made from the zooplus stake held by the major shareholder Burda. Majority shareholder Prof. Dr. Hubert Burda informed the company at the start of July that his share of the voting rights in zooplus AG undercut the 50 % mark on June 27, 2014 and totaled 48.79 % on said date. In the following months, Burda made further sales. As of the reporting date December 31, 2014, 34.3 % of the zooplus shares were held by Burda, this interest was further reduced to 29.84% by February 27, 2015.

On August 18, 2014, the Essen-based RAG-Stiftung became a new investor in zooplus AG, holding 10.00 % via Maxburg Beteiligungen GmbH & Co. KG. Based on the information available to the company, the proportionate investment was increased to up to 14.00 % following further acquisitions over the course of the following months.

The capital increase may have resulted in dilution of the respective interests which do not require obligatory reporting. This effect is not taken into account in the shareholder structure reported by the company. zooplus does, however, endeavor to present the shareholder structure as correctly as possible by publishing voting rights notifications.

Financial Calendar 2015

April 23, 2015	Preliminary sales figures for Q1 2015
May 20, 2015	Publication of the Q1 report 2015
June 11, 2015	Ordinary Annual General Meeting 2015
July 22, 2015	Preliminary sales figures for H1 2015
August 19, 2015	Publication of the H1 report 2015
October 21, 2015	Preliminary sales figures for Q3 2015
November 18, 2015	Publication of the nine-month report 2015
November 23-25, 2015	German Equity Forum

zooplus – A sustained growth story

Successful business development in 2014

Total sales +34 %
EBT EUR 8.8 m

Attractive market with further growth potential

Gross market volume in Europe approx. EUR 25 bn and strong growth in online market share overall

Strong sales growth

driven by a large and increasing loyal customer base

Cost leadership

compared to both online and bricks-and-mortar competitors

Positive outlook for 2015

Total sales of around EUR 700 m and
EBT of EUR 8–12 m expected in 2015

Clear market leader in online retailing for pet supplies in Europe

Already no. 3 in overall market online and bricks-and-mortar

Integrated logistics infrastructure

for pan-European sourcing and fulfillment

Experienced management team with clear and focused strategy

with a > 5 % stake in the company

Group management report

Group Management Report of zooplus AG

Financial year 2014

1. Business report

A. Business performance and conditions

a. Group structure and business activities

i. Divisions

The Group parent company zooplus AG was founded in Munich in 1999. The Group operates in the field of eCommerce with web-based trading activities focusing on pet supplies for private customers. The zooplus Group is positioned as the clear online market leader in Europe in terms of sales and active customer base in this area.

The overriding goals are sustained growth, systematic penetration of existing markets and the expansion of the company's online market leadership in Europe. In this context, zooplus is continuously working to expand its technological infrastructure in an effort to remain the "state-of-the-art" technology leader within its segment.

Overall, zooplus offers its customers around 8,000 food and accessories products for dogs, cats, small animals, birds, fish and horses. These include everyday staples such as brand name foods generally available at specialist dealers, zooplus' own private labels, as well as specialty articles such as toys, care and hygiene products and other accessories. In addition, zooplus offers its customers a wide range of free content and information on its websites, veterinary and other animal-related advice, plus interactive features such as discussion forums and blogs.

zooplus generates its sales by selling its goods from its central logistics centers located in Hörselgau, Germany, in Tilburg, the Netherlands and in Wroclaw, Poland. In March 2015, the fourth logistics center was launched in Chalon-sur-Saône, France, which saw the overall maximum logistics capacity increase to a current level of roughly EUR 900 m in sales. The locations of the central warehouses enable the company to ensure rapid and efficient deliveries with a high level of general product availability for its customers across Europe. Shipments and final mile deliveries are made by national and international parcel service providers.

Overall, the zooplus business model is based on a broad product range coupled with highly attractive prices and efficient supply and delivery processes, as well as clear cut and convenient user interfaces from a customer perspective.

ii. Markets

zooplus maintains a pan-European presence in 28 countries, as the company operates a range of country-specific and international online shops. The overall market volume in the pet supplies segment in Europe was estimated by us to be around EUR 25 bn (gross) in 2014. According to the company's own estimates, zooplus AG is the clear online market leader in terms of sales and active customer base in the European markets Germany, France, the Netherlands, Spain and Italy, as well as overall within the Europe. Moreover, the company assumes that it is clearly the fastest-growing company in its sector.

As of the end of December 2014, zooplus operated a total of 23 country-specific online shops: In addition to the five high-volume markets stated above, the company also runs online shops in the United Kingdom, Belgium, Denmark, Finland, Ireland, Croatia, Austria, Poland, Romania, Slovakia, Switzerland, Slovenia, Sweden, the Czech Republic, Hungary, Portugal, Bulgaria and Turkey. The company is therefore effectively the dominant provider in the online segment across Europe by a substantial margin compared to smaller local and national competitors.

The Group is also represented by its additional bitiba brand, which is designed as a discount concept with a reduced range of goods and already available in 11 countries parallel to the zooplus brand.

iii. Key influencing factors

Two major factors influence the development of online pet supplies retailing: The underlying growth of the European pet supplies market overall, as well as the general and industry-specific development of online shopping and purchasing behavior per se.

Development of the European pet supplies market

The European pet supplies market currently encompasses a gross total market volume of approximately EUR 25 bn. The high-volume markets in Germany, France, the United Kingdom, Spain, the Netherlands and Italy alone account for around EUR 17 bn of this total.

The primary retail channels for pet supplies in all of the European countries are predominantly bricks-and-mortar pet stores, garden centers and DIY stores, as well as supermarkets and discounters. The main differences between the individual bricks-and-mortar retail concepts within the pet supplies segment are the product range and product positioning: Conventional supermarkets and discounters generally limit themselves to a basic, high-turnover product range of around 150 to 200 products within low and medium-priced food ranges, while larger pet store chains usually offer a comprehensive product range from foods (entry-level prices through to premium) to accessories (including toys, hygiene products, pet furniture and equipment). zooplus has identified its relevant market segment as conventional specialist retailers, as well as related specialist product areas of the core supermarket segment. The company estimates that this represents around a EUR 11 – 12 bn share of the overall market, not to mention the more attractive area in terms of customer quality, margins and long-term growth potential.

Overall, zooplus is forecasting a stable to slightly increasing total pet supplies market volume for the coming years. The company is anticipating market growth of around 2-3 % for 2015 within Europe. In Germany for instance, around one third of all households have one or more pets. zooplus assumes that the other key high-volume European markets present similar levels. The changes in the market are due to changes in the animal population, as well as a shift in sales towards higher value products and categories within the food and accessories sector ("premiumization"), as well as an increasing "humanization" of pets.

Overall, the pet supplies market enjoys a very low degree of seasonality as a result of repeat demand patterns, particularly within its food segments. Around 77 % of total demand relates to pet food itself, which means that, from the Group's perspective, the medium to long-term demand structures enjoy above-average stability.

Development of online retailing

The growth of the Internet as a new sales and distribution channel for pet products is of key importance to the Group. A fundamental requirement for successful European online retailing is fast and reliable Internet access for large sections of the population. This development is being primarily driven by the availability of high speed fixed and increasingly also mobile Internet access. zooplus offers its customers access to the websites via desktop pc, tablets, smartphones or its own zooplus app. As a result, the total number of Internet users has risen sharply in recent years. This, in turn, is leading to a substantial increase in general online activities and Internet shopping, in particular in conjunction with an increased day-to-day use of search engines and other Internet platforms such as price information services and product comparison sites, which again support the general interest and activities in online shopping.

eCommerce is an increasingly important sales channel within most retail sectors. According to publications of the Handelsverband Deutschland (German Retail Association), eCommerce sales in Germany in 2014 totaled around EUR 39 bn, representing an 18 % increase year-on-year. Further growth in European online retailing seems probable, particularly given the inherent advantages which online retailing offers compared to existing bricks-and-mortar retail concepts – most notably the more extensive product ranges and greater shopping convenience. In addition, logistics service providers and parcel services are undertaking significant efforts to improve the delivery quality to customers even further. This will also give additional momentum to growth in the online market. Independent market observers, such as Statista, therefore anticipate that online retailing will continue to enjoy double-digit percentage annual growth rates over the coming years.

With regards to pet supplies, the share of products sold via the Internet is still relatively low compared to other consumer product categories, and is significantly driven by the sales zooplus itself generates across Europe. According to internal calculations, the company estimates that only around 5 % of the total European pet market has migrated to online.

zooplus, as the market leader, is therefore very well positioned to benefit from continuing and future shifts to existing distribution and retailing structures.

iv. Competitive position

Advantages over online competitors

In general, there are significantly lower barriers to market entry in online retailing compared to traditional bricks-and-mortar retailing. As a result, zooplus is confronted with a host of mostly regional providers in all of its European markets, such as independent and owner-managed pet stores with small individual online shops and local delivery options. Increasingly, larger bricks-and-mortar retailers are also setting up infrastructures for online sales and other online retailers are extending their business to include additional countries, which would result in direct competition for zooplus.

In contrast to both of these groups, zooplus is structurally capable, simply in terms of its size and its European market leadership status, of generating decisive competitive advantages from specific economies of scale and efficiency effects, many of which remain out of reach for existing smaller providers to the same extent. This structural advantage in areas such as purchasing, private label development, logistics, technology, customer service and marketing is a key factor that leaves zooplus well positioned. This is coupled with additional relative advantages with regards to the brand awareness and financial strength of the Group.

At the same time, zooplus' base of active European customer accounts helps ensure that the company benefits from substantial momentum in terms of acquiring new customers through word-of-mouth recommendations.

Advantages over bricks-and-mortar competitors

zooplus' business model is based on a lean, technologically efficient and scalable value creation chain in connection with an outstanding shopping experience in terms of selection, price and convenience, in particular convenient home delivery.

zooplus does not operate any physical stores or outlets. Instead, it is able to supply customers throughout Europe with a significantly larger product range than existing offline retailers thanks to its approach of distributing from four central warehouses. At the same time, the Group's centralized structure and corresponding efficiency advantages (stemming from its largely automated business processes) help to compensate certain size-based advantages still enjoyed by the larger bricks-and-mortar pet store chains, particularly in terms of product purchasing. zooplus assumes that it is already cost leader in the online retailing of pet supplies.

zooplus' objective remains to consolidate and extend its online leadership position and to significantly profit from the anticipated further substantial growth in online retailing overall.

v. Group structure

As of December 31, 2014, the scope of fully consolidated members of the Group included zooplus AG, Munich, as well as the following subsidiaries:

	Equity share	
matina GmbH, Munich	100 %	(private label business)
bitiba GmbH, Munich	100 %	(second-brand business)
zooplus services Ltd., Oxford, Great Britain	100 %	(service company for Great Britain)
zooplus italia s.r.l., Genoa, Italy	100 %	(service company for Italy)
zooplus polska Sp. z.o.o., Cracow, Poland	100 %	(service company for Poland)
zooplus services ESP S.L., Madrid, Spain	100 %	(service company for Spain)
zooplus france s.a.r.l., Strasbourg, France	100 %	(service company for France)
zooplus Pet Supplies Import and Trade ltd., Istanbul, Turkey	100 %	(sales company for Turkey)

The consolidated financial statements do not include:

- The wholly-owned subsidiary zooplus EE TOV, Kiev, Ukraine with equity of kEUR 10 and founded in the second quarter 2011
- The wholly-owned subsidiary zooplus Nederland B.V., Rotterdam, the Netherlands, which was founded in November 2012 with equity of kEUR 10
- The wholly-owned subsidiary zooplus d.o.o., Zagreb, Croatia, with equity of kEUR 3 and founded in February 2013
- The wholly-owned subsidiary Tifuve GmbH, Munich, Germany, with equity of kEUR 25 and founded in May 2013

These four companies did not conduct any business activities during the financial year and are therefore not included in the consolidated financial statements due to their lack of importance.

zooplus AG was led by the following Management Board during the financial year 2014 and as of December 31, 2014:

- Dr. Cornelius Patt, CEO (corporate management, overall responsibility for business development & system development, IT, HR)
- Andrea Skersies (sales & marketing)
- Andreas Grandinger (finance, controlling, legal, investor relations, internal audit)
- Jürgen Vedie (supply chain management, sourcing, logistics, warehousing, distribution) since April 1, 2014

The Management Board is advised and controlled by the Supervisory Board. During the financial year 2014 and as of December 31, 2014, this consisted of the following members:

- Michael Rohowski, Spokesman for the management of Burda Direkt Services GmbH, Offenburg (Chairman)
- Dr. Rolf-Christian Wentz, Freelance corporate consultant, Bonn (Deputy Chairman)
- Moritz Greve, Partner and Managing Director of Maxburg Capital Partners GmbH, Munich (from December 1, 2014)
- Thomas Schmitt, President and Chief Executive Officer of the AquaTerra Corporation, Mississauga, ON, Canada
- Dr. Norbert Stoeck, Freelance corporate consultant, Munich
- Stefan Winners, Management Board member responsible for digital business at Hubert Burda Media Holding Kommanditgesellschaft, Offenburg.

Dr. Jörg Lübcke stepped down from his position effective as of November 30, 2014. Dr. Rolf-Christian Wentz has been Deputy Chairman of the Supervisory Board since this date.

In the financial year 2014, zooplus employed an average of 267 members of staff (previous year: 253 employees).

Employees are a key success factor for zooplus. We regularly conduct internal employee training sessions, while many employees participate in external further training events, which has helped to additionally increase the quality of our work and our workforce’s potential for value creation.

b. Corporate strategy – Sustainable and profitable pan-European growth

The Group aims to maintain and significantly expand its existing market leadership within the European online pet supplies segment and thereby substantially increase the company's medium and long-term earnings potential. In the company's view, the Internet and Internet retailing in Europe continue to offer excellent growth opportunities. The Group is therefore now aiming to position itself and create the necessary structures so that it can achieve significant positive returns in the medium to long-term by virtue of its size and market leadership.

Given this aim, our activities focus on the following objectives:

- Defending and expanding our market leadership
- Expanding our customer base and further increasing customer loyalty in all major European markets
- Further penetration of existing national markets as well as the tapping of markets not yet served
- Boosting sales and contribution margin per customer / year

The top priority is realizing continued high growth in connection with the sustained operating profitability and its continuous increase. Against the backdrop of great growth opportunities across Europe, the Group believes this to be the most sensible strategy for long-term growth in the company's value over the coming quarters and years.

Relevant performance criteria are managed and controlled using process-specific indicators in all areas. These are reviewed regularly and can be adjusted and modified over the short to medium-term if required. In this context, the company attaches particular importance to clearly communicating its key targets to its employees and the public.

c. Technology and development

zooplus primarily regards itself as a technology-driven Internet retailing group. New and further developments of core operational processes and the most important systems of our business model are usually initiated and executed internally. External partners are called in if it is deemed sensible to supplement this internal expertise or support our physical capacity for implementation.

Over the past few years, hardware systems and highly-specific software solutions developed in-house in all key areas of the company have made a decisive contribution to the success of zooplus AG and the zooplus Group as a whole. From a current perspective, they will also act as vital components in achieving the company's future targets. The existing in-house developments are partially integrated and partially replaced by the future introduction of the new ERP system.

Business areas in which these proprietary systems play a key role include:

- Price and margin management
- Logistics management and controlling
- National and international payment processes
- Online marketing and customer acquisition
- Working capital management and procurement
- International group controlling

B. Net assets, financial position and results of operations

a. Financial and non-financial performance indicators

i. Financial performance indicators

With a view to managing and monitoring the earnings situation, the zooplus Group analyzes total sales, sales, margin, costs of fulfillment and advertising costs.

The yardstick for the Group's growth and business success is total sales and sales. The key earnings figure for measuring the success of the Group is earnings before taxes (EBT).

The performance indicators of the asset situation are reflected in the equity ratio.

The key figures are determined on Group level according to IFRS.

ii. Non-financial performance indicators

In addition to the financial performance indicators, the Group also uses non-financial performance indicators for monitoring its development. In this area, the KPI is the ranking with regard to market leadership in the online pet supplies segment in Europe.

Moreover, the sales retention rate and the number of new customers are also key figures which influence the sustained growth of zooplus and are in the focus of corporate management and steering.

b. Business development 2014

i. The economy and overall retailing market

There is still a risk that the effects of the Euro debt crisis, as well as the foreign currency risks outside of Europe, could have a significant negative impact on the real European economy. In addition, it is not currently clear which additional risks could occur as a result of the Ukraine crisis and its subsequent effects. Although the German economy has been able to largely set itself apart from the rest of the Eurozone up to now, negative economic developments that could impact zooplus AG business in the future cannot be ruled out. The Management believes that a key influence on zooplus AG - compared to the general economic overview provided above - still remains the development of the specific industry and online retailing environment in the respective individual markets.

ii. Outlook 2014

At the start of the financial year 2014, zooplus anticipated an increase in total sales to at least EUR 500 m as part of its outlook. Moreover, positive earnings before interest, taxes, depreciation and amortization (EBITDA) of around EUR 8 m was anticipated, as well as earnings before taxes (EBT) of around EUR 6 m.

On the back of the sustained growth, the Management Board decided to increase the forecast as part of the semi-annual reporting: raising the forecast for total sales for the current financial year from EUR 500 m to at least EUR 530 m. Further signs of positive business development caused the Management Board to once again lift the forecast for total sales at the start of November, from at least EUR 530 m to at least EUR 550 m. At the same time, the Management Board increased the EBT earnings forecast of around EUR 6 m to approximately EUR 8 m for the full year 2014 on the back of the new insights.

This development was to be driven by a rise in overall sales in all European markets, connected with significantly increased numbers of active customers, both new and existing. The Management Board anticipated a slight fall in the gross margin in relation to total sales.

It was also expected that fulfillment expenses would fall in relation to total sales due to increased efficiency and economies of scale.

In new customer acquisition costs, the Management Board forecasted stable advertising costs in relation to total sales for the financial year 2014.

With regard to the equity ratio, the Management Board expected a figure of between 30 % and 40 %.

In terms of market share, the aim was to maintain the position as market leader in online pet supplies.

iii. Actual development in the financial year 2014 compared to the outlook

The zooplus Group recorded very positive developments in the financial year 2014. Total sales were boosted to EUR 571 m. This represents an increase of 14 % compared to the original forecast of EUR 500 m. Due to the positive business development within the financial year 2014, the forecast for total sales was initially raised to at least EUR 530 m after six months, and then to at least EUR 550 m at the start of November. Compared to the last increased forecast published in November 2014, total sales were still up by 4 %. This was largely due to the positive development in new and existing customer business in connection with further internationalization and penetration in existing markets, as well as a clear increase in the growth rate of total sales over the course of the year.

A figure of EUR 8.8 m was posted for EBT. The positive business development during the financial year 2014 and the resultant insights caused the Management Board to lift the EBT forecast at the start of November from around EUR 6 m to around EUR 8 m. The increase in earnings to EUR 8.8 m resulted from reduced cost ratios in logistics / fulfillment, advertising, payment transactions, other costs, HR, depreciation and financial expenses in relation to total sales, which overall were substantially greater than the decline in the gross margin. As a result, a cost ratio for these areas of 29.6 % was achieved in the financial year, compared to 33.6 % in 2013. The primary reasons for the reduction in these cost ratios were a substantial increase in logistics efficiency driven by the new fulfillment center in Wroclaw, Poland, launched in the financial year 2013, as well as efficiency gains in marketing, customer acquisition and payment transactions.

In relation to total sales, the costs of logistics and fulfillment were 0.4 percentage points below budget. Equally, advertising costs were cut by 0.8 percentage points, personnel costs by 0.7 percentage points and payment transaction costs by 0.3 percentage points as well as other costs by 0.3 percentage points compared to the budget. Therefore, overall, the 2.1 percentage points fall in the gross margin compared to planning was more than offset, which resulted in EBT coming in higher than budgeted.

In terms of the balance sheet structure, the equity ratio as of December 31, 2014 stood at 62 % and therefore higher than the planned corridor of between 30 % and 40 %. The main reason for this is the capital increase carried out in November 2014.

The company was able to maintain its market leadership in European online pet retailing.

c. Earnings position

i. Development of sales and total sales

zooplus, which considers itself the European online market leader, was able to significantly increase its sales and total sales during the past financial year. Total sales (consisting of sales and other income) were up by 33.7 % year-on-year from EUR 426.9 m to EUR 570.9 m.

This growth was largely driven by the significant expansion in the customer base in all of the Group's geographic markets, as well as the continued improvement in customer loyalty and repeat purchase rates among existing customers. zooplus was able to make substantial gains both in new customer sales and existing customer business. Both of these trends underscore and prove the sustainability of the business model.

