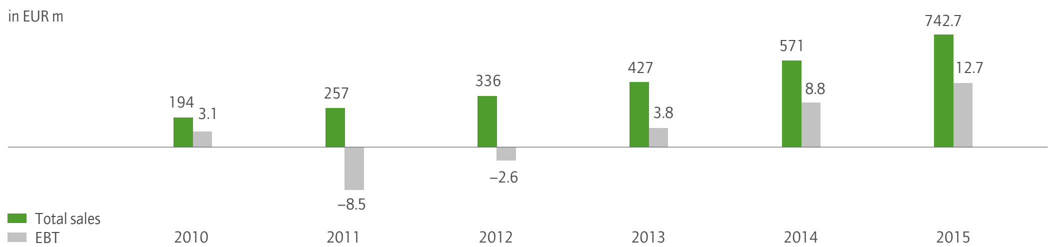
zooplus

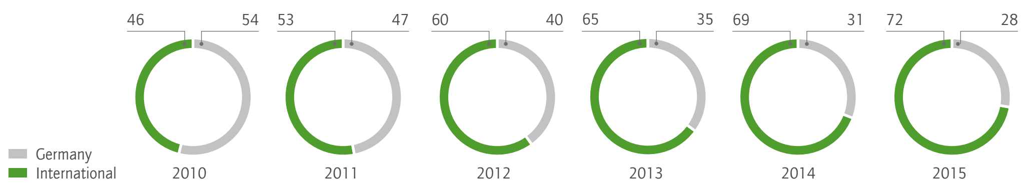
Annual report 2015

Key figures

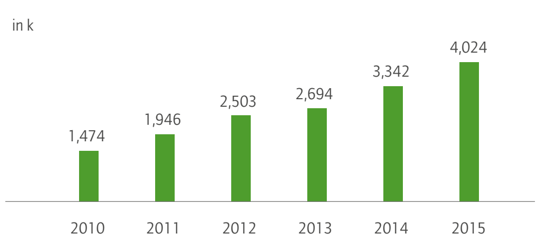
Total sales and EBT 2010–2015



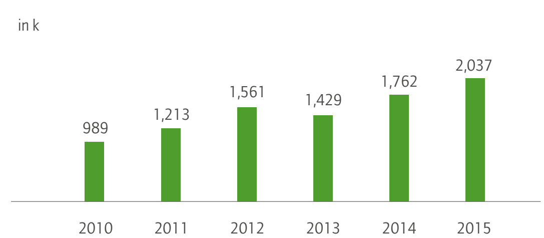
Sales by region in %



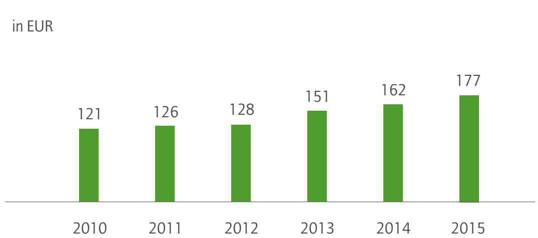
Active customers (1)



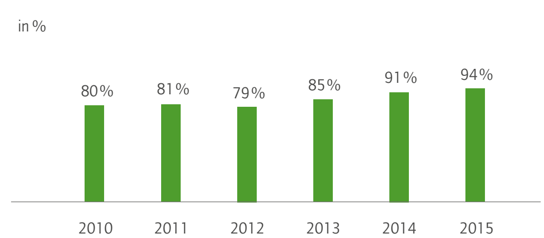
New customers



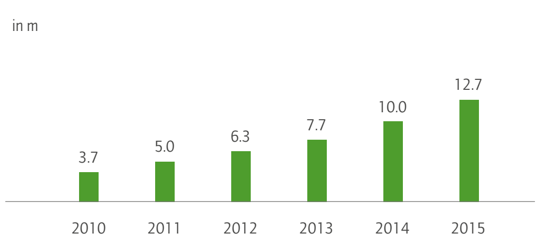
Sales per customer (2)