Sales increased from EUR 407.0 m in 2013 to EUR 543.1 m in 2014. At the same time, other income rose from EUR 19.9 m to EUR 27.8 m in the period under review. Sales solely reflect the sale of goods. Other operating income primarily contains standard industry advertising income and other payments.

Pet supplies retailing is mostly unaffected by seasonal fluctuations.

Overall, the positive development of sales and total sales clearly shows that zooplus, as the market leader, is benefiting by an above-average amount from a migration in demand from the traditional sales channels of bricks-and-mortar retailing towards online retailing.

ii. Expense items

The following section provides a brief overview of the amount of and changes in the key expense items. Please refer to the consolidated financial statements and the notes to the consolidated financial statements for detailed figures. All of the percentages provided in the following section are approximate figures and can be subject to slight rounding differences compared with the figures of the consolidated financial statements.

Cost of materials

The company's cost of materials increased at a higher rate than in the previous year. The cost of materials to total sales ratio of 68.8 % achieved in 2014 was 3.3 percentage points up on the previous year's mark (65.5 %). In turn, this also caused the company's net product margin to drop from 34.5 % in 2013 to 31.2 % in 2014.This was attributable to a higher proportion of food in relation to the total revenue as well as to the competitive e-commerce environment and the resultant price adjustments made to continue to offer customers the optimal value for money. At the same time, this allowed the further expansion of the market leading position in Europe and continued strong sales growth. The tangible improvements for the customers in value for money and the increased attractiveness of the zooplus range were once again offset on the earnings side by operating progress in all cost items.

Personnel costs

Personnel costs rose from EUR 19.3 m in 2013 to EUR 21.2 m in 2014. This represents a personnel expense ratio of 3.7 % (in relation to total sales), reduced by 0.8 % over the previous year.

In the financial year 2014, zooplus employed an average of 267 members of staff (253 employees during the financial year 2013).

Depreciation

Depreciation remained on a par with the previous year at EUR 0.7 m.

Other expenses

During the period under review, other expenses rose from EUR 123.0 m to EUR 146.8 m compared to the same period in the previous year. Other expenses are largely made up of costs of logistics & fulfillment, advertising costs and payment transaction costs. However, its percentage share in terms of the company's total sales was down from 28.8 % to 25.7 %. This change is explained by efficiency gains achieved in the fields of logistics, marketing, customer acquisition and payment transactions, among other things, which more than offset the fall in the net product margin.

Logistics and fulfilment expenses

The zooplus business model requires the warehousing, stock picking and shipping of products sold to our customers. Additional expenses arise in areas such as the processing of returns, storage and other costs of logistics and distribution.

The total expenses for logistics and fulfilment are mostly attributable to distribution (e.g. package service providers), packaging as well as variable and fixed costs for the logistics centers, and are therefore mostly variable to the Group's sales. Expenses reached a level of 20.2 % in relation to total sales compared to 21.7 % in the same period in the previous year, therefore improving despite the higher number of international shipments. The new fulfilment center in Wroclaw, Poland, launched in 2013, was the central driver of the logistics efficiency in 2014, as further efficiency improvements across the entire logistics network.

Marketing expenses

Marketing expenses are largely driven by the acquisition of new customers in all European markets. This is particularly the case for online marketing, where the efficiency of individual acquisition activities is constantly measured and individual activities are adjusted accordingly. This relates to the entire spectrum of search engine optimization and affiliate marketing, other online partnerships as well as online direct marketing. Moreover, minor additional activities are undertaken for conventional and offline-based marketing. zooplus attaches great importance to all of its core marketing competencies being kept in-house, although the Group occasionally cooperates with third parties in implementing some of these projects.

Despite the accelerated sales growth of 33 % year-on-year, expenses for customer acquisition and marketing were even reduced in absolute terms by EUR 0.8 m to EUR 9.9 m. Specific efficiency improvements coupled with a further optimized and growth-oriented pan-European pricing policy enabled a reduction in these expenses of 8 %. Despite lower expenses in connection with customer acquisition and marketing, new customer business and particularly existing customer business were substantially expanded. This saw customer loyalty reach a new record high of 91 %, following on from 85 % in the previous year.

Payment transaction costs

Total payment transaction costs amounted to EUR 6.9 m compared to EUR 6.2 m in the previous year. With a proportionate ratio of 1.2 % of total sales, these were lower than in the previous year.

Others expenses

Other expenses, in addition to logistics and fulfillment, marketing and payment transactions described above, included customer care services, office rental, general administrative expenses, technology as well as other minor expenses incurred as part of our ordinary operating activities during the year under review. This item was also reduced in relation to total sales compared to the previous year. Other expenses stood at 2.6 % in relation to total sales compared to 3.1 % in the previous year 2013.

Financial expenses

In order to finance its working capital, zooplus has access to credit lines from three independent banks. This financing facility totals EUR 28.0 m. The use of credit lines during the year largely explains the company's financial expenses (interest expenses). There were no liabilities to banks as of the end of the year.

iii. Earnings development

In the financial year 2014, zooplus was able to generate earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 9.9 m and therefore substantially improved on the previous year figure (EUR 4.9 m) by EUR 5.0 m. Earnings before taxes (EBT) came in at EUR 8.8 m and also improved on the previous year (EUR 3.8 m) by EUR 5.0 m. The excellent earnings development was largely achieved by efficiency improvements to operating business described above and further optimized use of marketing in connection with a substantial acceleration in sales growth.

Moreover, the Group generated a consolidated net result of EUR 5.2 m (previous year: EUR 1.8 m). The difference between comprehensive income and the consolidated net result is the the hedge reserve of EUR 1.6 m and differences from currency conversion of kEUR 32. Thus, the comprehensive income amounts to EUR 6.8 m (previous year: EUR 1.9 m)

d. Net assets

Non-current assets totaled EUR 13.6 m at the end of 2014, compared to EUR 12.5 m at the end of 2013. The rise is largely due to the EUR 3.7 m increase in intangible assets to EUR 8.6 m in connection with the implementation of a new transaction system for shop, order management and finance management as well as the corresponding expenses that can be capitalized. The positive earnings development in the financial year 2014 led to a fall in deferred tax assets from EUR 6.9 m at the end of 2013 to EUR 4.2 m at the end of the reporting period 2014.

Within current assets, inventories rose from EUR 43.7 m at the end of 2013 to EUR 65.0 m as of December 31, 2014. One factor in this rise included the full capacity utilization of the third fulfilment center in Wroclaw, Poland. In particular with regards to general product availability, direct import products and private label development, with the latter being subject to longer procurement cycles, sufficient inventory levels and therefore high product availability are key drivers of sales per individual customer account.

Accounts receivable totaled EUR 12.1 m at the end of 2014 (previous year: EUR 10.8 m). In the financial year 2014, accounts receivable with a value of EUR 1.8 m were written off (previous year: EUR 1.4 m).

In addition, cash and cash equivalents recorded a significant rise of EUR 26.3 m to EUR 32.0 m at the end of the financial year 2014 compared to the previous year figure. The increase is largely due to the successful placement of the capital increase from authorized capital in November 2014 with gross proceeds of EUR 37.5 m. Following the inflow of the proceeds from the capital increase, all liabilities to banks were reduced in the form of a short-term Euribor loan. Financial liabilities were down from EUR 13.0 m at the end of 2013 to EUR 0 m as of December 31, 2014.

Equity totaled EUR 86.2 m at the end of 2014 compared to EUR 36.7 m at the end of the financial year 2013. This resulted in an equity ratio as of December 31, 2014 of 62 %. As a result, it is therefore substantially above the planning corridor of 30 % to 40 % and is, among other factors, influenced by the capital increases from conditional and authorized capital carried out in 2014. Moreover, the positive earnings development as well as the positive development of the hedge reserve contributed to the increase in equity.

Accounts payable totaled EUR 23.4 m on December 31, 2014 compared to EUR 16.2 m at the end of 2013. zooplus does not generally make use of the maximum payment periods available. This makes business sense in view of the company's readily available financing options. zooplus will continue to utilize possible discounts and early payment options as far as possible in the future in an effort to maximize margins and potential income.

Most of the company's liabilities are denominated in Euros. At times, there are also other liabilities in European foreign currencies as well as US dollars. The former is due to the company's VAT obligations and procurement in the United Kingdom and the latter is used for the purchase of products from Asia (primarily accessories).

In the financial year 2014, the company used derivative financial instruments in the form of forward exchange transactions for hedging the foreign currencies GBP and USD. No off-balance sheet financial instruments are used.

Other liabilities increased during the year under review, from EUR 12.7 m at the end of 2013 to EUR 20.1 m as of December 31, 2014, including as a result of the higher VAT liabilities as part of the company's growth as well as the increased liabilities for employee bonus payments.

All of the current liabilities are due within one year. This is primarily attributable to the type of key liabilities items: accounts payable and VAT liabilities.

Current provisions and deferred items increased during the year under review from EUR 3.7 m as of the end of 2013 to EUR 5.6 m on December 31, 2014. One provision totaling EUR 1.2 m is non-current.

The company's total assets were therefore reported at EUR 138.6 m at the end of the year under review, compared to EUR 83.7 m on December 31, 2013.

e. Financial situation

Positive cash flow from operating activities totaled EUR 2.8 m in 2014 compared to EUR -3.5 m in 2013. This change was largely attributable to the substantially improved positive earnings before taxes for the financial year 2014 compared to the previous year, as well as the development of working capital.

The negative cash flow from investment activities (EUR -4.7 m in 2014 compared to EUR -4.6 m in 2013) was strongly impacted by the investments in the new transaction system for shop, order and finance management.

The positive cash flow from financing activities (EUR 28.1 m in 2014 compared to EUR 10.6 m in 2013) largely reflects the inflow of proceeds from the capital increases from conditional and authorized capital of EUR 41.5 m as well as the reduction in the current money market loan of EUR 13 m.

To summarize, zooplus, as a retail group, is subject to substantial volatility in items that are of relevance to both the balance sheet and cash flow, such as inventories, liabilities and VAT. This has led to significantly higher fluctuations within these accounts during the year as compared to the development of our earnings.

The overall changes in cash and cash equivalents during the course of the year were largely due to the company's strong growth and the impacts of the capital increases.

However, the liquidity available to the Group from its lines of credit was significantly higher than required to secure business operations. During the past financial year, zooplus was able to fulfill all of its payment commitments at all times.

The Group has flexible lines of credit totaling EUR 28.0 m. During the past financial year, the use of these lines of credit ranged between EUR 13.0 m at the start of the year and EUR 0 at the end of the year. Some of these lines of credit are secured with inventories and receivables, and are subject to standard industry equity and earnings covenants. On the whole, it must be noted that zooplus is not subject to any particular restrictions that could impact the availability of financing, with the exception of the necessary fulfilment of the financing covenants. The Management Board believes that it will also be possible to obey these covenants in the coming years.

The Group's lines of credit are all indexed to Euribor, and their overall interest levels including the index premium are currently in the lower single-digit percentage range. An increase in the current level of interest would, by its very nature, lead to a rise in the Group's financing costs, while, from the current perspective, this appears to be manageable. The Group's management does not anticipate a significant change in credit conditions.

Overall, given its strong equity base, the liquidity situation, its dynamic growth as well as the significant improvement in efficiency in the financial year 2014 and the existing stable financing facilities, the Group believes that it is well equipped to support strong future growth again in the coming year, as well as the related effects on the working capital (mostly inventories and receivables from customers).

f. Summary statement on zooplus' financial situation

With growth in total sales of around 34 % to EUR 571 m as well as a substantial EUR 5.0 m improvement in EBT year-on-year to EUR 8.8 m, 2014 can be viewed as a highly positive financial year overall.

2. Report on events after the balance sheet date

Following the end of the financial year 2014, no affairs of material importance occurred which impact on the net assets, financing position and results of operations. In February 2015, Andrea Skersies (CMO) extended her Management Board contract ahead of time for the period up to December 31, 2017.

3. Outlook, risks and opportunities

A. Outlook

The underlying economic conditions are not expected to change significantly in 2015 according to the latest forecasts. We are expecting a slight increase in overall sales in the pet supplies sector over this period of time.

Irrespective of this, however, we anticipate that the Internet (eCommerce) will continue to grow further in importance as a sales channel in the coming years and develop at a faster rate than the market overall. zooplus will benefit substantially from these trends.

Overall, we are anticipating the following results for zooplus on the back of these two trends for 2015:

- Growth in total sales to around EUR 700 m
- Earnings before taxes (EBT) of between EUR 8 m and EUR 12 m

The following factors will drive the anticipated development in the earnings position, net assets and financial position:

- We are expecting a further rise in overall sales across all European markets based on an increase in the number of active customers (new and existing) for 2015.

- We anticipate a slight fall in the gross margin (in relation to total sales) for 2015.
- We also expect that expenses for logistics and fulfilment will fall slightly in relation to total sales in 2015 due to increased efficiency and economies of scale.
- For new customer account acquisition, we are forecasting stable advertising costs in relation to total sales for 2015.
- We are expecting an equity ratio slightly lower than the previous year level.
- We anticipate being able to maintain our position as market leader in the online pet supplies sector, similar to the previous year.
- We expect the key figure for customer loyalty (sales retention) to remain at the same level as the previous year.

As in previous years, the prime focus for 2015 will be on the company's growth. In addition, sustainably improving earnings is also an important element of our strategy.

B. Report on risks

a. Risk management system

Pursuant to Section 91 para. 2 AktG, the Management Board has set up a risk management system which is a central component of zooplus' corporate management and is intended to ensure the principles of good corporate governance and the fulfillment of legal provisions. The risk management system and internal controls allow zooplus to identify, analyze and assess risks in all parts and areas of the Group, and take suitable countermeasures. The aim of the system is to identify potential incidents which could endanger the group. Moreover, it should ensure that the financial, operating and strategic goals of the Group can be achieved as planned. The Management Board of zooplus AG passed a risk management guideline to this end, which regulates the handling of risks within the zooplus Group. These include the responsibilities for carrying out the tasks in risk management as well as the reporting structures. The guideline is subject to constant examinations and adjustments where required.

The risk management system of the zooplus Group differentiates between risk officers and risk managers. The risk officers are generally the responsible departmental heads and periodically produce risk notifications. The risk managers manage the risk management process and are responsible for the monthly risk reporting to the Management Board and Supervisory Board.

The identification of risks is carried out together by the risk manager and respective risk officer, and the risks are recorded in a risk catalogue with the respective object of the risk. Periodic reporting criteria are defined for every risk. If these apply, the respective risk officer has to submit a risk notification, otherwise a negative notification is made. In addition, ad-hoc reporting criteria are defined which trigger a direct risk report to the Management Board. The risk notifications contain monetary effects and probability of occurrence in order to assess which risks could represent a danger for the Group. The product of the monetary effects and probability of occurrence produce the assessed risk. The assessment of risks corresponds with the forecast period of one year.

To determine the probability of occurrence, the following factors should be taken into account:

Description	Applicable probability
Risk does not exist	Negative notification
Risk exists, occurrence improbable	2%
Risk exists, occurrence possible	20%
Risk exists, occurrence probable	40%
Risk exists, occurrence expected	75%
Risk exists, occurrence almost certain	90%

In addition, the risk management system classifies the risks according to possible damage in the following categories.

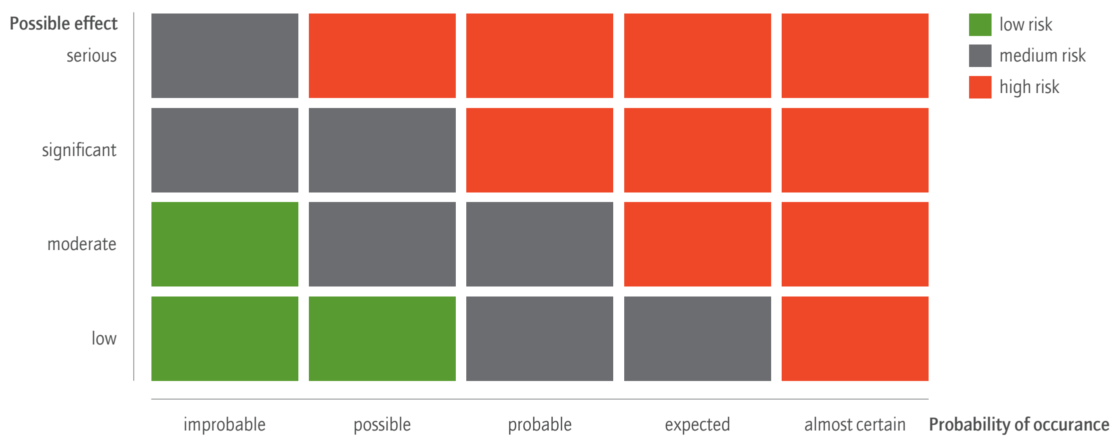
Low: No tangible effects on the annual result and / or the value of the company.

Moderate: Negative effects on the annual result and / or the value of the company.

Significant: Significant effects and / or risks which lead to significant impacts on the annual result and / or the value of the company.

Serious: Risks which could endanger the existence of the company.

The combination of monetary effect and probability of occurrence results in the following matrix. The distribution into low, medium and high risk describes the impacts on the financial and earnings position.



Risk controlling and monitoring are based on these findings. All measures for influencing the risk situation are viewed in this context, which either result in a reduction of the probability of occurrence or the effects to an acceptable level. Optimal risk steering is one that leads to an increase in the company value.

A regular internal examination ensures that the risk management system is continually evolving to ensure that it can adjust to possible changes at any time. Compared to the previous year, there were no material changes within the risk management system.

b. Risks

i. Strategic risks

The success of zooplus depends to a critical extent on the continued acceptance of the Internet as a channel for purchasing pet supplies:
If the growth in online retailing slows or even falls overall, this would directly affect the zooplus business model. However, from the current perspective, all of the indicators suggest that acceptance of the Internet as a sales channel will continue to rise further, as is underlined by current growth rates. We have classified this risk as low.

Average order sizes and repeat purchase behavior could be subject to negative changes in more difficult economic periods:
During a recession, existing and newly acquired customers' purchasing behavior could change to the company's detriment. If customers stop buying non-food products that are not seen as a necessity, or if they switch to lower-priced alternative products or alternative suppliers, this could have a negative impact on zooplus overall. However, the fact that zooplus was

able to increase the repeat purchase rate from year to year and acquire significant customers in all of the key European markets documents the attractiveness of the business model, also in challenging economic periods. We have classified this risk as low.

New competitors could establish a successful online presence and negatively impact zooplus' market opportunities:
At present, zooplus is the clear market leader in Germany and Europe. If competition intensifies in connection with a general fall in the price level, this would have significant negative impacts on zooplus with regards to its sales and operating margin. From the current perspective, zooplus continues to believe that the level of competition will remain high, as large bricks-and-mortar providers are increasingly expanding their online shops and selling their product range via the Internet. The large proportion of the sales growth of bricks-and-mortar competitors in the online sector should however be transferred from the existing bricks-and-mortar business. However, the growth will take place within an eCommerce market that is continuing to see strong expansion and this therefore only represents a limited risk. The assessed risk amounts to a low single-digit million euro range and is classified as medium.

ii. Operating risks

Unforeseen events could endanger the stability of key business systems for IT, logistics and procurement:
The company's operations are based on the constant availability of all of its technical systems. If this is jeopardized, for example by force majeure or other system problems, this would have a substantial negative impact on zooplus as a whole. This includes risks from application manipulation, data loss and data manipulation. zooplus has taken corresponding measures to avoid these risks as much as possible. However, zooplus believes that this risk is manageable in view of the fact that the business systems have proved stable for the last few years. The assessed risk amounts to a low single-digit million euro range and is classified as medium.

zooplus is currently conceiving a new transaction system (ERP and shop system). This could result in potential risks that the aims of the project may not be fully achieved, that the system cannot be used in operations following its development or that there are difficulties in implementing the system, which could in turn impact operating business. Moreover, other business projects could be postponed, which would result in planned efficiencies not being achieved. zooplus is aware of these risks and has taken suitable measures to ensure that these risks are controlled and kept to a minimum. The new system is to be introduced step-by-step over the next 24 months. The assessed risk amounts to a low single-digit million euro range and is classified as medium.

Long-term agreements for the logistics centers have been concluded with two contractual partners. The structures of the international logistics network and the distribution network in the shipments area allow for a rapid substitution of service providers. In addition, the risk of being dependent on specific suppliers in procurement is reduced through diversification and sufficient controlling tools. zooplus usually relies on cooperation with reliable partners of good business standing, which in turn should reduce risks significantly. The assessed risk of depending on suppliers and service providers amounts to a low single-digit million euro range and is classified as medium.

The loss of key employees could jeopardize the company's long term success:
In managing its employees and departments, zooplus places its trust in several key employees, who would not be easy to replace. If these employees were to leave the company, this could have negative impacts, at least in the short term, on the company's success. We have classified this risk as low.

Forecasting demand incorrectly could result in overstocks along the supply chain and in the logistics system:
As a rule, material planning errors could result in overstocking in the warehouses. If it is difficult to sell these goods, or if they cannot be sold, this could result in possible damage. As a result of suitable control tools, the low seasonality of the products, and the relatively strong ability to predict customer-based sales structures, the Group believes that these risks can be controlled. This is coupled with the fact that the average shelf-life of typical zooplus food products is around 1 to 2 years, which would also make it significantly easier to sell slow-moving products if this was necessary. We have classified this risk as low.

iii. Financial risks

The main financial instruments the Group uses consist of lines of credit, accounts receivable, forward exchange transactions, cash and cash equivalents and short term deposits. The main purpose of these financial instruments is to constantly cover the need for financing and to ensure financial flexibility. Since the financial year 2012, the Group has been using derivative financial instruments for hedging foreign currency risks.

a) Currency risk
The Group operates internationally and is therefore subject to currency risks based on changes in the exchange rate of various foreign currencies, mainly the US dollar, British pound, Czech koruna, Polish zloty, Danish krone, Swedish krone and Swiss franc. Currency risks occur from expected future transactions, recognized assets and liabilities. As a result, the management has enacted a guideline defining how the currency risk should be effectively managed in relation to the functional currency. To hedge foreign currency risks from expected future transactions as well as recognized assets and liabilities, the Group uses forward exchange transactions which are concluded by the Group's finance department. The Group is increasingly attempting to limit these currency risks by buying products locally in foreign currency zones. Exchange-rate risks occur if future business activities or recognized assets or liabilities are recorded in a different currency than the Group's functional currency. The Group's risk management policy plans hedging of between 0% and 70% of the expected transactions within the next twelve months (mainly export sales and purchases of inventory). As of the balance sheet date, December 31, 2014, only forward exchange transactions in USD were concluded for the purchasing of inventories. The expected sales and purchases which are to be carried out using hedging instruments correspond with the hedge accounting criteria of the "highly probable" forecast transaction. The assessed risk amounts to a low single-digit million euro range and is classified as medium.

b) Credit risk
Credit risk is defined as the risk that a business partner will not be able to fulfill its obligations as part of a financial instrument or customer contract which in turn leads to a financial loss for the Group.

The extent of the credit risk of zooplus AG is equal to the total of accounts receivable as well as other receivables. There are no credit concentration risks.

Credit limits are set for all customers based on internal risk classification characteristics. Outstanding receivables from customers are monitored regularly. In order to reduce credit risk, lump-sum adjustments to individual values are made based on past experience. In addition, receivables are sold after the collection procedure has been completed. Receivables are written down where a debt collection agency has proved unable to collect the debt, or a customer has applied for individual insolvency, or as a result of the statute of limitations.

For the Group's other financial assets such as cash or cash equivalents, the maximum credit risk corresponds to the carrying amount of an asset in the case of a default by the debtor concerned.

This could result in sustained risks for zooplus' business model. In the past, total receivables defaults were around 0.3 % of overall sales. From the current perspective, we do not anticipate any deterioration in this regard, thanks to the company's strict credit check system and the growing proportion of business with existing customers.

We have classified the credit risks as low.

c) Liquidity risk
Although zooplus is not currently subject to any borrowing restrictions, it could become restricted as a result of further banking and / or financial crises. However, from the current perspective, zooplus does not believe that this will be the case in the short or medium term. zooplus currently has access to credit lines of EUR 28 m at three reputable credit institutions. As of the balance sheet date December 31, 2014, the Group has not used any of these lines given the inflow of funds from the capital increase carried out in November 2014 and therefore classifies this risk as low.

d) Interest rate risk
The Group uses overdrafts and current money-market loans with variable interest rates for financing. The lines of financing are linked to the Euribor. A general increase in interest rates, including in inter-bank business, could lead to a significant rise in financing costs. In order to reduce interest rate risks, the central finance department constantly monitors the current interest rates. The Group does not currently use hedges against interest rate risk in the form of hedging instruments, as the impact is regarded as minor. Overall we estimate the risk to be low.

C. Report on opportunities

i. Opportunities management

The aim of zooplus' opportunities management is to identify and assess future potential successes ahead of time as well as realize suitable measures for making use of this potential. The identification and use of opportunities is a constant task for the company in order to ensure the long-term success of the Group.

ii. Market opportunities

Thanks to the leading positioning in the field of pet supplies in all key European markets, zooplus has achieved a head start in terms of competition and size compared to other industry-specific online retailers. zooplus believes that the Group can expand this position and generate long-term and sustained income. In addition, zooplus believes that, as a result of its existing competitive advantage, it will be able to permanently retain its market leadership based on its superior operating systems and processes. The existing market shares, experience in tapping new markets and the steadily growing, effective infrastructure offer the opportunity to establish specific barriers to market entry in the face of increasing competition. In addition, the existing infrastructure allows the rapid entry into other new markets and therefore the opportunity for further growth. In addition, zooplus also believes that economies of scale can increasingly be realized in terms of processes and logistics.

The trend towards "humanizing" pets offers zooplus additional opportunities. This trend is boosted by developments such as the ongoing increase in single households and the decline in birth rates in general.

iii. Development of the eCommerce market

The trend towards eCommerce as opposed to bricks-and-mortar retailing seems to have remained intact. zooplus believes – similar to many industry studies – that the eCommerce network will continue to grow in the double digit percent range and zooplus should continue to benefit from this development by a disproportionately large amount in the long term thanks to its leading European market positioning.

iv. Employees and know-how potential

zooplus assumes that the company's key employees are generally loyal to zooplus, and it expects that in the event that certain key employees are lost, that it would be possible to find adequate replacements for these employees over the medium term. Employee loyalty is also promoted by creating a positive working environment, offering opportunities for training and advanced education, and providing an incentive-based remuneration system.

The expertise of the highly qualified employees, some of whom have been employed within the Group for an extended period of time, allow Group strategies to be reliably and quickly implemented, particularly when it comes to further expansion and internationalization. The company management is also able to draw on wide-ranging, long-term and detailed industry know-how.

Overall statement on the risk and opportunity situation

In view of the opportunities presented and the Group's positive overall growth, as things stand today it appears that both the risks and also the potential dangers are limited and can be controlled. The company uses tried and tested risk management systems and processes. There were no major changes to the risks and opportunities compared to the previous year. From the Group's perspective, there are no individual risks that could endanger its continued existence at present and in the foreseeable future. The individual risks, taken together, do not endanger the Group's continued existence either.

4. Key features of the internal control system and the risk management system relating to (Group) accounting processes

The key features of the internal control system and risk management system at zooplus relating to the (Group) accounting process are set out below:

zooplus AG is characterized by its clear organizational, corporate control and monitoring structures. There are forecasting, reporting, controlling and early warning systems and processes in place throughout the Group. These have been coordinated and allow the end-to-end analysis and control of risk factors that could impact earnings and endanger the company's continued existence. The functions for all areas of the (Group) accounting process (e.g. accounting, financial accounting and controlling) are clearly assigned. Due to its relatively small size and complexity, zooplus does not have a separate internal audit department and draws on external service providers in addition to internal employees for audit purposes on a case-by-case basis.

The IT systems used for accounting are protected against unauthorized access. The financial systems in place employ standard software (Diamant) and proprietary software.

The IFRS consolidated financial statements are prepared on the basis of a uniform reporting format, which is coordinated centrally from the Group head office in Munich. The validation processes and additional plausibility checks performed at the Group head office ensure the correctness and completeness of the annual financial statements of the subsidiaries and zooplus AG.

An appropriate internal risk management system has been implemented. The accounting data is reviewed regularly to ensure that it is correct and complete using random samples and plausibility checks carried out through manual checks as well as with the software employed at the company. The key processes that are relevant for the company's accounting are subject to regular analyses. The existing risk management system is constantly being adjusted in response to current developments and its functionality reviewed.

The Supervisory Board deals with aspects including major accounting issues, risk management, the audit mandate and its areas of focus.

The internal control and risk management system used in relation to the accounting process ensures that business events are recorded, prepared and assessed correctly in the accounts, and that they are included in the external accounting.

The order process is carried out on a standardized basis using a purchasing system. Payments are only executed if correctly entered invoices or documents are provided. Invoicing and the invoice checking process are carried out electronically, with all approvals documented and archived. Payment transactions are made electronically using control mechanisms (double-check principle among a selected group of individuals). Wage and salary accounting is carried out by external service providers.

Quantitative stock accounting is carried out by an external service provider. zooplus monitors and checks this continually via automatically set up interfaces. In addition, zooplus is granted sufficient control mechanisms as part of its agreements.

The sales process ensures through the recording of the sold products in the upstream shop system and automatic transfer into the accounts receivable accounting that the services provided are invoiced properly and recognized in the accounts in line with the guidelines for revenue recognition.

The clear organizational corporate control and monitoring structures as well as the fact that the accounting department is sufficiently staffed and has sufficient materials available, form the foundations for the departments and employees involved in the (Group) accounting process to work efficiently. Clear guidelines and instructions, stemming from both legal requirements and from within the company, ensure that the accounting process is uniform and correct. The clearly defined review mechanisms within departments which participate in the accounting system, as well as the review by internal controlling and early recognition of risks by risk management, ensure error-free (Group) accounting.

The internal control and risk management system within the zooplus group safeguards that the zooplus group's accounting is in line with the legal and statutory requirements and internal guidelines. In particular, the uniform risk management system within the company, which adheres to the statutory requirements, is designed to recognize risks in good time, measuring and communicating these appropriately. As a result, the reports' recipients are provided with accurate, relevant and reliable up-to-date information.

Between the balance sheet date and the time of the Group management report, no changes have been made to the accounting-related internal control system and risk management system.

5. Remuneration report

The Supervisory Board is responsible for setting the remuneration system as well as the individual remuneration of members of the Management Board. It regularly reviews the remuneration structure to ensure its appropriateness. The Management Board's remuneration comprises three components:

1. Non-performance related salary paid monthly

Fixed remuneration consists of a contractually agreed non-performance related annual salary which is paid in twelve installments of equal amount.

2. Performance-related salary components

The variable salary component remunerates the performance of the Management Board in line with company development for the past financial year and is linked to the sales, earnings and personal targets achieved in the financial year in the corresponding area of responsibility.

3. Variable components with a long-term incentive

In line with company planning, the long-term performance of the Management Board is remunerated with the issuing of share options in zooplus AG and / or virtual shares.

The Management Board's total remuneration (all components) totaled kEUR 2,455 in the financial year 2014 (previous year: kEUR 2,904). Of this total, the non-performance related basic remuneration accounted for around 48 %. The performance-related components for all Management Board members are dependent upon the respective annual increases in the company's operating income, sales and / or total sales as well as personal task-related targets. In the financial year 2014, this accounted for 18 % of overall remuneration. Components with a long term incentive are share option programs and cash-settled share-based remuneration. This remuneration component made up around 34 % of total expenses in 2014.

The following options for Management Board members are outstanding from the option plan for executives:

Share option program (SOP)

	2010 / I*
Outstanding at the beginning of the reporting period	75,000
Exercised in the reporting period	-75,000
Granted in the reporting period	0
Outstanding at the end of the reporting period	**0**

* One option authorizes the purchase of 2 shares

The fair value of the subscription rights is EUR 14.50 per option.

When appointing Management Board members or extending the contracts of existing members, a long-term incentive program in the form of a share price-based performance share plan in annual tranches with a view to creating performance incentives for the long term is granted. As of the reporting date December 31, 2014, the members of the Management Board are entitled to a total of 18,825 subscription rights from the program based on a fair value of EUR 1.2 m.

The fair value of the virtual shares and share options granted was calculated using a valuation model recognized by IFRS 2.

The company does not provide individualized details of the Management Board's remuneration. The Management Board was exempted from the disclosures pursuant to Section 314 para. 1 no. 6a, sentences 5 - 8 of the German Commercial Code (HGB) by resolution of the Annual General Meeting on May 22, 2012. Further details on the remuneration structures can be found in the notes to the financial statements.

Members of the Supervisory Board receive a non-performance related annual remuneration.

6. Information and explanations under takeover law (Section 315 para. 4 HGB)

As of December 31, 2014, the subscribed capital totaled EUR 6,984,450.00 and was made up of 6,984,450 no-par value registered shares, each with a proportionate interest of EUR 1.00 in the company's share capital. Each share grants one vote at the Annual General Meeting.

Restrictions affecting voting rights or the transfer of shares
zooplus AG's shareholders are neither restricted by German legislation nor by the company's articles of incorporation on their decision to buy or sell shares. Only the statutory prohibitions on voting rights apply.

Equity participations exceeding 10 % of voting rights
As of December 31, 2014, the following shareholders held more than 10 % of voting rights:

- Burda Digital Ventures GmbH, Offenburg
  The voting rights participations held by Burda Digital Ventures GmbH are attributable to Prof. Dr. Hubert Burda, Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, as well as Burda Gesellschaft mit beschränkter Haftung, Offenburg, respectively pursuant to Section 22 para. 1, sentence 1, no. 1 of the German Securities Trading Act (WpHG).
- Ruane, Cunniff & Goldfarb Inc., New York, USA
  The voting rights held by Ruane, Cunniff & Goldfarb Inc. are attributable to Acacia Partners, L.P., New York, USA, pursuant to Section 22 para. 1 sentence 1 no. 6 WpHG.
- Maxburg Beteiligungen GmbH & Co. KG, Grünwald
  The voting rights held by Maxburg Beteiligungen GmbH & Co. KG are attributable to RAG-Stiftung, Essen, pursuant to Section 22 para. 1 sentence 1 no. 5 WpHG in connection with Section 22 para. 1 sentence 2 WpHG.

Shares with special rights ⁄ voting control in the case of employee participation
No shares with special rights which provide powers of control exist. Employees do not participate in equity such that they cannot directly exercise their controlling rights.

Appointment and dismissal of members of the Management Board, changes to the articles of incorporation
The appointment and dismissal of Management Board members is made in compliance with Sections 84 and 85 of the German Stock Corporation Act (AktG). The Supervisory Board appoints the Management Board members for a maximum of five years. Members may be reappointed or their term of office extended for a maximum of five years in each case. In addition, the articles of incorporation Section 7 stipulates that the number of Management Board members is fixed by the Supervisory Board and that the Management Board can comprise just one member.

Requirements for amendments to the articles of incorporation are primarily stipulated in Sections 179 to 181 of the AktG. Pursuant to Section 119 para. 1 item 5, 179 para. 1 AktG, amendments to the articles of incorporation require a resolution of the Annual General Meeting, which, providing the articles of incorporation do not provide for any other majority, requires a majority of three quarters of share capital represented at the vote pursuant to Section 179 para. 2 AktG. The articles of incorporation of zooplus AG makes use of the option provided for in Section 179 para. 2 AktG in Section 19 para. 2 and states that resolutions, to the extent that the law does not stipulate otherwise, can be made with a simple majority of the votes and, to the extent that a capital majority is required, with a simple majority of the represented share capital. Pursuant to Section 24 of the articles of incorporation, the Supervisory Board of zooplus AG is authorized to make changes to the articles of incorporation, to the extent that these changes only affect their wording.

Authorization for the Management Board to issue shares

1. Authorized capital

As a result of the resolution by the Annual General Meeting on May 22, 2012, the Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital on one or several occasions during the period until May 21, 2017 against cash or non-cash capital contributions by up to a total of EUR 2,440,160.00 by issuing new, no-par value bearer shares with a notional interest in the share capital of EUR 1.00 per share (Authorized Capital 2012).

The number of shares has to increase at the same ratio as the share capital. The capital increases can be made against cash and ⁄ or non-cash contributions. As a rule, shareholders are entitled to subscription rights. The new shares can also be taken over by one or more credit institutions or one or more similar institutions with the obligation to offer them to the shareholders for subscription (indirect subscription right).

Moreover, the Management Board is authorized, with the approval of the Supervisory Board, to remove shareholders' subscription rights in the following cases: (1) to the extent it is required to exclude fractional amounts from the shareholders' subscription right; (2) to the extent it is required in order to grant bearers of option rights and ⁄ or conversion rights, or option obligations and ⁄ or conversion obligations from bonds with option rights and ⁄ or conversion rights, or option obligations and ⁄ or conversion obligations issued by the company or a company in which the company holds a direct or indirect majority shareholding a subscription right or conversion option for new shares in the amount due to them after exercising option rights and / or conversion rights or fulfilling option obligations and / or conversion obligations as a shareholder; (3) to the extent that the new shares are issued against contributions in kind, particularly in the form of companies, parts of companies, shareholdings in companies or other assets; (4) to the extent that the new shares are issued against cash contributions, the issue price of the newly issued shares is not significantly below the market price of the already listed shares of the company of the same class at the time of the final determination of the issue price and the shares to be issued, under exclusion of the subscription right, in their proportionate amount attributable in total to the issued shares do not exceed 10 % of the share capital existing on the first exercise of the authorization and at the time when this authorization becomes effective. The proportionate amount of the share capital of the company which is attributable to shares issued or sold during the period of this authorization, excluding the subscription right in direct, corresponding or mutatis mutandis application of Section 186 para. 3 sentence 4 AktG, is credited against this maximum amount, as is the proportionate amount of the share capital attributable to the shares which are issued or to be issued to serve the option rights and / or conversion rights or to fulfill the option obligations and / or conversion obligations from bonds, to the extent that the bonds were issued during the period of this authorization, excluding the subscription right in corresponding application of Section 186 para. 3 sentence 4 AktG.

The proportionate amount of the share capital attributable to the new shares, for which the subscription right according to the previous items or based on other authorizations is excluded during the period of this authorization, may not exceed 20 % of the share capital either at the time it becomes effective or at the time that this authorization is exercised.

The Management Board is authorized to finalize further details regarding the capital increase and the conditions of the issuing of shares in conjunction with the Supervisory Board.

Authorized Capital 2012, which originally totaled EUR 3,050,199.00, was already partially used in the amount of EUR 610,039.00 as part of a capital increase. The corresponding change to Section 5 para. 6 of the company's articles of incorporation was entered into the commercial register on November 19, 2014.

2. Conditional capital

a. Pursuant to Section 5 para. 4 of the articles of incorporation, the company's share capital has been increased by EUR 6,700.00 through the issue of up to 6,700 bearer shares (Conditional Capital 2007 / I). The conditional capital increase will only be carried out in the event that holders of share options issued by zooplus AG as part of the 2007 / I share option scheme in the period up to 31.12.2007, based on the Annual General Meeting's authorization resolution of 27.4.2007 under agenda item 22, sect. I., in the version of the resolutions of the Annual General Meeting of 20.07.2007 under agenda items 2 and 4, make use of their subscription right to company shares and the company does not issue its own shares to fulfill subscription rights. The new company shares created from the exercising of these subscription rights will carry dividend rights from the beginning of the financial year for which no Annual General Meeting resolution has been made on the appropriation of net profit at the time when the subscription right is exercised.

b. Pursuant to Section 5 para. 5 of the articles of incorporation, the company's share capital has been increased by EUR 100,000.00 through the issue of up to 100,000 bearer shares in the company with a notional par value of EUR 1.00 per share (Conditional Capital 2012 ⁄ 1). Conditional Capital 2012 ⁄ I serves to ensure the fulfillment of subscription rights from share options issued by zooplus AG as part of the 2012 ⁄ I share option scheme in the period from registration of the Conditional Capital 2012 ⁄ I until December 31, 2013 based on the authorization of the Annual General Meeting of May 22, 2012 under agenda item 10 a). The conditional capital increase will only be carried out if share options are issued and the holders of these share options make use of their subscription right to company shares and the company does not issue its own shares to fulfill the subscription rights. The issue of the shares from the 2012 ⁄ I Conditional Capital is carried out at the exercise price defined in sect. (5) of the authorization resolution. The new shares will bear dividend rights from the beginning of the financial year for which no resolution of the Annual General Meeting has been made on the appropriation of retained profit at the time when the subscription right is exercised.

c. Pursuant to Section 5 para. 7 of the articles of incorporation, the company's share capital has been increased by a further EUR 149,228.00 through the issue of up to 149,228 bearer shares (Conditional Capital 2010 ⁄ I). The 2010 ⁄ I Conditional Capital serves to ensure the fulfillment of subscription rights from share options issued by zooplus AG as part of the 2010 ⁄ I share option program in the period from registration of the Conditional Capital 2010 ⁄ I until 31.12.2014 based on the authorization of the Annual General Meeting of 27.05.2010 under agenda item 5, sect. I. The conditional capital increase will only be carried out if share options are issued and the holders of these share options make use of their subscription right to company shares and the company does not issue its own shares to fulfill the subscription rights. The issue of the shares from Conditional Capital 2010 ⁄ I will be carried out in accordance with the exercise price defined in sect. I. (5). The new shares will bear dividend rights from the beginning of the financial year for which no resolution of the Annual General Meeting has been made on the appropriation of retained profit at the time when the subscription right is exercised.