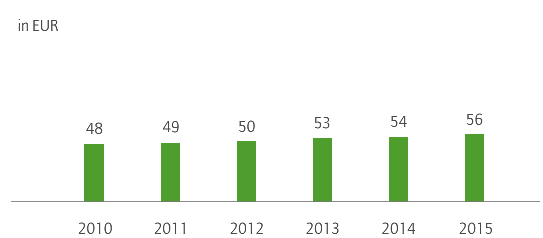
Sales retention rate (3)



Number of orders



Average shopping basket (2)



(1) incl. new customers / one-time purchase

(2) net

(3) sales retention rate

Multi-year performance

		2010	2011	2012	2013	2014	2015
Total sales	in EUR m	193.6	257.1	335.6	426.9	570.9	742.7
Sales	in EUR m	177.8	244.8	319.2	407.0	543.1	711.3
Other income	in EUR m	15.8	12.3	16.3	19.9	27.8	31.3
Gross profit	in EUR m	84.1	100.0	121.3	147.1	177.9	224.4
Gross margin	in %	43.4	38.9	36.2	34.5	31.2	30.2
EBITDA	in EUR m	3.9	–6.8	–1.8	4.9	9.9	15.4
EBT	in EUR m	3.1	–8.5	–2.6	3.8	8.8	12.7
EPS – Earnings per share (1)	in EUR / share	0.38	–1.07	–0.35	0.29	0.83	1.13
Employees	number	143	191	217	253	267	313
Total assets	in EUR m	58.4	75.1	65.4	83.7	138.6	165.3
Inventories	in EUR m	20.6	25.5	32.3	43.7	65.0	74.5
Equity	in EUR m	21.2	35.5	33.9	36.7	86.2	93.2
Equity ratio	in %	36.3	47.3	51.9	43.9	62.2	56.4

(1) Basic EPS and, as of 2010, includes a capital increase from company funds executed in 2011

Statement of income Q1 – Q4 / 2015

		Q1 / 2015	Q2 / 2015	Q3 / 2015	Q4 / 2015
Total sales	in EUR m	169.8	174.3	187.2	211.4
Sales	in EUR m	164.6	168.3	178.0	200.3
EBITDA	in EUR m	1.8	2.3	5.8	5.6
EBT	in EUR m	1.6	2.1	5.5	3.5

Highlights 2015

Total sales increased by 30 % to EUR 743 m

Leading position in online retailing reinforced; sales retention rate increased to 94 %

Cost efficiency improved further

Total cost ratio (total costs excluding cost of materials ⁄ total sales) declined to 28.5 %

Logistics capacity expanded by roughly 40 %

New logistics center in Chalon-sur-Saône, France, integrated into existing network

Positive earnings before taxes (EBT) of EUR 12.7 m

EBT increased year-on-year by roughly EUR 4 m

Positive free cash flow of EUR 13.6 m

Free cash flow exceeded previous year's level by EUR 15.4 m

Company profile zooplus AG

zooplus AG, founded in 1999, has more than 16 years of experience and is today's leading online retailer in Europe for pet supplies. 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 products for the most popular types of pets. The product range includes pet food (dry and wet food and food supplements) and accessories such as scratching posts, dog beds and baskets, and toys in all price categories. zooplus customers not only enjoy an extensive product range and the option of fast and free delivery but also benefit from a variety of interactive content and community offers. zooplus AG has successfully launched its business model in 30 European countries. This makes zooplus AG the only genuinely pan-European online retailer for pet supplies. Since its initial public offering in 2008, the company's total sales have risen from EUR 85 m to EUR 743 m in the 2015 financial year.

Pet supplies are a key market segment in the European retail landscape. In 2015, the European pet food and accessories market generated gross sales of a solid EUR 25 bn. Because of the progressive humanization of pets in a majority of countries, the growth of the overall market is expected to continue. In addition, Europe is expected to sustain considerable growth in the volume of online retailing. Therefore, zooplus AG expects these trends to continue to propel the company's strong sales momentum. In 2016, zooplus expects to generate sales of at least EUR 875 m, corresponding to total sales of at least EUR 900 m.

zooplus at a glance

Customers

- Present in 30 European countries
- Compelling USPs: Attractive pricing, wide selection, and high-quality delivery
- A specialist for pet food and accessories