Authorization for the Management Board to buy back shares
zooplus AG's Annual General Meeting on May 27, 2010 authorized the Management Board, subject to the approval of the Supervisory Board and through to May 26, 2015, to acquire shares of the company up to a total of 10 % of the share capital, measured on the share capital at the time of the Annual General Meeting resolution, subject to the condition that the shares acquired as a result of this authorization together with other shares of the company, which the company either holds or which are to be allocated to it pursuant to Sections 71 d and 71 e of the AktG, do not total more than 10 % of the company's share capital at any point in time. Dependent Group companies within the meaning of Section 17 AktG or third parties acting for the account of the company or dependent Group companies acting for the account of the company are also entitled to purchase the shares.

This authorization may be exercised for all purposes permissible by law. The company is not permitted to trade in its own shares. The authorization may be exercised on one or more occasions, or in parts. The shares can be acquired in partial tranches spread over various purchase dates within the authorization period until the maximum purchase volume is reached.

The shares are acquired while upholding the principle of equal treatment (Section 53a of the AktG) via the stock market or using a public purchase offer made to all shareholders.

If the shares are acquired via the stock exchange, the compensation paid by the company per no-par value share (without incidental acquisition costs) may not be more than 5 % higher or lower than the volume-weighted average of the closing prices for shares of the company in Xetra trading (or a functionally comparable successor system) on the Frankfurt Stock Exchange on the last five stock market days prior to the date on which the undertaking to acquire the shares was entered into.

If the acquisition is performed via a public purchase offer addressed to all shareholders, the purchase price offered or the thresholds for the purchase price range offered per share (without incidental acquisition costs) may not be more than 10 % higher or lower than the volume-weighted average price of shares of the company in Xetra trading (or a functionally comparable successor system) on the Frankfurt Stock Exchange in the last five stock market trading days prior to the date the offer is published. The volume of the offer may be restricted. If the total number of tendered shares is greater than this volume, the acquisition may be made proportionately according to the ratio of vested shares; in addition, there may be preferred acceptance for lower numbers of up to 100 vested shares per shareholder and figures may be rounded according to commercial principles to avoid fractions of shares. Any further rights of tender are not permitted to shareholders.

Material agreements of the company that are subject to a change of control upon a takeover bid, and compensation agreements of the parent company for members of the Management Board or employees in the case of a takeover
There are no material agreements of the company that are subject to a change of control upon a takeover bid, nor compensation agreements of the parent company for members of the Management Board or employees in the case of them being impacted by a takeover offer.

7. Summarizing statement from the Management Board on the dependency report prepared in line with Section 312 AktG

„In the case of the legal transactions and measures listed in the report on relationships with affiliates, zooplus AG received appropriate compensation for every legal transaction and has not been disadvantaged due to measures that were implemented, according to the circumstances known to the Management Board at the time the legal transactions were made or the measures were implemented."

8. Corporate governance declaration pursuant to Section 289a HGB

The corporate governance declaration pursuant to Section 289a HGB is published in the investor relations section of the company's website http://investors.zooplus.com under corporate governance.

9. Overall outlook

The European online pet market will continue to enjoy sustained growth and become more attractive overall. zooplus is very well positioned to enjoy significant benefits from these developments. As a result, the Management Board is expecting continued positive business developments for 2015.

The Management Board

Dr. Cornelius Patt	Andrea Skersies	Andreas Grandinger	Jürgen Vedie

Munich, March 17, 2015

Consolidated financial statements

Consolidated balance sheet as of December 31, 2014 according to IFRS

Assets

in EUR		Notes no.	31.12.2014	31.12.2013
A.	NON-CURRENT ASSETS			
I.	Property, plant and equipment	5	756,365.01	530,615.65
II.	Intangible assets	6	8,588,363.83	4,924,346.34
III.	Other financial assets	7	47,708.71	47,708.71
IV.	Deferred tax assets	8	4,174,817.68	6,949,481.16
	Non-current assets, total		**13,567,255.23**	**12,452,151.86**
B.	CURRENT ASSETS			
I.	Inventories	9	65,030,799.69	43,658,315.05
II.	Advance payments	10	524,206.84	260,657.65
III.	Accounts receivable	11	12,050,649.58	10,785,686.09
IV.	Other current assets	12	13,114,283.83	10,913,863.52
V.	Derivative financial instruments	13	2,301,965.39	0.00
VI.	Cash and cash equivalents	14	31,966,234.96	5,646,622.19
	Current assets, total		**124,988,140.29**	**71,265,144.50**
			138,555,395.52	**83,717,296.36**

Equity and liabilities

in EUR		Notes no.	31.12.2014	31.12.2013
A.	EQUITY			
I.	Subscribed capital	15	6,984,450.00	6,101,639.00
II.	Capital reserves	15, 16	92,011,390.94	50,258,477.53
III.	Other reserves	15, 13	1,667,848.60	39,503.54
IV.	Profit ⁄ loss for the period and losses carried forward	15	-14,471,014.94	-19,686,820.01
	Equity, total		**86,192,674.60**	**36,712,800.06**
B.	**NON-CURRENT LIABILITIES**	**16, 20**	**1,237,873.49**	**525,072.49**
C.	CURRENT LIABILITIES			
I.	Accounts payable	17	23,393,344.49	16,249,048.76
II.	Financial liabilities	18	0.00	13,000,000.00
III.	Derivative financial instruments	13	0.00	79,341.01
IV.	Other current liabilities	19	20,098,203.30	12,678,391.23
V.	Tax liabilities	8	2,001,742.04	770,491.86
VI.	Provisions	20	4,130,102.79	2,712,781.09
VII.	Deferred income	21	1,501,454.81	989,369.86
	Current liabilities, total		**51,124,847.43**	**46,479,423.81**
			138,555,395.52	**83,717,296.36**

Consolidated statement of comprehensive income from January 1 to December 31, 2014 according to IFRS

in EUR	Notes no.	2014	2013
Sales	22	543,098,560.91	407,003,922.49
Other income	23	27,765,618.73	19,918,170.02
Total sales		**570,864,179.64**	**426,922,092.51**
Cost of materials		-392,984,618.24	-279,793,165.46
Personnel costs	24	-21,186,749.60	-19,250,688.70
of which cash		(-20,303,287.99)	(-18,381,793.90)
of which non-cash	16	(-883,461.61)	(-868,894.80)
Depreciation	5, 6	-722,169.22	-693,951.58
Other expenses	25	-146,804,844.99	-122,990,569.56
of which logistics / fulfillment		(-115,078,351.68)	(-92,686,771.15)
of which marketing		(-9,874,743.44)	(-10,688,692.36)
of which payment		(-6,930,387.96)	(-6,175,449.81)
of which other costs		(-14,921,361.91)	(-13,439,656.24)
Earnings before interest and taxes (EBIT)		**9,165,797.59**	**4,193,717.21**
Financial income	26	784.26	1,380.48
Financial expenses	26	-410,527.79	-364,096.46
Earnings before taxes (EBT)		**8,756,054.06**	**3,831,001.23**
Taxes on income	8	-3,540,248.99	-2,049,047.39
Consolidated net result		**5,215,805.07**	**1,781,953.84**
Other profits and losses (after tax)			
Differences from currency translation	15	32,274.45	75,431.06
Hedge reserve	15, 13	1,596,070.61	91,517.15
Items subsequently reclassified to profit or loss		**1,628,345.06**	**166,948.21**
Comprehensive income		**6,844,150.13**	**1,948,902.05**
Earnings per share			
undiluted	27	0.83	0.29
diluted	27	0.80	0.28

Group cash flow statement from January 1 to December 31, 2014 according to IFRS

in EUR	Notes no.	2014	2013
Cash flows from operating activities			
Earnings before taxes		8,756,054.06	3,831,001.23
Allowances for:			
Depreciation	5, 6	722,169.22	693,951.58
Non-cash personnel costs	16	883,461.61	868,894.80
Other non-cash business transactions or business transactions resulting in payment in a different period	6	33,021.92	1,642,431.06
Financial expenses	26	410,527.79	364,096.46
Financial income	26	-784.26	-1,380.48
Changes in:			
Inventories		-21,372,484.64	-11,372,990.23
Advance payments	9	-263,549.19	339,263.30
Accounts receivable	11	-1,264,963.49	-1,486,699.45
Other current assets	12	-2,200,420.31	-1,892,096.66
Accounts payable	17	7,144,295.73	-1,002,419.83
Other liabilities	19	7,419,812.07	3,588,655.26
Provisions	8, 20	1,417,321.70	483,161.31
Non-current liabilities	20	712,801.00	525,072.49
Deferred income	21	512,084.95	76,152.37
Taxes on income paid		-91,985.97	-124,542.39
Interest received	16	784.26	1,380.48
Cash flows from operating activities		**2,818,146.45**	**-3,466,068.70**
Cash flows from investing activities			
Cash-inflows from the disposal of financial investments	7	0.00	33,000.00
Cash-outflows for financial investments	7	0.00	-27,708.71
Cash-outflows for property, plant and equipment / intangible assets	5, 6	-4,684,958.35	-4,572,487.47
Cash flows from investing activities		**-4,684,958.35**	**-4,567,196.18**
Cash flows from financing activities			
Cash-inflows from capital increase	15	41,503,494.93	1,000.00
Cash-inflows from loans	18	0.00	11,000,000.00
Cash-outflows for loan repayments	18	-13,000,000.00	0.00
Interest paid	27	-410,527.79	-364,096.46
Cash flows from financing activities		**28,092,967.14**	**10,636,903.54**

(Continued on the next page)

in EUR	Notes no.	2014	2013
Influence of currency effects on cash and cash equivalents		93,457.52	63,201.87
Net change of cash and cash equivalents		**26,319,612.77**	**2,666,840.53**
Cash and cash equivalents at the beginning of the financial year	14	5,646,622.19	2,979,781.66
Cash and cash equivalents at the end of the financial year	14	31,966,234.96	5,646,622.19
Composition of funds balance at the end of the financial year			
Cash on hand, bank deposits, cheques		31,966,234.96	5,646,622.19
		31,966,234.96	5,646,622.19

Group statement of changes in equity as of December 31, 2014 according to IFRS

in EUR	Subscribed capital	Capital reserves	Other reserves	Profit / loss for the period and losses carried forward	Total
As of January 1, 2014	**6,101,639.00**	**50,258,477.53**	**39,503.54**	**-19,686,820.01**	**36,712,800.06**
Increase from stock options	272,772.00	5,351,199.61	0.00	0.00	5,623,971.61
Capital increase from Authorized Capital 2012	610,039.00	36,401,713.80	0.00	0.00	37,011,752.80
Currency translation differences	0.00	0.00	32,274.45	0.00	32,274.45
Net Result 2014	0.00	0.00	0.00	5,215,805.07	5,215,805.07
Hedge reserve	0.00	0.00	1,596,070.61	0.00	1,596,070.61
As of December 31, 2014	**6,984,450.00**	**92,011,390.94**	**1,667,848.60**	**-14,471,014.94**	**86,192,674.60**
As of January 1, 2013	**6,100,639.00**	**49,389,582.73**	**-127,444.67**	**-21,468,773.85**	**33,894,003.21**
Increase from stock options	1,000.00	868,894.80	0.00	0.00	869,894.80
Currency translation differences	0.00	0.00	75,431.06	0.00	75,431.06
Net Result 2013	0.00	0.00	0.00	1,781,953.84	1,781,953.84
Hedge reserve	0.00	0.00	91,517.15	0.00	91,517.15
As of December 31, 2013	**6,101,639.00**	**50,258,477.53**	**39,503.54**	**-19,686,820.01**	**36,712,800.06**

Notes

Notes to the consolidated financial statement

as of December 31, 2014 according to the International Financial Reporting Standards (IFRS)

1. General information

zooplus AG (henceforth referred to as the "company") is a stock corporation with limited liability as defined under German law, the shares of which have been publicly traded since 2008. The company's registered office is at Sonnenstrasse 15, 80331 Munich, Germany.

zooplus AG and its subsidiaries (together referred to as "the Group") are active in the online retailing of pet supplies in Germany and other European countries. Pet supplies are generally understood to be food and accessories. The company's retail operations are carried out via the company's websites.

The consolidated financial statements and Group management report as of December 31, 2014 were prepared in accordance with Section 315a (1) HGB and are to be submitted to the electronic federal gazette (Bundesanzeiger) and published there.

The Management Board prepared the consolidated financial statements as of March 17, 2015 and therefore approved them for publication within the meaning of IAS 10. The company's Annual General Meeting has the possibility of changing the consolidated financial statements.

2. Summary of key accounting and valuation methods

The key financial accounting and valuation methods applied for the preparation of these consolidated annual financial statements are described in the following. The methods described were always applied to the reporting periods described unless otherwise stated.

2.1 Basis of preparation

zooplus AG is a parent company within the meaning of Section 290 HGB. As a result of issuing equity securities on the capital market, in accordance with Section 315a para. 1 HGB in connection with Article 4 of the Regulation of the European Parliament from July 19, 2002, zooplus AG is obligated to prepare the consolidated financial statements of the company according to the International Financial Reporting Standards (EU-IFRS) adopted by the EU. These consolidated financial statements for the financial year 2014 have been prepared in accordance with these IFRS and interpretations of the IFRS IC.

The consolidated financial statements have been prepared on the basis of historical cost, with the restriction that the financial assets and financial liabilities (including derivative financial instruments) have been valued at fair value through profit or loss. The consolidated financial statements are prepared in euros (EUR), which is both the functional and reporting currency. The functional currency of the subsidiaries can differ depending on the business environment. Unless indicated otherwise, all values are expressed in whole amounts in thousands of euros figures after rounding off as per standard commercial practice. The financial year for all Group companies is the calendar year.

The balance sheet is structured according to the maturity of assets and liabilities. Assets which are to be sold, used in the normal course of business or settled within twelve months are classified as current. Liabilities are classified as current if they have to be settled within twelve months of the balance sheet date.

The statement of comprehensive income was prepared according to the total cost method.

The preparation of consolidated financial statements in line with IFRS requires estimates.

In addition, the application of company-wide accounting and valuation methods requires the management to make valuations. Areas involving a higher degree of judgment or higher complexity or areas where assumptions and estimates are of decisive importance to the consolidated financial statements are disclosed in Note 4 "Significant estimates and discretionary decisions".

2.1.1 Amendments to the accounting and valuation methods and disclosures

Obligatory, newly applied and revised standards and interpretations for this financial year together with their effects on the Group:

Standard	Interpretation	Mandatory application	Effects
IFRS 10	Consolidated Financial Statements	01.01.2014	none
IFRS 11	Joint Arrangements	01.01.2014	none
IFRS 12	Disclosures of Interests in Other Entities	01.01.2014	no material effects
IAS 27	Separate Financial Statements	01.01.2014	none
IAS 28	Investments in Associates and Joint Ventures	01.01.2014	none
IAS 32	Amendment: Financial instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	01.01.2014	none
IAS 36	Amendment: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	01.01.2014	no material effects
IAS 39	Amendment: Financial instruments: Recognition and Measurement - Novation of Derivatives	01.01.2014	no material effects
IFRS 10, 11, 12	Amendments: Disclosures of Interests in Other Entities - Transitional Requirements	01.01.2014	none
IFRS 10, 12, IAS 27	Amendments: Separate Financial Statements - Investment Entities	01.01.2014	none
IFRIC 21	Levies	01.01.2014	none

New standards and interpretations which will only come into force in later reporting periods were not applied by zooplus AG ahead of time. Published standards and interpretations only applicable for financial years commencing after January 1, 2014:

Standard	Interpretation	Mandatory application	Foreseeable effects
IAS 19	Employee Benefits - Employee Contributions to Defined Benefit Plans	07.01.2014	none
IFRS 14	Regulatory Deferral Accounts	01.01.2016	none
IFRS 11	Amendment: Joint Arrangements - Acquisition of an Interest in a Joint Operation	01.01.2016	none
IFRS 10, 12, IAS 28	Amendment: Applying the Consolidation Exception	01.01.2016	none
IAS 1	Amendment: Disclosure Initiative	01.01.2016	none
IAS 27	Amendments: Separate Financial Statements - Equity Method in Separate Financial Statements	01.01.2016	none
IFRS 10, IAS 28	Amendments: Sales or Contributions of Assets between an Investor and its Associate / Joint Venture	01.01.2016	none
IFRS 16, IAS 38	Amendment: Acceptable Methods of Depreciation and Amortization	01.01.2016	none
IAS 16, IAS 41	Amendment: Agriculture: Bearer Plants	01.01.2016	none
IFRS 15	Revenue from Contracts with Customers	01.01.2017	no material effects
IFRS 9	Financial Instruments	01.01.2018	no material effects

2.2 Scope of consolidation

The scope of fully consolidated members of the Group included zooplus AG as well as the following subsidiaries:

Subsidiary	Equity share	Share of equity (IFRS) in kEUR	Business activities
matina GmbH, Munich	100%	154	(private label business)
bitiba GmbH, Munich	100%	209	(second-brand business)
zooplus services Ltd., Oxford, Great Britain	100%	650	(service company for Great Britain)
zooplus italia s.r.l., Genoa, Italy	100%	33	(service company for Italy)
zooplus polska Sp. z.o.o., Cracow, Poland	100%	67	(service company for Poland)
zooplus services ESP S.L., Madrid, Spain	100%	35	(service company for Spain)
zooplus Pet Supplies Import and Trade ltd., Istanbul, Turkey	100%	2,009	(sales company for Turkey)
zooplus france s.a.r.l., Strasbourg, France	100%	146	(service company for France)

The consolidated financial statements do not include:

- The wholly-owned subsidiary zooplus EE TOV, Kiev, Ukraine with equity of kEUR 10 and founded in the second quarter 2011
- The wholly-owned subsidiary zooplus Nederland B.V., Rotterdam, the Netherlands, which was founded in November 2012 with equity of kEUR 10
- The wholly-owned subsidiary zooplus d.o.o., Zagreb, Croatia, with equity of kEUR 3 and founded in February 2013
- The wholly-owned subsidiary Tifuve GmbH, Munich, Germany, with equity of kEUR 25 and founded in May 2013

These four companies did not conduct any business activities during the financial year and are therefore not included in the consolidated financial statements due to their lack of importance.

2.3 Consolidation

Subsidiaries are all companies over which the Group exercises control of financial and business policies. The Group controls a subsidiary if it takes on risks resulting from or has rights to variable economic successes from its commitment at the subsidiary and the Group has the ability to use its power over the subsidiary in such a way that it influences the returns of the subsidiary. Subsidiaries are included in the consolidated financial statements (full consolidation) as of the point in time control has been transferred to the Group. They are then excluded from the scope of consolidation at the point in time when this control ends. The successful exclusion from the scope of consolidation is correspondingly disclosed in the consolidated statement of comprehensive income.

Purchased subsidiaries are reported on the balance sheet according to the purchase method. The compensation transferred for the purchase corresponds to the fair value of the assets transferred, the equity instruments issued and the liabilities incurred and / or transferred at the time of the acquisition. In addition, the fair values also contain any recognized assets or liabilities which result from a contingent consideration agreement. As part of a business combination, the identifiable assets, liabilities and contingent liabilities are measured at their fair value at the time of purchase on initial consolidation. The Group decides on an individual basis for every company purchase whether the non-controllable portions of a purchased company are to be recorded at fair value or using the proportional interest in the net assets of the purchased company. Purchase-related costs are recognized as expense if any are incurred.

In a business combination achieved in stages, the previously purchased equity interest in the company is remeasured at its applicable fair value on its acquisition date. The resultant profit or loss is to be recorded in the income statement.

Any contingent consideration is valued at the fair value on the acquisition date. Subsequent changes to the fair value of a contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IAS 39, and the resultant profit or loss either recorded in profit or loss or in other income. A contingent consideration which is recognized in equity is not remeasured and its subsequent settlement shall be accounted for within equity.

As goodwill, the amount is carried that is calculated from the excess of the transferred consideration for the purchase, the amount from the non-controlling interests in the purchased company and the fair value of any previously held equity shares up to the date of purchase of the Group's proportion of net assets measured at fair value. If the acquisition costs are lower than the fair value of the net assets of the purchased subsidiary, the difference is recorded directly in the income statement.

No subsidiaries were purchased or sold in the financial year 2014.

Internal transactions, balances as well as unrealized profits and losses from transactions between Group companies are eliminated. The accounting and valuation methods of subsidiaries were changed, wherever required, in order to ensure consistent accounting across the Group.

2.4 Segment reporting

As defined by IFRS 8, a segment is part of a company that engages in business activities from which it may earn income and incur expenses, whose operating results are reviewed regularly by the entity's chief operating decision-maker (Management Board) in making decisions about the allocation of resources to the segment and to measure its performance, and for which relevant financial information is available.

zooplus Group's sole business activity is the sale and distribution of pet supplies. The range of products distributed by the company is homogenous and cannot be sub-divided. As an Internet retailer, the company distributes its products from 3 locations (4 locations from March 2015), independently of the geographic location of the customers. All key corporate processes are defined on a pan-European basis. Suppliers, brands and price structures apply Europe-wide. For this reason, the Management Board manages the company based on the key figures of the business as a whole. The business is not split into segments. Consequently the company does not provide or produce any segment-oriented reports.

No individual customers account for more than 10 % of total sales.

The breakdown of sales by country and product group is discussed in Note 22. The Group's main non-current assets are all held by zooplus AG in Germany.

2.5 Foreign currency conversion

2.5.1 Functional currency and reporting currency
The items contained within the financial statements of every Group company are measured using the currency which represents the primary commercial currency in the environment in which the company operates (functional currency). The consolidated financial statements are prepared in euros, and this is also the reporting currency of zooplus AG.

2.5.2 Transactions and balances

Foreign currency transactions are converted using the exchange rates at the time of the transaction or at the time of valuation for revaluations in the functional currency. Profits and losses resulting from the execution of such transactions as well as from the translation of foreign currency denominated monetary assets and liabilities, are recorded in the income statement unless they are to be recorded in equity as qualified cash flow hedges and qualified net investment hedges. There were no net investment hedges in the financial year 2014.

Foreign currency gains and losses which result from the translation of cash and cash equivalents and financial liabilities as well as other foreign currency gains and losses, are recognized in the income statement under "Other income and expenses".

2.5.3 Group companies

The results and balance sheet items of all Group companies (excluding those from high inflation countries) that have a different functional currency to the euro are translated into the euro as follows:

- Assets and liabilities are translated using the exchange rate on the reporting date for every balance sheet date.
- Income and expenses in the income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effects of the rates prevailing on the transaction dates in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognized as a separate item within other reserves in equity.
- Goodwill and adjustments to fair value arising from the acquisition of foreign companies are treated as assets and liabilities of the foreign company and translated at the exchange rate on the balance sheet date. All resulting exchange differences are recognized in equity.

2.6 Property, plant and equipment

Property, plant and equipment largely encompasses operating and business equipment, hardware and leasehold improvements. Property, plant and equipment is carried at cost less cumulative scheduled depreciation and / or cumulative impairment losses. The costs of property, plant and equipment comprise the costs directly attributable to the purchase that are incurred when the asset is put into an operational condition. Reductions in the purchase price such as rebates, volume and early payment discounts are deducted from the purchase price.

Subsequently cost is only recorded under part of the cost of the asset or, if relevant, as a separate asset when it appears likely that economic benefits will come to the Group from them in the future and the costs of the asset can be reliably determined. All ongoing repair and maintenance costs are entered in the period during which they are incurred and recognized in profit or loss.

Cost does not include any borrowing costs, as no borrowing costs that can be capitalized in line with IAS 23 were incurred. Advance payments made for property, plant and equipment not yet supplied or taken delivery of are recognized under property, plant and equipment.

Depreciation is calculated using the straight-line method, although acquisition costs are depreciated over the expected useful life to the residual value as follows:

- Operating and business equipment 3-10 years
- Hardware 3-7 years
- Leasehold improvements 5-8 years

Both residual carrying amounts and useful lives are reviewed on every balance sheet date and adjusted as necessary. In line with IAS 36, the carrying amount of an asset is written off as soon as it is above the recoverable amount of the asset.

Gains and losses from disposals of property, plant and equipment are determined as the difference between sales proceeds and the carrying amount of the item and are recognized through profit or loss in other income and other expenses.

2.7 Intangible assets

2.7.1 Goodwill

Goodwill is created from purchasing subsidiaries and represents the excess from the compensation transferred for the acquisition of the company above and beyond the fair value of the Group's share in the acquired identifiable assets, the debts taken over, the contingent liabilities and all non-controlling interests of the acquired company on the acquisition date.

Annual checks are made of whether an impairment in the goodwill has occurred. If there is an indication that an impairment may be possible, impairment tests are conducted more regularly. The carrying amount of the goodwill is compared with the recoverable amount, i.e. with the higher of the fair value less costs to sell and the value in use. An impairment is recognized as an expense immediately and not reversed in subsequent reporting periods. There was no goodwill as of the balance sheet date.

2.7.2 Software licenses

Purchased software licenses are capitalized based on the acquisition costs incurred on purchase as well as for the preparation of the software for its intended use. These costs are amortized on a straight line basis over the estimated useful life of 3 to 5 years. Subsequent to this, measurement is carried out at cost less accumulated amortization and impairments.

2.7.3 Software developed in-house
Expenses for internally generated intangible assets are recognized in income in the period in which they are incurred, except in the case of development costs that can be capitalized. Development costs from individual projects are only capitalized as intangible assets if the following criteria are fulfilled:

- The completion of the software products is technically viable.
- The management has the intention and ability to use or sell the software product.
- It can be proved that the software product will likely provide commercial benefits in future.
- Sufficient technical, financial and other resources are available to complete the development and use or sell the software product.
- The expenses attributable to the software product during its development can be reliably valued.

The costs directly attributable to the software product include the personnel costs for the employees involved in the development as well as an appropriate part of the corresponding overheads.

Expenses for development that do not fulfill these criteria are recorded as expense in the period in which they are incurred. Development costs already recorded as expenses are not capitalized in a subsequent period.

Capitalized development costs for software are amortized using the straight-line method over their estimated useful life (maximum of three years).

2.8 Impairment of non-financial assets

Assets with an indefinite useful life, such as goodwill, are not subject to regular depreciation or amortization; they are tested for impairment on an annual basis. Assets subject to scheduled depreciation or amortization are tested for impairment if relevant events or changes to circumstances indicate that the carrying amount might no longer be recoverable. An impairment loss is recorded in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of fair value less sales costs and value in use. For the purpose of assessing impairment, assets are pooled at the lowest level for which separate cash flows can be identified (CGUs). With the exception of goodwill, non-monetary assets, for which impairment losses were recognized in the past, are to be checked as of each balance sheet date to determine whether a reversal of the impairments up to the amortized cost is required.

2.9 Financial assets

2.9.1 Classification
Financial assets are divided into the following categories: (a) financial assets valued at fair value through profit or loss, (b) loans and receivables and (c) financial assets available for sale. The classification depends on the respective purpose which the financial asset was purchased for. The management determines the classification of the financial asset on initial recognition.

2.9.1.1 Assets valued at fair value through profit or loss

Assets valued at fair value through profit or loss are financial assets held for trading purposes. A financial asset is allocated to this category if it was primarily purchased with the purpose of selling it in the short term. Derivatives are also classified in this category, unless they qualify as hedges. Assets in this category are reported as current assets if the realization of the asset is expected within twelve months. All other assets are classified as non-current. In the financial years 2013 and 2014, there were no financial assets of the category.

2.9.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or ascertainable payments that are not traded in an active market. They are classified as current assets if their maturity does not exceed twelve months after the balance sheet date. If the latter is the case, they are recognized as non-current assets. The loans and receivables of the Group are reported in the balance sheet under "Accounts receivable and other receivables" (Note 2.14).

2.9.1.3 Financial assets available for sale

Financial assets available for sale are non-derivative financial assets which are allocated to this category or none of the other categories presented. They are classified as non-current assets if the management does not have the intention of selling them within twelve months of the balance sheet date and the asset does not mature within this period. In the financial years 2013 and 2014, other non-current financial assets were allocated to this category.

2.9.2 Recognition and measurement

Regular purchases or sales of financial assets are recognized on the day of trading on which the Group commits to the purchase or sale of the asset. Financial assets that do not belong to the category "valued at fair value through profit or loss" are initially carried at their fair value plus transaction costs. Financial assets that belong to this category are initially carried at their fair value; corresponding transaction costs are recognized in income. Financial assets are derecognized if the rights to payments from the financial assets have expired or been transferred and the Group has largely transferred all risks and opportunities connected with the ownership. Financial assets available for sale and assets "valued at fair value through profit or loss" are measured at fair value after their initial recognition. Loans and receivables are recognized at amortized cost by applying the effective interest method.

Profits or losses from financial assets "valued at fair value through profit or loss" are recognized in income during the period of their occurrence. Dividend income from financial assets "valued at fair value through profit or loss" is recorded in profit or loss when the rights of the Group become valid.

Changes in the fair value of monetary and non-monetary securities denominated in a foreign currency and classified as being available for sale are broken down into exchange differences from changes in amortized cost (recognized through profit or loss) and other changes to the carrying amount (not recognized through profit or loss). The exchange differences from monetary securities are recognized through profit or loss, while the exchange differences from non-monetary securities are recorded in other earnings. Changes in the fair value of the monetary and non-monetary securities which are classified as available for sale are recognized in other earnings.

If securities which are classified as available for sale are sold or subject to an impairment, the accumulated value changes of the fair value previously recognized in equity are recognized through profit or loss in the income statement as "Gains / losses from securities".

2.10 Offsetting of financial instruments

Financial assets and liabilities are only offset and recognized as a net amount on the balance sheet if there is a legal claim to offset and the intention is to either settle on a net basis or settle the liability with the utilization of the asset in question.

2.11 Impairment of financial instruments

2.11.1 Assets measured at amortized cost
On every balance sheet date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An impairment only exists for a financial asset or a group of financial assets if, on the back of one or more occurrences which have taken place after the initial recognition of the asset (a "loss-entailing event"), there is an objective indication of an impairment and that this damage event (or events) has a reliably assessable effect on the expected future cash flows of the financial asset or the group of financial assets.

Objective indications of an impairment could be the following: Indications of financial difficulties of a customer or a group customers, the non-adherence or non-payment of interest or capital amounts, the probability of being declared insolvent or being subject to a different type of financial restructuring, and identifiable facts which indicate a measurable reduction in the estimated future capital flows, such as unfavorable changes in the payment situation of the borrower or the economic situation which would indicate delay in performance.

In the category loans and receivables, the amount of the impairment loss is calculated as the difference between the carrying amount of the asset and the present value of the expected future cash flows (with the exception of future, not yet suffered defaults) discounted at the financial asset's original effective interest rate. The asset's carrying amount is reduced and the impairment loss is recognized in profit or loss. If a loan, a receivable has a variable interest rate, the discount rate used for measuring the impairment loss corresponds with the current effective interest rate determined in the contract. For practical reasons, the Group measures the impairment of a financial asset recognized at amortized cost based on the financial instrument's fair value using an observable market price.

If the amount of the impairment decreases in a subsequent period and this reduction results from circumstances which have occurred after the initial recognition of the impairment (for instance an improved rating), the write-up is recognized in profit or loss.

2.11.2 Assets which are classified as available for sale

On every balance sheet date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of debt instruments, criteria from (2.11.1) are used. In the case of equity instruments which are classified as financial assets available for sale, a substantial or continuous fall in the fair value below the acquisition cost of these equity instruments is seen as an indicator that the equity instruments are impaired. If an indication of this type exists for assets available for sale, the accumulated loss – measured as the difference between the acquisition costs and the current fair value less impairment losses previously recorded for the financial asset in question – is derecognized from equity and recognized in the income statement. Impairment losses on equity instruments once recognized in the income statement are not reversed in profit or loss. If in a subsequent period, the fair value of a debt instrument, which was classified as a financial asset available for sale, increases and this increase results from circumstances which have occurred after the initial recognition of the impairment, the write-up is recognized in profit or loss.

2.12 Derivative financial instruments and hedging

Derivative financial instruments are measured at their fair value as part of the initial measurement, which is to be attached to them on the date of conclusion of contract. Subsequent measurement is also made based on the fair value applicable on the respective balance sheet date. The method of recording profits and losses depends on whether the derivative financial instrument was designated as a hedging instrument and, if so, depending on the type of item hedged. The Group designates certain derivative financial instruments either as

- Hedging the fair value of a recognized asset, liability or fixed off-balance-sheet obligation (fair value hedge),
- Hedging against specific risks of fluctuating cash flows (cash flow hedge), which are connected with a recognized asset or recognized liability or an expected and highly probable future transaction, or
- Hedging a net investment in a foreign business (net investment hedge).

In the financial year 2014, there were neither fair value hedges nor net investment hedges.

When concluding the transaction, the Group documents the hedging relationship between the hedging instrument and the underlying transaction, the target of its risk management and the underlying strategy when concluding hedging activities. In addition, at the start of the hedging relationship and continuing subsequently, documentation of estimates is made about whether the derivatives used in the hedging relationship highly effectively offset the changes in the fair value or the cash flows of the underlying transaction.

The fair values of the various derivative financial instruments, which are used for hedging purposes as well as the movements of reserves for cash flow hedges, are outlined in the information on derivative financial instruments in Note 13.

The fair value of derivative financial instruments designated as hedging instruments is disclosed as a non-current asset or non-current liability, to the extent that the remaining term of the hedged underlying transaction exceeds twelve months after the balance sheet date, or as current asset or liability if the remaining term is shorter. Derivative financial instruments held for trading purposes are disclosed as current assets or liabilities.

Cash flow hedges
The effective portion of changes to the fair value of derivatives, which are intended for hedging the cash flow and which can qualify as cash flow hedges, is recognized in other comprehensive income. In contrast, the ineffective portion of such changes in value is directly reported in the income statement under "Other income / expenses".

Amounts entered in equity are reclassified to the income statement and reported as income or expense in the period in which the hedged underlying transaction is reported in profit or loss (e.g. at the point at which a hedged future sale occurs). However, if a hedged future transaction results in the recognition of a non-financial asset (e.g. inventories or property, plant and equipment) or a non-financial liability, the profits and losses that were previously recognized in equity are included in the initial measurement of the cost of the asset or liability. The deferred amounts in the case of the inventories are finally recognized in cost of materials and in depreciation / amortization in the case of property, plant and equipment.

When a hedging agreement expires, is sold or no longer fulfills the criteria for recognition as a hedging transaction, the profit or loss accumulated in equity up to this point remains in equity and is only recognized through profit or loss in the income statement if the originally hedged future transaction occurs. If the occurrence of the future transaction is no longer expected, the profits or losses accumulated in equity are to be immediately reclassified in the income statement.

2.13 Inventories

Raw materials, consumables and operational supplies as well as items for resale are measured at the lower of costs of purchase and net realizable value. Costs of purchase are the purchase price plus incidental acquisition costs less reductions to the acquisition price, and do not contain any borrowing costs. The net realizable value is the estimated selling price in the ordinary course of business less the variable costs necessary to realize the sale. The cost for inventories also contains profits or losses from qualified cash flow hedges transferred from equity and relating to the purchase of raw materials. Inventories are subject to the average cost method.

2.14 Accounts receivable

Accounts receivable are due amounts from goods sold and services provided during the course of normal business activities. If the prospective receipt of payment is expected in one year or less than one year, the receivables are classified as current. Otherwise they are recognized as non-current receivables.

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method and deducting impairments. An impairment on accounts receivable is recognized if there are objective indications that the due amounts receivable are not completely collectable (e.g. for payment delays, insolvency of customers). Impairments on accounts receivable are recorded via a separate allowance account. These are derecognized at the same time as the corresponding impaired receivable.

The carrying amounts of the accounts receivable generally correspond with their market values, taking into account impairments, due to their short-term nature.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, other current highly liquid financial assets with an original maximum term of three months and overdrafts. On the balance sheet, overdrafts are shown as "Liabilities to banks" under current financial liabilities.

2.16 Equity

Ordinary shares are classified as equity. Costs that are directly attributable to the issue of new shares or options are recognized in equity on a net basis after taxes as a deduction from the issue proceeds.

If the Group acquires its own shares, these are recorded at cost of purchase and deducted from equity. The purchase, sale, issue or withdrawal of own shares are not recognized in income. Any differences between the carrying amount and compensation are recorded under other capital reserves. The Group did not hold any treasury shares during the financial year.

2.17 Accounts payable and other liabilities

Financial liabilities are divided into the following categories:

Financial liabilities valued at fair value through profit or loss:

- Liabilities valued at fair value through profit or loss are financial liabilities held for trading purposes. A financial asset is allocated to this category if it was primarily purchased with the purpose of selling it in the short term. Derivatives are also classified in this category, unless they qualify as hedges. Liabilities in this category are reported as current liabilities if the fulfillment of the liability is expected within twelve months. All other liabilities are classified as non-current. In the financial years 2013 and 2014, there were no financial assets of the category.

Financial liabilities valued at amortized cost (FLAC); this includes accounts payable and other liabilities:

- Accounts payable are payment obligations for goods and services purchased as part of the normal course of business. The liabilities are classified as current liabilities if the payment obligation is due within one year or less. Otherwise they are recognized as non-current liabilities. Accounts payable and other liabilities are measured at fair value on initial recognition. Subsequent measurement is made at amortized cost by applying the effective interest method.

"Derivatives designated as hedge transactions and effective as such" are not assigned to a category in line with IAS 39.

2.18 Financial debt

Loan liabilities are classified as current liabilities if the Group does not have the unconditional right to settle the liability at a time at least twelve months after the balance sheet date. The initial recognition is made at fair value less transaction costs, while in subsequent periods they are measured at amortized cost using the effective interest method.

2.19 Borrowing costs

Borrowing costs that can be allocated directly to the purchase, construction or production of a qualified asset, are capitalized as part of the cost of this asset until all work is generally completed in order to prepare the asset for its intended use or sale. A qualified asset is an asset which requires a substantial amount of time to render it usable or saleable.

In determining the amount of borrowing costs eligible for capitalization during a period, any investment income earned from investments and temporarily invested until the use for the qualified asset, is deducted from the borrowing costs incurred. Other borrowing costs are recognized as expenses in the period in which they are incurred.

No capitalized borrowing costs currently exist.

2.20 Current and deferred taxes

The tax expenses for the period are made up of current and deferred taxes. Taxes are recognized in the income statement unless they relate to items which are directly recorded in equity or in other earnings. If this is the case, the taxes are also recognized in equity and in other earnings.

Current tax expenses are calculated using the tax laws of the countries in which the subsidiaries operate and generate the taxable income applicable on the balance sheet date (or due to come into force). The management regularly checks tax declarations, primarily in relation to matters which leave scope for interpretation, and forms, if appropriate, provisions based on the amounts that are expected to be paid to the financial authorities.

Deferred taxes are to be taken into account for all temporary differences between the tax base of the assets / liabilities and their carrying amounts in the IFRS consolidated financial statements as well as for losses carried forward (so-called liabilities method). However, if in the course of a transaction which is not a business combination a deferred tax asset from the initial recognition of an asset or a liability arises which at the time of the transaction affects neither the accounting nor the taxable profit or loss, the deferred tax asset or liability is neither recognized at the date of initial recognition nor afterwards.

Deferred tax assets are only recognized to the extent that taxable profits are likely against which the temporary difference or deferred tax liabilities can be offset.

Deferred tax liabilities and receivables arising from taxable temporary differences connected with shareholdings in subsidiaries are carried unless the timing for reversing the temporary differences can be controlled by the Group and it is likely that the temporary differences will not be reversed in the foreseeable future due to this influence.

Deferred taxes are measured using the tax rates (and regulations) that are already in effect on the reporting date, or that have been substantially adopted into law as of that date and are expected to become effective by the time the deferred tax credits are realized or deferred tax liabilities are settled.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset and if the deferred tax assets and liabilities relate to income taxes which are to be collected by the same tax authority for either the same taxable entity or different taxable entities which intend to settle on a net basis.

2.21 Employee benefits

2.21.1 Termination benefits

Benefits coming about from the termination of the employment relationship are paid if the employment contract is terminated before an employee reaches the normal pension age or if an employee volunteers to terminate the employment contract in exchange for compensation. The Group records compensation when it can be proven that it is obligated to terminate the employment relationship with the current employee in accordance with a detailed formal plan which cannot be reversed, or if it can be proven that it is obligated to pay compensation to an employee who voluntarily terminates the employment relationship. Benefits that are due more than twelve months after the balance sheet date are discounted to their present values.

2.21.2 Bonus plans

For bonus payments, a liability and an expense are recognized based on a measurement method. A provision is recognized under liabilities in the consolidated financial statements in cases involving a contractual obligation or when a factual obligation is created due to past business activities.

2.21.3 Share-based remuneration

A portion of Group employees and the Management Board receive a share-based remuneration in the form of equity instruments or cash.

The expenses that arise as a result of granting equity instruments are measured at the fair value of the instruments on the date they are granted. The fair value is identified using a suitable option price model. During this measurement, the only conditions that apply, if any, are those linked to zooplus AG's share price ("market conditions"), other performance-related conditions for exercising the option are also considered.

Expenses arising from granting equity instruments are recorded with an accompanying corresponding increase of the equity over the period in which the performance and / or service conditions are fulfilled. This period ends at the time from which the employee has an irrevocable right to exercise the option. The accumulated expenses from granting the equity instruments reflect, at every reporting date up to the time when the option may first be exercised, the elapsed part of the period between granting and exercising of the option as well as the Group's best estimate of the quantity of equity instruments that become vested. The amount that is debited or credited to the income statement reflects the development of the accumulated expenses at the beginning and at the end of the reporting period.

For cash-settled transactions, Group liabilities resulting from service provision are recognized as expense at fair value on the date of service provision by the beneficiary. The fair value is identified using a suitable option price model. During this measurement, the only conditions that apply, if any, are those linked to zooplus AG's share price ("market conditions"), other performance-related conditions for exercising the option are also considered. Until the liability has been settled, the fair value of the liability is remeasured on every reporting date and all changes to the fair value recorded through profit or loss.

No expenses are recognized for remuneration rights that cannot be exercised. This does not include transactions with compensation via equity instruments for which specific market or non-exercise conditions have to be fulfilled in order that these can be exercised. Irrespective of whether the market or non-exercise conditions have been fulfilled, these are regarded as being exercisable if all other performance and service conditions have been met.

2.22 Provisions

Provisions are formed if the Group (a) has a current legal or factual obligation resulting from a past event, (b) it is more likely than not that the settlement of the obligation will lead to an impact on assets, and (c) the size of the provision can be reliably determined. No provisions are recorded for future operating losses.

If a number of similar obligations exist, such as in the case of the legal warranty, the probability of an impact on assets is determined on the basis of the group of these obligations. A provision is recognized under liabilities if the probability of an impact on assets in relation to an individual obligation contained within this group is low.

Provisions are measured at the present value of the expected expenses, with a pre-tax interest rate, which takes into account the current market expectations with regards to the interest rate effect as well as the risks specific to the liability, forming the basis. Increases in provisions resulting exclusively from the compounding of interest are recorded in profit or loss in the income statement as financial expenses.

2.23 Sales recognition

Sales are measured at the fair value of the consideration received or receivable. Income is recorded when it is sufficiently probable that the financial benefits will flow to the Group and the amount of the sales can be reliably determined. Income is recognized at the fair value of the compensation less any bonuses and discounts granted as well as value added tax or other levies.

When goods are sold, sales are recognized if the delivery was performed and the risks have been transferred to the purchaser. Sales arising from the sale of goods are recognized at net value, i.e. after the deduction of VAT, returns, early payment and volume discounts and rebates. It is common Group business practice that the purchaser has the right to return the goods within 14 days. Goods returned by customers are deducted from sales.

The Group runs its own loyalty program, allowing customers to collect bonus points with every purchase. Once a certain minimum number of points have been collected, the customer can then redeem these points for goods. The compensation received is apportioned to the goods sold and bonus points awarded, with the apportionment of the compensation to the points depending on their fair value. The fair value of the bonus points is determined based on the sales price of the various products offered as rewards. The fair value of the awarded bonus points is deferred and recognized as sales only when the bonus points are redeemed.

The Group offers its customers the opportunity to receive discounts over a contractually agreed period by purchasing a “zooplus saving plan”. The income generated from sales of the saving plan is deferred over the validity period of the individual saving plans.

For the provision of services, sales are recognized at the point in time at which the service was provided. Services mainly comprise industry specific bonuses, advertising income and the provision of advertising space.

The Group has carried out an assessment of its business relations to determine whether it takes the role of principal or intermediary. The Group determined that it acts as the principal in all its sales transactions.

2.24 Financial income

Interest is recognized at the time of accrual and reported in the income statement under financial income.

2.25 Leases

Whether an agreement is or includes a lease depends on the financial aspects of the agreement which in turn requires an estimate whether the fulfillment of the contractual agreement is dependent upon the use of a particular asset and whether the agreement includes a right of use for this asset.

Finance leases, for which all risks and opportunities connected with the property at the leasing real estate with respect to the transferred asset are assigned to the Group (lessee), did not exist during 2013 or 2014.

Lease payments for operating leases for which all significant risks remain with the lessor are included as costs in the income statement subject to straight-line depreciation over the term of the lease.

2.26 Business transactions after the balance sheet date

Business transactions that occurred before the balance sheet date but become known after the balance sheet date will be accounted for in the consolidated financial statements. Significant transactions in relation to which financial consequences arise after the balance sheet date are explained.

3. Financial risk management

3.1 Financial risk factors

Due to its business activities, the Group is exposed to various financial risks: market risk, credit risk and liquidity risk. The Group and its product range are in competition with other providers.

The risk management of the Group is focused on unforeseeable developments on the financial markets and aims to minimize the potential negative impacts on the financial situation of the Group. The Group uses derivative financial instruments in order to hedge against specific risks.

Risk management is carried out by the central finance department in line with the guidelines agreed by the Management Board. The Group finance department identifies, assesses and hedges financial risks in close cooperation with the Group's operating units. The Management Board stipulates both the principles for the common risk management and the guidelines for specific areas, such as dealing with foreign currency risk, interest rate and credit risk, the use of derivative and non-derivative financial instruments as well as the investment of excess cash.

3.1.1 Market risk

3.1.1.1 Currency risk

The Group operates internationally and as a result it is subject to currency risks based on changes in the exchange rate of various foreign currencies, mainly the US dollar, British pound, Czech koruna, Polish zloty, Swiss franc, Swedish krona and Danish krone. The risks in US dollar stem from purchases made in Asia.

Currency risks occur from expected future transactions, recognized assets and liabilities. The management has enacted a guideline which stipulates how the currency risk should be managed in relation to the functional currency. To hedge foreign currency risks from expected future transactions as well as recognized assets and liabilities, the Group uses forward exchange transactions which are concluded by the Group's finance department. The Group is increasingly attempting to limit these currency risks by buying products locally in foreign currency zones. Exchange-rate risks occur if future business activities or recognized assets or liabilities are recorded in a different currency than the company's functional currency. The Group's risk management policy plans hedging of between 0 % and 70 % of the expected transactions within the next twelve months (mainly export sales and purchases of inventory). The expected sales and purchases which are to be carried out using hedging instruments correspond with the hedge accounting criteria of the "highly probable" forecast transaction.

IFRS 7 requires sensitivity analyses when presenting market risks, with these analyses presenting the effects of hypothetical changes to the relevant risk variables on profit / loss and equity. The following representation is one-dimensional and does not take into account the feedback effects in international purchasing as well as on the manufacturer's side. In addition, effects of taxation are not taken into account. The table shows the positive and negative effects if the Euro were to gain or lose 10 % of its value compared to the other currencies presented, to the extent that all other variables remain constant. The effects break down as follows:

Currency in kEUR	1 Euro = 1 MU FC Exchange rate as of December 31, 2014	Effect on consolidated net result for +10 %	Effect on consolidated net result for -10 %	Effect on other reserves for +10 %	Effect on other reserves for -10 %
USD	1.2155	14	-17	-2,253	2,981
GBP	0.7825	21	-26	0	0
PLN	4.2963	-10	12	0	0
CZK	27.6883	-10	13	0	0
DKK	7.4443	-17	21	0	0
CHF	1.2027	-10	12	0	0
SEK	9.4804	-11	14	0	0
TRY	2.8218	2	-3	0	0

Gains / losses from currency conversion resulting from accounts payable and receivable based on a foreign currency impact the consolidated net result, while changes to the fair value of forward exchange transactions from effective cash flow hedges impact other reserves.

3.1.1.2 Interest rate risks

The Group currently only uses overdrafts and current money-market loans with variable interest rates. Interest rate risks exist if the current level of interest rates increases. No hedges have been put in place for the interest rate risk, as the impacts are regarded as minor, and as a result no interest rate sensitivity is stated. The company is not planning any borrowing in the financial year 2015.

3.1.2 Credit risk

Credit risk is defined as the risk that a business partner will not be able to fulfill its obligations as part of a financial instrument or customer contract which in turn leads to a financial loss for the Group. The maximum extent of the credit risk of zooplus Group is equal to the carrying amounts of accounts receivable as well as other receivables. There are no credit concentration risks.

Credit limits are set for all customers based on internal risk classification characteristics. Outstanding receivables from customers are monitored regularly. In order to reduce credit risk, impairments are made based on past experience in line with maturity bands. Receivables are written down where a debt collection agency has proved unable to collect the debt, or a customer has applied for individual insolvency, or as a result of the statute of limitations. In addition, accounts receivable are sold after the debt recovery processes has finished. After their sale, none of the risks and opportunities connected with the receivables remain with the Group.

For the Group’s other financial assets such as cash or cash equivalents, the maximum credit risk corresponds to the carrying amount of an asset in the case of a default by the debtor concerned.

3.1.3 Liquidity risk

The Group constantly monitors the risk of liquidity bottlenecks via liquidity planning. The latter takes into account cash inflows and outflows from financial assets as well as anticipated payments from operating business. The cash flow forecasts are produced on individual company level and compiled at Group level.

The Group aims to preserve a balance between constantly covering its liquidity requirements and ensuring flexibility through the use of overdrafts and loans. Sometimes, zooplus employs cross-national cash pooling techniques for effective liquidity management within the Group. Where appropriate, remaining short-term liquidity peaks are balanced by the use of overdrafts. On the date that these consolidated financial statements were prepared, unused lines of credit worth EUR 28 m were available at three banks operating independently of one another. Moreover, the Group has access to sufficient cash and cash equivalents due to the cash inflow from the funds generated by the capital increase in 2014. As a result, the Group does not currently have any liquidity risks.

The following table shows the financial liabilities and derivative financial liabilities of the Group in maturity groupings, based on the remaining maturity on the balance sheet date and relating to the contractually agreed undiscounted cash flows.

in kEUR	Up to 3 months	3 months up to 1 year	Over 1 year
As of December 31, 2014			
Financial liabilities	0	0	0
Accounts payable	23,393	0	0
Other liabilities (financial instruments pursuant to IFRS 7)	3,333	0	0
Derivative financial instruments (gross settlement)			
Cash outflow	0	0	0
Cash inflow	0	0	0
As of December 31, 2013			
Financial liabilities	13,000	0	0
Accounts payable	16,249	0	0
Other liabilities (financial instruments pursuant to IFRS 7)	2,914	0	0
Derivative financial instruments (gross settlement)			
Cash outflow	5,202	0	0
Cash inflow	5,112	0	0

3.2 Capital management

The objectives of the Group with respect to capital management are mainly on maintaining and ensuring an optimal capital structure for reducing capital costs, in generating liquid funds and in actively managing working capital as well as adhering to financial covenants.

The company is not subject to any statutory capital requirements. External minimum capital requirements exist in line with Section 92 AktG, adherence to which is checked as part of the preparation of the annual and interim financial statements and which were fulfilled in the financial year 2014.

The Group controls its capital structure based on the equity ratio and undertakes the relevant adjustments if deemed necessary, taking the change in the underlying economic conditions into account. Unchanged from 2013, the Group's strategy in 2014 was to maintain the equity ratio of at least 25 %. At the end of the financial year 2014, the Group's equity ratio totaled 62 % compared to 44 % in the previous year.

in kEUR	2014	2013
Equity	86,193	36,713
Total capital	138,555	83,717
Equity ratio in %	62	44

3.3 Determining fair value

The following table shows financial instruments which are measured at fair value, analyzed according to the levels of the fair value hierarchy. The different levels are as follows:

- Level 1: Non-adjusted quoted prices on active markets for identical assets and liabilities
- Level 2: Directly or indirectly observable input factors which cannot be categorized as level 1
- Level 3: Non-observable input factors

The following table shows the assets and liabilities that are measured at fair value as of December 31, 2014.

in kEUR	Level 1	Level 2	Level 3
Assets			
Derivative financial instruments as hedging instruments	0	2,302	0
Liabilities			
Derivative financial instruments as hedging instruments	0	0	0

The following table shows the assets and liabilities that are measured at fair value as of December 31, 2013.

in kEUR	Level 1	Level 2	Level 3
Assets			
Derivative financial instruments as hedging instruments	0	0	0
Liabilities			
Derivative financial instruments as hedging instruments	0	79	0

No recategorizations were made between the respective levels during the reporting period. If circumstances occur which make a different categorization necessary, recategorizations are made on a quarterly basis.

The fair value of financial instruments which are traded on the active market is based on the market price trading on the balance sheet date. A market is regarded as active when listed market prices are easily and regularly available on the stock market, from a trader, broker, an industry group, a pricing service or a supervisory body and these market prices correspond to current and regular transactions between third parties. For assets held by the Group, the appropriate quoted market price corresponds with the buying price offered by the buyer.

The fair value of the financial instruments that are not traded on an active market (e.g. over the counter derivatives) is determined using a valuation method. The fair value is therefore estimated based on the results of a valuation method which is based to the greatest extent possible on market data and as little as possible on company-specific data. If all data required for the fair value is observable, the instrument is allocated to level 2. If one or more of the important pieces of data is not based on observable market data, the instrument is assigned to level 3.

Specific measurement methods used for the measurement of financial instruments include present value models based on market data valid on the balance sheet date.

4. Significant estimates and discretionary decisions

Preparing the consolidated financial statements requires the management to make estimates and assumptions which directly impact income, expenses, assets and liabilities on the balance sheet date as well as the disclosure of contingent liabilities. However, the uncertainties associated with these assumptions and estimates could lead to results which might substantially affect the carrying amounts of the aforementioned items in future periods. Compared to the previous year, no changes were made to the assumptions or estimates.

The most important forward-looking assumptions and other key sources of estimating uncertainties which exist on the balance sheet date and as a result of which a risk exists that will make an adjustment to the carrying amounts of assets and liabilities necessary during the next financial year are discussed below.

Accounts receivable

The company applies age structure time bands to determine impairments on accounts receivable. The overdue time bands are impaired by a percentage between 10 % and 100 % based on past empirical data.

As of December 31, 2014 and 2013, the impairment for accounts receivable totaled EUR 4.4 m and EUR 4.1 m respectively.

Loyalty program

The measurement of obligations from the loyalty program is based on various estimates. In accordance with IFRIC 13 "Customer Loyalty Programs", the fair value of the distributed but not yet redeemed bonus points is deferred. The fair value of a bonus point is determined based on the sales price of the various products offered as rewards. The fair value of bonus points that are no longer likely to be used is not deferred. Estimates of how many bonus points are unlikely to be redeemed in the future are based on the previously observed redemption rate, while also taking into account the current participation conditions of the loyalty program. Assumptions and related methods for estimating the measurement of the loyalty program are presented in Note 20.

Share-based remuneration

The costs that arise as a result of granting equity instruments and from cash-settled share-based payment to employees are measured at the fair value of the granted instruments on the date they are granted. The most suitable measurement method must first be determined by estimating the fair value of share-based payment; This is dependent on the granting conditions. For this estimation, suitable input parameters in this measurement process are required, primarily including aspects such as likely maturity period, volatility and dividend yield as well as corresponding assumptions. Assumptions and related methods for estimating the fair value of share-based payments are presented in Note 16.

Deferred tax

Deferred tax assets are to be created for all unused tax losses carried forward insofar as it is probable that adequate taxable income will be generated in the future so that the tax losses carried forward can be utilized. When identifying the amount of deferred tax assets that can be capitalized, the management must exercise discretion with regard to the anticipated date of occurrence and the amount of the future taxable income and also the future tax planning strategies.

The Group has corporation tax losses carried forward totaling EUR 14.0 m (previous year: EUR 20.4 m) as well as trade tax losses carried forward totaling EUR 13.2 m (previous year: EUR 19.7 m). As a result of the consolidated net profit in 2014 as well as the positive earnings development based on the future corporate forecast and the existing opportunities to carry forward losses, the Management Board believes that it will be possible to use these losses carried forward in full. If actual results differ from the Management Board's expectations, this could have a negative impact on the net assets, financing position and results of operations. Further details on deferred taxes can be found in Note 8.

5. Property, plant and equipment

	in kEUR
Cost As of January 1, 2013	2,826
Additions	289
Foreign currency valuation	-3
Disposals	-117
As of December 31, 2013	**2,995**
Accumulated depreciation As of January 1, 2013	2,146
Additions	391
Foreign currency valuation	-1
Disposals	-72
As of December 31, 2013	**2,464**
Carrying amounts as of December 31, 2013	**531**

	in kEUR
Cost As of January 1, 2014	2,995
Additions	509
Foreign currency valuation	0
Disposals	-1,706
As of December 31, 2014	**1,798**
Accumulated depreciation As of January 1, 2014	2,464
Additions	283
Foreign currency valuation	1
Disposals	-1,706
As of December 31, 2014	**1,042**
Carrying amounts as of December 31, 2014	**756**

Property, plant and equipment consists exclusively of fixtures, fittings and equipment at the company's premises. There were no signs of impairment in line with IAS 36 on the reporting date as in previous years.

6. Intangible assets

in kEUR	Software developed in-house	Software / licenses	Goodwill	Advance payments	Total
Cost As of January 1, 2013	535	2,751	21	250	3,557
Additions	0	2,592	0	518	3,110
Foreign currency valuation	0	-2	0	0	-2
Reclassifications	0	452	0	-452	0
Disposals	0	-35	-21	0	-56
As of December 31, 2013	**535**	**5,758**	**0**	**316**	**6,609**
Accumulated depreciation As of January 1, 2013	479	919	21	0	1,419
Additions	56	247	0	0	303
Foreign currency valuation	0	-1	0	0	-1
Disposals	0	-15	-21	0	-36
As of December 31, 2013	**535**	**1.150**	**0**	**0**	**1,685**
Carrying amounts as of December 31, 2013	**0**	**4,608**	**0**	**316**	**4,924**

in kEUR	Software developed in-house	Software / licenses	Goodwill	Advance payments	Total
Cost As of January 1, 2014	535	5,758	0	316	6,609
Additions	0	4,175	0	1	4,176
Foreign currency valuation	0	0	0	0	0
Reclassifications	0	245	0	-245	0
Disposals	0	-819	0	-72	-891
As of December 31, 2014	**535**	**9,359**	**0**	**0**	**9,894**
Accumulated depreciation As of January 1, 2014	535	1,150	0	0	1,685
Additions	0	440	0	0	440
Foreign currency valuation	0	0	0	0	0
Disposals	0	-819	0	0	-819
As of December 31, 2014	**535**	**771**	**0**	**0**	**1,306**
Carrying amounts as of December 31, 2014	**0**	**8,588**	**0**	**0**	**8,588**

Intangible assets comprise concessions, industrial property rights and similar rights as well as licenses to such rights of which the remaining useful life is up to three years. During the financial year 2014, no amortization on development costs was recorded in the income statement (2013: kEUR 56). No development costs that can be capitalized were incurred during the financial year 2014. No research costs were generated.

The significant rise in software / licenses resulted from the implementation of a new transaction system for shop, order management and finance management as well as the corresponding expenses and internal labor that can be capitalized. There are no restrictions to the rights of disposal for the intangible assets. Furthermore no material intangible assets have been pledged as collateral for debts.

There were no signs of impairment on the reporting date.

7. Other financial assets

in kEUR	2014	2013
Interests in associated companies	48	48
Total	**48**	**48**

The interests in associated companies encompass:

- The wholly-owned subsidiary zooplus EE TOV, Kiev, Ukraine with equity of kEUR 10 and founded in the second quarter 2011
- The wholly-owned subsidiary zooplus Nederland B.V., Rotterdam, the Netherlands, which was founded in November 2012 with equity of kEUR 10
- The wholly-owned subsidiary zooplus d.o.o., Zagreb, Croatia, with equity of kEUR 3 and founded in February 2013
- The wholly-owned subsidiary Tifuve GmbH, Munich, Germany, with equity of kEUR 25 and founded in May 2013

These four companies did not conduct any business activities during the financial year and are therefore not included in the scope of consolidation due to their lack of importance. In accordance with IAS 39, the interests are classed as financial assets available for sale and recognized on the balance sheet at the cost of purchase, as no market prices exist for a publicly accessible market in this case and the fair value cannot be determined in another way. There is no intention of selling the interests.

8. Taxes on income

The significant components of income tax expense for the financial years 2014 and 2013 are as follows:

in kEUR	2014	2013
Actual taxes on income		
Current taxes on income	-1,551	-861
Deferred taxes on income		
from temporary differences	146	255
from losses carried forward	-2,135	-1,443
Total	**-3,540**	**-2,049**

In order to identify current taxes in Germany, a uniform corporation tax rate of 15 % (previous year: 15 %) is applied with a solidarity surcharge of 5.5 % (previous year: 5.5 %) to distributed and retained profits. In addition to corporation tax, trade tax was charged for the profits generated in Germany. Taking into account the possibility of deducting the trade tax as an operating expense, there is an average trade tax rate of 17.15 %. This results in a total tax rate in Germany of approx. 33 %. When calculating the deferred tax assets and liabilities, the tax rates are used that apply on the date the asset is realized or the liability is fulfilled. Deferred tax assets and liabilities are measured using the total tax rate of 33 %.

The calculation for converting the income tax to the product of the profit / loss for the reporting period and the Group tax rate for the financial years 2014 and 2013 is as follows:

in kEUR	2014	2013
Earnings before taxes (EBT)	**8,756**	**3,831**
Anticipated income tax expenses (32.98 %)	-2,887	-1,263
Deviation owing to the tax base used for trade tax	-82	-55
Deviation from the expected tax rate	-74	11
Losses carried forward without applying capitalized deferred taxes and impairments	-158	-321
Non-deductible expenses from stock options	-291	-287
Other non-deductible operating expenses	-27	-107
Income taxes relating to other periods	-25	-21
Other deviations	4	-6
Effective income tax expenses	**-3,540**	**-2,049**

Deferred taxes as of balance sheet data are as follows:

in kEUR	2014	2013
Deferred taxes		
Derivative financial instruments (passive) / (active in previous year)	-759	26
Long-term incentive	191	142
Inventories	272	175
Losses carried forward	4,471	6,606
	4,175	**6,949**

As of December 31, 2014, deferred taxes of EUR 2.3 m (previous year: EUR 4.6 m) are classified as non-current.

For 2014, deferred taxes as assets on losses carried forward and temporary differences were formed totaling EUR 4.2 m (previous year: EUR 6.9 m), as the Group anticipates tax gains in future. Overall within the Group, domestic corporation tax losses carried forward totaled EUR 14.0 m (previous year: EUR 20.4 m), domestic trade tax losses carried forward came in at EUR 13.2 m (previous year: EUR 19.7 m) while foreign trade tax losses carried forward totaled EUR 1.9 m (previous year: EUR 1.1 m). No deferred tax assets were formed on foreign losses carried forward totaling EUR 1.9 m (previous year: EUR 1.1 m).

No deferred tax liabilities were formed for temporary differences in connection with interests in subsidiaries.

As of December 31, 2014, tax liabilities existed totaling kEUR 2,001 (previous year: kEUR 770). These are made up of provisions for corporation taxes totaling kEUR 955 as well as provisions for trade taxes of kEUR 1,046 and largely relate to German income taxes.

9. Inventories

in kEUR	2014	2013
Raw materials, consumables and supplies	901	938
Goods	64,130	42,720
Total	**65,031**	**43,658**

Raw materials, consumables and supplies generally consist of packaging for the mail order trade. As of the balance sheet date, goods was impaired by kEUR 2,076 (previous year: kEUR 467). The company's inventories are used as security for securing the loans received.

10. Advance payments

These are payments made in advance for upcoming deliveries of goods to be added to inventory.

11. Accounts receivable

All accounts receivable have a remaining term of up to one year and are not subject to interest. As a rule they are due within 14 days. There are no restrictions on the rights to dispose over them. The company's accounts receivable are used as security for securing the loans received.

The age distribution of accounts receivable as of December 31 is as follows:

in kEUR	Acquisition costs	Not due and not impaired	Overdue and not fully impaired			Overdue and impaired
			< 30 days	30-90 days	> 90 days	
2014	16,453	9,317	2,038	392	57	4,649
2013	14,855	8,098	1,700	387	58	4,612

As of December 31, 2014, impairments totaling kEUR 4,402 (previous year: kEUR 4,070) were made. The company applies age structure time bands to determine impairments on accounts receivable. The overdue time bands are impaired by a percentage based on past empirical data. With regard to overdue but non-impaired receivables, there are no indications that the debtors will not fulfill their payment obligations.

The impairment account changed as follows:

in kEUR	2014	2013
As of January 1	4,070	3,655
Additions	2,087	1,846
Utilization	-1,755	-1,431
As of December 31	**4,402**	**4,070**

12. Other current assets

in kEUR	2014	2013
Creditors with net debit balance	8,264	6,855
VAT receivable	3,013	3,125
Others	1,837	934
Total	**13,114**	**10,914**

Creditors with net debit balance refers to claims against suppliers due to advertising and marketing campaigns as well as volume discounts carried out in the financial year, and these are recognized net taking into account liabilities towards suppliers. Before offsetting, claims against suppliers totaled EUR 11.6 m. In contrast, outstanding supplier invoices of EUR 3.3 m existed. All other current assets have a term of up to one year.

Financial instruments came in at EUR 9.3 m (previous year: EUR 7.3 m).

13. Derivative financial instruments

in kEUR	2014		2013	
	Assets	Liabilities	Assets	Liabilities
Forward exchange transactions – cash flow hedges	2,302	0	0	79

The derivative financial instruments held in hedge accounting are classified as current assets or liabilities, as the hedging horizon is less than one year. The derivative financial instruments refer to cash flow hedges for hedging the risk of foreign currency fluctuations from USD. The hedges use forward exchange transactions. No inefficiencies were detected in the hedging as of December 31, 2014.

The nominal amounts of outstanding forward exchange contracts totaled EUR 23.6 m as of December 31, 2014 (previous year EUR 5.2 m). The transactions hedged by the hedging activities in foreign currencies with a high probability of occurrence are expected to be realized at various points during the next nine months after the balance sheet date. Profits and losses of future agreements in foreign currencies as of December 31, 2014, which are reported in the hedging reserve in equity, are recorded in the income statement in the period in which the hedged, planned transaction becomes effective in the income statement (cost of materials). In general, this will occur in the next nine months.

As of December 31, 2014, the hedging reserve included the change of the fair value totaling kEUR 2,302 less deferred tax effects totaling kEUR -759, which corresponds to a total of kEUR 1,543. The hedging reserve as of December 31, 2013 totaling kEUR -53 (kEUR -79 less the deferred tax effects kEUR 26) was completely recognized in the income statement in the financial year 2014 due to transactions occurring.

14. Cash and cash equivalents

in kEUR	2014	2013
Bank balances	31,965	5,646
Cash on hand	1	1
Total	**31,966**	**5,647**

The increase is largely due to the successful placement of the capital increase from authorized capital in November 2014 with gross proceeds of EUR 37.5 m. Following the inflow of the proceeds from the capital increase, all liabilities to banks were reduced in the form of a short-term Euribor loan.

Bank balances are subject to variable interest for demand deposits.

In the previous year, the level of funds used to support the consolidated cash flow comprised the above-mentioned cash and cash equivalents less current overdraft liabilities. Cash flows from operating activities were prepared according to the indirect method. As of December 31, 2014, there were no current account liabilities.

15. Equity

Subscribed capital

The subscribed capital corresponds with zooplus AG's share capital and totals EUR 6,984,450.00 (previous year: EUR 6,101,639.00). It has been fully paid and comprises no-par bearer shares, each with a theoretical interest of EUR 1.00 in the share capital.

In the financial year 2014, zooplus AG's subscribed capital increased as a result of the allocation of 2,000 shares from Conditional Capital 2007 ⁄ I, the allocation of 270,772 shares from Conditional Capital 2010 ⁄ I as well as the allocation of 610,039 shares as part of a capital increase from Authorized Capital 2012, and therefore from EUR 6,101,639.00 by a total of EUR 882,811.00 to EUR 6,984,450.00.

Authorized capital

As a result of the resolution by the Annual General Meeting on May 22, 2012, the Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital on one or several occasions during the period until May 21, 2017 against cash or non-cash capital contributions by up to a total of EUR 2,440,160.00 (previous year: EUR 3,050,199.00) by issuing new, no-par value bearer shares with a notional interest in the share capital of EUR 1.00 per share (Authorized Capital 2012 ⁄ I).

The number of shares increased at the same ratio as the share capital. The capital increases can be made against cash and ⁄ or non-cash contributions. As a rule, shareholders are entitled to subscription rights. The new shares can also be taken over by one or more credit institutions or one or more similar institutions with the obligation to offer them to the shareholders for subscription (indirect subscription right).

Moreover, the Management Board is authorized, with the approval of the Supervisory Board, to remove shareholders' subscription rights in the following cases:

(1) to the extent it is required to exclude fractional amounts from the shareholders' subscription right;

(2) to the extent it is required in order to grant bearers of option rights and / or conversion rights, or option obligations and / or conversion obligations from bonds with option rights and / or conversion rights, or option obligations and / or conversion obligations issued by the company or a company in which the company holds a direct or indirect majority shareholding a subscription right or conversion option for new shares in the amount due to them after exercising option rights and / or conversion rights or fulfilling option obligations and / or conversion obligations as a shareholder; (3) to the extent that the new shares are issued against contributions in kind, particularly in the form of companies, parts of companies, shareholdings in companies or other assets; (4) to the extent that the new shares are issued against cash contributions, the issue price of the newly issued shares is not significantly below the market price of the already listed shares of the company of the same class at the time of the final determination of the issue price and the shares to be issued, under exclusion of the subscription right, in their proportionate amount attributable in total to the issued shares do not exceed 10% of the share capital existing on the first exercise of the authorization and at the time when this authorization becomes effective. The proportionate amount of the share capital of the company which is attributable to shares issued or sold during the period of this authorization, excluding the subscription right in direct, corresponding or mutatis mutandis application of Section 186 para. 3 sentence 4 AktG, is credited against this maximum amount, as is the proportionate amount of the share capital attributable to the shares which are issued or to be issued to serve the option rights and / or conversion rights or to fulfill the option obligations and / or conversion obligations from bonds, to the extent that the bonds were issued during the period of this authorization, excluding the subscription right in corresponding application of Section 186 para. 3 sentence 4 AktG.

The proportionate amount of the share capital attributable to the new shares, for which the subscription right according to the previous items or based on other authorizations is excluded during the period of this authorization, may not exceed 20% of the share capital either at the time it becomes effective or at the time that this authorization is exercised.

The Management Board is authorized to finalize further details regarding the capital increase and the conditions of the issuing of shares in conjunction with the Supervisory Board.

With the approval of the Supervisory Board, the Management Board passed a resolution on November 17, 2014 to increase the company's share capital by a nominal EUR 610,039.00 through a partial utilization of the Authorized Capital 2012 by issuing up to 610,039 new ordinary bearer shares with a notional interest in the share capital of EUR 1.00 per share. The capital increase was registered on November 19, 2014. After its partial utilization, authorized capital now totals EUR 2,440,160.00.

Conditional capital

The company's share capital was conditionally increased by EUR 6,700.00 (Conditional Capital 2007 / I) on the balance sheet date. Conditional Capital 2007 / I currently backs rights for the subscription of up to 6,700 no-par value bearer shares and serves to secure subscription rights from stock options for the company's employees. The conditional capital increase is only to be executed to the extent that the holders of the subscription rights issued as a result of the authorization resolution by the Annual General Meeting on April 27, 2007 in the version dated July 20, 2007 as part of the 2007 ⁄ I share option program exercise their subscription rights for shares of the company and the company does not grant its own shares to satisfy the subscription rights.

The company's share capital was conditionally increased by a further EUR 149,228.00 (Conditional Capital 2010 ⁄ I) on the balance sheet date. Conditional Capital 2010 ⁄ I currently backs rights for the subscription of up to 149,228 no-par value bearer shares. Conditional Capital 2010 ⁄ I serves to secure subscription rights from stock options for employees and members of the company's Management Board. The conditional capital increase is only to be executed to the extent that the holders of the subscription rights issued as a result of the authorization resolution by the Annual General Meeting on May 27, 2010 as part of the 2010 ⁄ I share option program exercise their subscription rights for shares of the company and the company does not grant its own shares to satisfy the subscription rights.

The company's share capital was conditionally increased by a further EUR 100,000.00 (Conditional Capital 2012 ⁄ I) on the balance sheet date. Conditional Capital 2012 ⁄ I currently backs rights for the subscription of up to 100,000 no-par value bearer shares. Conditional Capital 2012 ⁄ I serves to secure subscription rights from stock options for employees of the company. The conditional capital increase is only to be executed to the extent that the holders of the subscription rights issued as a result of the authorization resolution by the Annual General Meeting on May 22, 2012 as part of the 2012 ⁄ I share option program exercise their subscription rights for shares of the company and the company does not grant its own shares to satisfy the subscription rights.

As of December 31, conditional capital was structured as follows:

in EUR	2014	2013
Conditional Capital 2007 ⁄ I*	6,700.00**	8,700.00
Conditional Capital 2010 ⁄ I*	149,228.00	420,000.00
Conditional Capital 2012 ⁄ I	100,000.00	100,000.00
Total	**255,928.00**	**528,700.00**

* After adjustment to the capital increase from company resources
** SOP 2007 ⁄ I expired in 2014

Capital reserves

As of December 31, 2014, the capital reserves totaled EUR 92,011,390.94. The exercising of options from the employee option program and option program for executives 2010 ⁄ I influenced the capital reserve by EUR 4,467,738.00, the capital increase from authorized capital by EUR 36,401,713.80 taking into account the offsetting of the costs for equity procurement not recognized through profit or loss of EUR 754,413.57 as well as the resultant tax effects of EUR 248,767.87 (non-cash).

In addition, the increase in the capital reserves results of expenses in connection with the employee stock option plan (see further information under Note 16) totaling EUR 883,461.61 (non-cash).

On the balance sheet date these were structured as follows:

in kEUR	2014	2013
Capital reserves paid during financing rounds	79,433	43,031
Converted shareholder loans	4,820	4,820
Capital increase from company resources	-2,809	-2,809
Capital reserves from increases out of conditional capital	6,515	2,048
Debentures / employee share options	4,052	3,168
Total	**92,011**	**50,258**

Other reserves

Other reserves contain hedge reserves consisting of changes to the fair value due to derivative hedging instruments existing on the balance sheet date in hedge accounting as well as the currency adjustment items resulting from currency differences from the translation of the financial statements of foreign subsidiaries in a foreign currency.

in kEUR	2014	2013
Hedge reserve	1,543	-53
Currency adjustment items	125	93
Total	**1,668**	**40**

Profit / loss for the period and losses carried forward

in kEUR	2014	2013
Losses carried forward as of January 1	-19,687	-21,469
Profit / loss for the period	5,216	1,782
Losses carried forward as of December 31	**-14,471**	**-19,687**

16. Share-based remuneration

Share-based remuneration from the issuing of equity instruments

The expenses recorded for the options granted in the financial year were as follows:

in kEUR	2014	2013
Expenses for executives	126	479
Expenses for employees	756	390
Total costs	**883**	**869**

Employee share option program

On the basis of the resolution of the Annual General Meeting of April 27, 2007, the Management Board passed a resolution on June 29, 2007 with the agreement of the Supervisory Board with regard to the employee Share Option Program 2007 ⁄ I and the corresponding granting of share options with a right to subscribe for shares of the company. Each option entitles the bearer to subscribe for 10 zooplus AG bearer shares at a nominal value of EUR 1.00 per share. The subscription price is EUR 1.00 per share. According to the Share Option Program 2007 ⁄ I, certain employees of zooplus AG were authorized to purchase a total of up to 2,000 individual shares in the company during the financial year. The options could only be converted to shares. The option rights could only be exercised two years after the options have been granted at the earliest. After this period has elapsed, 50 % of the rights could be exercised immediately in one tranche and the rest at a rate of 1 ⁄ 24 after each further month has elapsed (waiting period). The options had to be exercised seven years after their issue date at the latest. The subscription rights on share options could only be exercised if specific performance goals were achieved. The term of the SOP 2007 ⁄ I ended in the financial year 2014.

On the basis of the resolution of the Annual General Meeting of May 27, 2010, the Management Board passed a resolution on June 15, 2010 with the agreement of the Supervisory Board with regard to the employee Share Option Program 2010 ⁄ I and the corresponding granting of share options with a right to subscribe for shares of the company. According to the Share Option Program 2010 ⁄ I, the Management Board and Supervisory Board can authorize certain employees of zooplus AG to purchase a total of up to 170,000 individual shares in the company. The share options are issued in two tranches (42,500 ⁄ 42,500), with each linked to a different performance goal. Each option entitles the bearer to subscribe for two zooplus AG no-par value bearer shares at a nominal value of EUR 1.00 per share. The subscription price for options already issued in 2010 is EUR 17.50 per share. The subscription price for options already issued in 2012 is EUR 25.02 per share. The option rights can only be exercised 4 years after the options have been granted at the earliest. The subscription rights on share options can only be exercised if specific performance goals are achieved. It is possible to exercise the subscription rights within three years, starting with the expiry of the waiting period.

On the basis of the resolution of the Annual General Meeting of May 22, 2012, the Management Board passed a resolution with the agreement of the Supervisory Board with regard to the employee Share Option Program 2012 ⁄ I and the corresponding granting of share options with a right to subscribe for shares of the company. According to the Share Option Program 2012 ⁄ I, the Management Board and Supervisory Board can authorize certain employees of zooplus AG to purchase a total of up to 100,000 individual shares in the company. The share options are issued in two tranches (50,000 ⁄ 50,000), with each linked to a different performance goal. Each option entitles the bearer to subscribe for one no-par value bearer share of zooplus AG at a nominal value of EUR 1.00 per share. The subscription price for a share corresponds to the volume-weighted 1-month average price of the company share in Xetra trading on the Frankfurt Stock Exchange before the issuing date of the share options less a reduction of 5 %, however at least the highest exercise price of all share options already issued as part of the Share Option Program 2012 ⁄ I. In the financial year 2013, a total of 100,000 share options were issued to employees of zooplus AG. The subscription price for the options issued in April 2013 is EUR 39.55 per share, and EUR 46.67 per share for the options issues in September 2013. The option rights can only be exercised 4 years after the options have been granted at the earliest. The subscription rights on share options can only be exercised if specific performance goals are achieved. It is possible to exercise the subscription rights within three years, starting with the expiry of the waiting period.

Option plan for executives

On the basis of the resolution of the Annual General Meeting on May 27, 2010, the Supervisory Board passed the regulations of the Share Option Program 2010 / I on June 15, 2010 for issuing share options to members of the Management Board with the right to subscribe for zooplus AG shares. According to the Share Option Program 2010 / I, members of the Management Board can subscribe for up to 250,000 shares in the company. The share options were issued in two tranches (62,500 / 62,500), with each linked to a different performance goal. Each option entitles the bearer to subscribe for two zooplus AG no-par value bearer shares at a nominal value of EUR 1.00 per share. The subscription price is EUR 17.50 per share. The option rights can only be exercised four years after the options have been granted at the earliest. The subscription rights on share options can only be exercised if specific performance goals are achieved. It is possible to exercise the subscription rights within three years, starting with the expiry of the waiting period.

All options can only be converted into equity instruments.

The fair value of the granted share options is determined by applying the Black & Scholes model at the time they were granted and by taking the conditions under which the share options were granted into account. No new options were issued in the financial year 2014.

The anticipated maturity of stock options is based on past data and current expectations, and does not necessarily reflect the actual exercising patterns of the stock holders. The future volatility during the anticipated maturity period of the stock options was estimated based on past volatilities and the expected future share price development. Due to the limited history of the company's share on the market, the volatility of the past year was used as the basis. The anticipated volatility is based on the assumption that past volatility will be reflected in future trends, however the actual future volatility can deviate from the assumptions made.

The stock options changed as follows:

	Share option program (SOP)		
	2007 / I*	2010 / I**	2012 / I***
Outstanding at the beginning of the reporting period	200	182,000	97,500
Lapsed in the reporting period	0	-2,000	-5,500
Exercised in the reporting period	-200	-135,386	0
Granted in the reporting period	0	0	0
Outstanding at the end of the reporting period	**0**	**44,614**	**92,000**

* One option authorizes the purchase of 10 shares
** One option authorizes the purchase of 2 shares
*** One option authorizes the purchase of one share

The prices for exercising the options for the shares outstanding on December 31, 2014 were between EUR 17.50 and EUR 46.67. The weighted average share price on the date that the options were exercised was EUR 45.39 (previous year: EUR 46.36). At the end of the reporting period, 23,614 (previous year: 200) options can be exercised. The weighted average remaining contractual term for the stock options outstanding on December 31, 2014 was 2.2 years (previous year: 1.5 years).

The following options for Management Board members are outstanding from the option plan for executives:

	Share option program (SOP)
	2010 / I*
Outstanding at the beginning of the reporting period	75,000
Exercised in the reporting period	-75,000
Granted in the reporting period	0
Outstanding at the end of the reporting period	**0**

* One option authorizes the purchase of 2 shares

The fair value of the subscription rights is EUR 14.50 per option.

Cash-settled share-based remuneration

Long term incentive program for Management Board members

When appointing Management Board members or extending the contracts of existing members, a long-term incentive program was granted in the form of a share price-based performance share plan in annual tranches with a view to creating performance incentives for the long term. With every tranche, a number of virtual shares in the company are allocated depending on EBT target achievement. These shares are subject to a waiting period of three years and can lead to a cash payout to Management Board members of the Company after the waiting period expires.

The number of virtual shares corresponds with the ratio from the EBT-dependent base amount and the average issued reference price for the company share. The basis for calculating the EBT base amount is EBT according to the consolidated financial statements of the company from the previous financial year approved by the Supervisory Board and prepared pursuant to IFRS. Achieving targets means reaching specific EBT target amounts from the corporate forecast. As of the reporting date December 31, 2014, the members of the Management Board are entitled to a total of 18,825 subscription rights from the program based on a fair value of EUR 1.2 m.

The fair value of the virtual shares granted was calculated using a valuation model recognized by IFRS 2 and breaks down as follows:

in kEUR	2014	2013
Obligations from cash-settled share-based remuneration	1,238	525
Total	**1,238**	**525**

The obligation is recognized on the balance sheet under non-current liabilities.

The personnel costs recorded for the financial year 2014 were as follows:

in kEUR	2014	2013
Expenses from cash-settled share-based remuneration	713	525
Total	**713**	**525**

The total expenses from share-based remuneration incurred in the financial year 2014 from issuing equity instruments (kEUR 883) and settling in cash (kEUR 713) came in at kEUR 1,596 (previous year: kEUR 1,394).

17. Accounts payable

Accounts payable have a term of up to one year and are not subject to interest payments. Payment periods usually vary between 14 and 30 days. Supplier liabilities totaling EUR 3.3 m were reclassified as creditors with net debit balance in assets and offset against receivables from these suppliers.

18. Financial liabilities

in kEUR	2014	2013
Short-term bank loans	0	13,000
Total	**0**	**13,000**

The company has lines of credit totaling EUR 28.0 m maturing on August 31, 2015 and December 31, 2015. As of the balance sheet date December 31, 2014, this total was not drawn on (previous year: EUR 13.0 m). The loans are collateralized according to standard banking practice using the overall transfer of inventories, global cessions for customer receivables and assignment of insurance claims for merchandise as well as several intangible assets. In addition, there is a covenant which includes a minimum equity ratio of 25 % as well as a covenant which plans for a positive EBITDA figure for the financial year.

19. Other current liabilities

in kEUR	2014	2013
Tax liabilities		
VAT	9,559	6,129
Salary and church taxes	252	306
Subtotal	**9,811**	**6,435**
Further other liabilities		
Outstanding invoices	3,765	735
Debtors with net credit balance	3,219	2,731
Bonus payments, discounts	2,013	1,789
Employee vacation obligations	461	406
Costs of preparing the annual financial statements and audit costs	63	43
Others	766	539
Subtotal	**10,287**	**6,243**
Total	**20,098**	**12,678**

The other current liabilities have a term of up to one year and are non-interest bearing. Creditors with net debit balance relate to customers with a positive balance due to advance ⁄ excess payment or returns.

Financial instruments came in at EUR 3.3 m (previous year: EUR 2.9 m).

20. Provisions

	Current			Non-current	
in kEUR	**Loyalty rewards**	**Returns**	**Others**	**Share-based cash remuneration**	**Total**
As of January 1, 2013	1,722	369	138	0	2,229
Additions	2,248	280	80	525	3,133
Reversals	0	0	33	0	33
Utilization	1,722	369	0	0	2,091
As of December 31, 2013	**2,248**	**280**	**185**	**525**	**3,238**
As of January 1, 2014	2,248	280	185	525	3,238
Additions	3,104	423	496	713	4,736
Reversals	610	0	33	0	643
Utilization	1,638	280	45	0	1,963
As of December 31, 2014	**3,104**	**423**	**603**	**1,238**	**5,368**

Provisions for loyalty rewards (as yet unredeemed bonus points) from the customer loyalty program totaled kEUR 3,104 as of December 31, 2014 (previous year: kEUR 2,248). To calculate these provisions, the redeemable bonus points according to the applicable participation conditions on the balance sheet date December 31, 2014 were determined and measured taking into account past redeeming rates as well as the fair value of a bonus point based on the sale prices of the products available in the loyalty program. The increase is largely based on the growth of the company.

With the exception of the provision for share-based cash remuneration, all provisions are current. A cash inflow during the current financial year 2015 is anticipated in current provisions.

21. Deferred income

Deferred income contains saving plans already purchased by customers but not yet used totaling kEUR 1,501 (previous year: kEUR 989).

22. Sales

in kEUR	2014	2013
Germany	166,266	143,886
France	89,751	64,792
The Netherlands	45,221	35,862
Great Britain	44,423	27,812
Italy	40,734	27,297
Spain	28,356	20,180
Poland	26,953	15,894
Belgium	21,250	13,982
Austria	16,422	13,774
Denmark	12,890	8,913
Finland	11,364	8,928
Czech Republic	10,983	8,267
Other countries	28,486	17,417
Total	**543,099**	**407,004**

The Group's sales relate to the sale of pet products in Germany and other European countries. Sales from other European countries mainly include France, the Netherlands, Great Britain, Italy, Spain, Poland, Belgium, Austria, Denmark, Finland and the Czech Republic. In addition, the Group also operates in a number of smaller European markets, including Ireland, Switzerland, Slovakia, Luxemburg, Portugal, Hungary, Slovenia, Romania, Turkey, Croatia, Liechtenstein, Bulgaria, Estonia, Lithuania, Latvia and Sweden.

77 % of the sales were generated from the sale of food. The remaining 23 % is attributable to accessories.

23. Other income

in kEUR	2014	2013
Income from marketing services	25,196	18,302
Income from reminder charges	555	503
Other income	2,015	1,113
Total	**27,766**	**19,918**

Other income includes income from the reversal of provisions and income from exchange rate differences. The income from marketing services mainly encompasses advertising cost subsidies and supplier reimbursements.

24. Personnel costs

in kEUR	2014	2013
Wages and salaries	18,306	16,481
Social security deductions	2,881	2,770
Total	**21,187**	**19,251**

We refer to Note 16 for the personnel expenses incurred as a result of share-based payments.

On average, 267 people were employed during the financial year (excl. Management Board; previous year: 253). Of this amount, 36 employees worked in Operations, 62 in IT, 141 in Sales and Marketing, and 28 in Administration.

25. Other expenses

in kEUR	2014	2013
Logistics & fulfillment	115,078	92,687
Advertising	9,875	10,689
Payment transaction costs	6,930	6,175
Legal and advisory costs	1,327	1,584
Other various operating expenses	13,595	11,856
Total	**146,805**	**122,991**

Logistics and fulfillment expenses relate to the warehousing, stock picking and shipping of products sold to our customers. In the financial year under review, expenses from currency conversion totaling kEUR 324 (previous year: kEUR 826) were recognized through profit or loss. The fall in advertising costs resulted from an optimized advertising strategy which substantially reduced expenses per new customer gained. The other various operating expenses include expenses for customer service, IT services, technology, room rental, insurance and other administrative expenses.

26. Financial income and expenses

in kEUR	2014	2013
Interest income and similar income	1	1
Interest expenses and similar expenses	-411	-364
Total	**-410**	**-363**

27. Earnings per share

When calculating undiluted earnings per share, the earnings to be allocated to bearers of ordinary shares in the parent company are divided by the weighted average number of ordinary shares in circulation throughout the year.

Diluted earnings per share are calculated by dividing the earnings to be allocated to bearers of ordinary shares in the parent company by the weighted average quantity of ordinary shares in circulation throughout the year plus the share options leading to the dilution.

The values of undiluted and the diluted earnings per share are calculated as follows:

		2014	2013
Consolidated net result	EUR	5,215,805.07	1,781,953.84
Weighted ave. no. of ordinary shares in circulation	No. of shares	6,309,672	6,100,981
Dilution effect			
Share options	No. of shares	172,426	255,705
Weighted ave. no. of ordinary shares in circulation			
adjusted for the dilution effect	No. of shares	6,482,098	6,356,686
Undiluted earnings per share	EUR / share	0.83	0.29
Diluted earnings per share	EUR / share	0.80	0.28

28. Other financial obligations

The total of future financial commitments arising from permanent leases, insurance policies and warehouse logistics agreements and also rental agreements for facilities in Munich, Oxford, Genoa, Cracow, Istanbul, Madrid and Strasbourg have the following structure:

Rental agreements for office rents:

Up to one year	kEUR	1,425
Longer than one year and up to five years	kEUR	5,287
Longer than five years	kEUR	623

Leasing agreements for technology and company cars as well as servicing agreement:

Up to one year	kEUR	1,128
Longer than one year and up to five years	kEUR	347
Longer than five years	kEUR	0

Other agreements (logistics services):

Up to one year	kEUR	15,397
Longer than one year and up to five years	kEUR	53,454
Longer than five years	kEUR	5,825

The annual rental costs for the Group's business premises were around kEUR 1,329 in 2014 (previous year: kEUR 1,341).

The leases mainly comprise car and server leases at standard market conditions. There are no sub-leases. Software maintenance contracts also exist.

The other agreements largely relate to warehouse logistics agreements at the Hörselgau, Tilburg and Wroclaw sites, as well as the new site Chalon-sur-Saône, France.

In addition, as of December 31, 2014, no obligations for investment spending on intangible assets existed, for which contractual obligations exist as of the balance sheet date but have not yet been incurred (previous year: kEUR 404).

There was no material litigation on the balance sheet date.

29. Related party disclosures

With the exception of the board salaries (see Section 33), there were no notable relationships between the Group and related parties during the year under review. The expenses from stock options for members of the Management Board are detailed in Section 16. Member of the Supervisory Board Dr. Stoeck holds shares in the company.

A participation in zooplus AG is held by Burda GmbH, Burda Digital Ventures GmbH and BDV Beteiligungen GmbH & Co. KG. With the voting rights notification from July 4, 2014, Prof. Hubert Burda, Germany, Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, Germany, as well as Burda Gesellschaft mit beschränkter Haftung, Offenburg, Germany, informed zooplus AG that the share of voting rights held by Prof. Burda and both of the named companies undercut the 50 % threshold on June 27, 2014. The company was therefore included in the subgroup financial statements of Burda Gesellschaft mit beschränkter Haftung, Offenburg, (smallest scope of consolidation) as well as the consolidated financial statements of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg (largest scope of consolidation) until the end of June. The consolidated financial statements are submitted to the operator of the electronic Federal Gazette (Bundesanzeiger) for publishing. Free float amounts to 65.7 % (as of December 2014). In the financial year, the following reportable affairs took place at zooplus AG Group companies in connection with the controlling company or its affiliates during the existence of a relationship of dependency:

From January 1 to June 27, 2014, BONAGO Incentive Marketing Group GmbH, Offenburg, purchased vouchers from zooplus AG. During this period, zooplus AG received compensation of EUR 17,000.00 for this.

Debitor-Inkasso GmbH, Bad Schwartau, provided services in the field of receivables collection for zooplus AG during the financial year 2014. For this service, remuneration was paid totaling EUR 7,485.74 from January 1, 2014 to June 27, 2014.

zooplus AG acquired hardware from Cyberport Services GmbH, Dresden. The consideration paid totaled EUR 7,350.00 from January 1, 2014 to June 27, 2014.

In addition, there was only an occasional and specific exchange of information between zooplus AG and the controlling company or its affiliates, e.g. within a Security working group aimed at discussing IT security. The exchange of information benefited zooplus AG.

Over and above this, during the past financial year, zooplus AG did not undertake any legal transactions with the controlling company or its affiliates, or upon the initiative or in the interest of these companies. No other measures were taken or not taken during the past financial year upon the initiative or in the interest of these companies. All transactions with related parties were conducted at standard market conditions.

30. Securities

As of December 31, 2014, a directly enforceable guarantee totaling GBP 1 m towards a supplier for outstanding liabilities from zooplus service ltd., Oxford, Great Britain existed with a term up to December 31, 2015. No utilization is currently anticipated.

31. Additional information on financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The following table displays the carrying amount and fair value of all of the financial instruments contained in the consolidated financial statements and shows the allocation of the assets and liabilities as well as the parts of the balance sheet items to the measurement categories pursuant to IAS 39:

in kEUR	Measurement category	Carrying amount		Fair value	
		2014	2013	2014	2013
Financial assets					
Accounts receivable	LaR	12,051	10,786	12,051	10,786
Other financial assets	AfS	48	48	n / a	n / a
Other current assets					
of which financial instruments pursuant to IFRS 7	LaR	9,268	7,308	9,268	7,308
Derivative financial instruments	n / a	2,302	0	2,302	0
Cash and cash equivalents	LaR	31,966	5,647	31,966	5,647
Total		**55,635**	**23,789**	**55,587**	**23,741**
Financial liabilities					
Financial debt	FLaC	0	13,000	0	13,000
Accounts payable	FLaC	23,393	16,249	23,393	16,249
Other liabilities					
of which financial liabilities pursuant to IFRS 7	FLaC	3,333	2,914	3,333	2,914
Derivative financial instruments	n / a	0	79	0	79
Total		**26,726**	**32,242**	**26,726**	**32,242**

LaR (Loans and Receivables)
AfS (Available for Sale)
FLaC (Financial Liability at amortized Cost)

The market values of the cash and cash equivalents, accounts receivable, current assets, accounts payable and other current liabilities as of December 31, 2014 and 2013 correspond to their carrying amounts. This is primarily due to these instruments' short terms.

For the other financial assets (interests in non-consolidated Group companies), an active market or traded price cannot be used for measurement and the fair value cannot be determined in another way, which is why a disclosure of the fair value is omitted. These instruments are not intended to be sold.

The Group's financial liabilities are all short-term and have a maturity of up to one year. The repayments of the existing financial liabilities are made from operating cash flow.

Grouped according to the measurement categories of IAS 39, the carrying amounts are as follows:

in kEUR	Measurement category	Carrying amount		Fair value	
		2014	2013	2014	2013
Financial assets					
Loans and Receivables	LaR	53,285	23,741	53,285	23,741
Available for Sale	AfS	48	48	n / a	n / a
Financial liabilities					
Financial Liability at amortized Cost	FLaC	26,726	32,163	26,726	32,163

Net profit or loss in relation to financial instruments is as follows:

in kEUR	2014	2013
Loans and Receivables (impairment)	-2,087	-1,846
Financial Liability at amortized Cost (interest)	-367	-258
Total	**-2,454**	**-2,104**

As of December 31, 2014, there was no offsetting of derivative financial instruments on the balance sheet. Offsetting options for derivatives exist in the case of an insolvency. As of December 31, 2014, only derivatives with positive fair values exist, and therefore no use can be made of the offsetting option.

32. Events after the balance sheet date

Following the end of the financial year 2014, no affairs of material importance occurred which impact on the net assets, financing position and results of operations. In February 2015, Andrea Skersies (CMO) extended her Management Board contract ahead of time for the period up to December 31, 2017.

33. Executive bodies

Members of the Management Board:

- Dr. Cornelius Patt, CEO (corporate management, overall responsibility for business development & system development, IT, HR)
- Andrea Skersies (sales & marketing)
- Andreas Grandinger (finance, controlling, legal, investor relations, internal audit)
- Jürgen Vedie (supply chain management, sourcing, logistics, warehousing, distribution) since April 1, 2014

The Management Board's emoluments in 2014 including all perquisites amounted to kEUR 2,455 (previous year: kEUR 2,904). Of this, an amount totaling kEUR 915 was not yet paid out as of the balance sheet date. kEUR 713 (previous year: kEUR 525) are non-current.

The company does not provide individualized details of the Management Board's remuneration. The Management Board was exempted from the disclosures pursuant to Section 314 para. 1 no. 6a, sentences 5 – 8 of the German Commercial Code (HGB) for a period of 5 years by resolution of the Annual General Meeting on May 22, 2012.

Members of the Supervisory Board during the financial year 2014 and as of December 31, 2014:

- Michael Rohowski, Spokesman for the management of Burda Direkt Services GmbH, Offenburg (Chairman)
- Dr. Rolf-Christian Wentz, Freelance corporate consultant, Bonn (Deputy Chairman)
- Moritz Greve, Partner and Managing Director of Maxburg Capital Partners GmbH, Munich (from December 1, 2014)
- Thomas Schmitt, President and Chief Executive Officer of the AquaTerra Corporation, Mississauga, ON, Canada
- Dr. Norbert Stoeck, Freelance corporate consultant, Munich
- Stefan Winners, Management Board member Digital of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg

Dr. Jörg Lübcke stepped down from his position as a member of the Supervisory Board effective as of November 30, 2014. Effective as of December 1, 2014, Moritz Greve was appointed by the court as a new member of the Supervisory Board. After the departure of Dr. Jörg Lübcke, Dr. Rolf-Christian Wentz was appointed Deputy Chairman of the Supervisory Board.

In 2014, the Supervisory Board received remuneration of kEUR 135 (previous year: kEUR 130). The Chairman of the Supervisory Board, Mr. Michael Rohowski, receives a fixed remuneration of kEUR 30. Thomas Schmitt, Dr. Norbert Stoeck and Stefan Winners received a fixed remuneration of kEUR 20. Dr. Jörg Lübcke and Moritz Greve received the fixed remuneration of kEUR 20 pro rata temporis for the periods of their membership in the Supervisory Board up to the end of November and the start of December 2014 respectively. In addition to the fixed remuneration of kEUR 20, Dr. Rolf-Christian Wentz received an additional kEUR 5 as chairman of the audit committee.

34. Auditors' fees

The overall fee of the auditor totaling kEUR 203 breaks down as follows:

Auditing the annual and consolidated financial statements 2014	kEUR 149 (of which kEUR 15 is allotted to the previous year)
Other advisory services	kEUR 54

35. Declaration with respect to corporate governance

zooplus AG's corporate governance declaration based upon Section 161 of the German Stock Corporation Act (AktG) and in accordance with the German Governance Code has been published and can be accessed online under http://investors.zooplus.com/de.

Munich, March 17, 2015

Management Board

Dr. Cornelius Patt | Andrea Skersies | Andreas Grandinger | Jürgen Vedie

Declaration of the legal representatives

To the best of our knowledge, we declare that, according to the principles of proper consolidated reporting applied, the consolidated financial statements provide a true and fair view of the company's net assets, financial position and results of operations, that the consolidated management report presents the company's business including the results and the company's position such as to provide a true and fair view and that the major opportunities and risks of the company's anticipated development are described.

Munich, March 17, 2015

Dr. Cornelius Patt | Andrea Skersies | Andreas Grandinger | Jürgen Vedie

"Auditors' opinion

We have audited the consolidated financial statements prepared by the zooplus AG, Munich, Germany, comprising the consolidated balance sheet, the consolidated statement of comprehensive income, the group statement of changes in equity, the group cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1, 2014 to December 31, 2014. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and/or the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of the entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by the Company´s Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Munich, March 18, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Andreas Eigel	ppa. Sebastian Stroner
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

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Publisher

zooplus AG
Sonnenstraße 15
80331 Munich
Germany
Tel.: +49 (0) 89 95 006 – 100
Fax: +49 (0) 89 95 006 – 500

E-Mail: contact@zooplus.de
www.zooplus.de

Investor Relations

cometis AG
Unter den Eichen 7
65195 Wiesbaden
Germany
Tel.: +49 611 20 58 55 – 0
Fax: +49 611 20 58 55 – 66

E-Mail: info@cometis.de
www.cometis.de

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All further pictures: zooplus AG

This annual report is also available in German. In case of discrepancies the German version prevails.

A digital version of this zooplus AG annual report and the interim reports can be downloaded from the Investor Relations section of www.zooplus.com.

Forward looking Statements

This report contains forward-looking statements. These statements are based on current experience, estimates and projections of the management and currently available information. They are not guarantees of future performance, involve certain risks and uncertainties that are difficult to predict, and are based upon assumptions as to future events that may not be accurate. Many factors could cause the actual results, performance or achievements to be materially different from those that may be expressed or implied by such statements. Such factors include those discussed in the Risk Report from page 54 to 59. We do not assume any obligation to update the forward-looking statements contained in this report.

zooplus AG
Sonnenstraße 15
80331 Munich
Germany