Company

- European online market leader with a definite edge over competitors
- Outstanding international logistics network for fast delivery throughout Europe
- Highly efficient and scalable cost structures
- Sales of at least EUR 875 m expected by the end of 2016

Market

- Gross 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

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To the shareholders

Letter from the Management Board

f.l.t.r.: Andreas Grandinger, Andrea Skersies, Dr. Cornelius Patt

Dear Ladies and Gentlemen, Dear Shareholders,

The year 2015 was another momentous year for online retailing. A growing volume of products is being purchased directly online. zooplus continues to profit from this trend and has just completed another year of strong business performance.

Total sales increased year-on-year by 30% to EUR 743 m, representing an absolute rise of EUR 172 m and another year of impressive record growth. Based on continued strong growth momentum, earnings before taxes (EBT) rose by EUR 4 m year-on-year to EUR 12.7 m.

The 2015 financial year was also marked by the following milestones:

- A rise in sales of 31 % from EUR 543 m to EUR 711 m
- New record levels of customer loyalty and customer acquisitions
- A reduction in the total cost ratio to 28.5%, thanks to added efficiency gains and economies of scale
- Close to a 40% expansion in logistics capacity since early 2015
- A rise in earnings before taxes (EBT) to EUR 12.7 m
- Positive free cash flow of EUR 13.6 m

The year 2015 made it abundantly clear once again that zooplus's strategy, which is focused on sustainable growth and significant sales increases, is the right strategy to achieve the company's goals. By growing rapidly in 2015, zooplus was able to reinforce its position in the overall market for pet supplies. We see ourselves as the clear market leader in the online retailing segment. In the total European pet supplies market of both bricks-and-mortar and online retailers, we already rank third behind the two leading bricks-and-mortar retailers despite our overall relatively small market share. Growing rapidly and strengthening our market position guarantees we will see significant advances in operating efficiency and substantial economies of scale across all key cost categories.

We accomplished a record level of new customers and our highest level of customer loyalty despite ongoing fierce competition from both the online and bricks-and-mortar segments.

We will continue to consistently follow our chosen strategy in the 2016 financial year and, from today's perspective, we are confident that we will continue to grow our sales and earnings before taxes in financial year 2016.

We have defined the following key financial targets for the 2016 financial year:

- Sales of at least EUR 875 m
- EBT in the range of EUR 14 m to EUR 18 m

In 2016, we will continue to align the organizational structures to the company's growing size. A particularly high priority is our continued investment in our employees so that they receive the fullest support possible to master the company's planned growth and added value in all areas.

This is one aspect that prompted us to begin expanding our IT development area in 2015 so that we could lay the groundwork for implementing new customer services even faster. We have established two new development sites – one in Krakow and one in Madrid – to speed up access to additional IT development resources and give our development capacity a broader base.

We also vastly expanded our logistics capacity by roughly 40 % in 2015 by opening a fourth location in France and adding capacity in Poland. In this area, we will also continue to adapt our structures in 2016 to the additional growth expected in coming years.

In now 30 countries across Europe, we offer our approximately four million active customers a superior, 24 / 7 shopping experience with added convenience and the best service possible in every respect via the zooplus and bitiba shops. All of our activities are based on a distinct focus on the customer's needs and satisfaction – the result of which can be seen in our high degree of customer loyalty.

The year 2015 marks another successful year for zooplus. We would like to sincerely thank our employees who with their tremendous dedication, loyalty, and performance make a major contribution to the success of zooplus AG.

We would also like to thank our customers for their support and our suppliers and business partners for their positive and successful cooperation during the 2015 reporting year. We thank our shareholders for their loyalty to the company. We appreciate their trust and will continue to work in every possible way to further the success of zooplus AG.

Dr. Cornelius Patt (CEO)	Andrea Skersies	Andreas Grandinger

Report of the Supervisory Board

Dear Shareholders,

During the 2015 financial year, the Supervisory Board performed its duties in accordance with the law, Articles of Association, and Rules of Procedure while continually monitoring and advising the Management Board in its management of the company and in the conducting the company's business.

Cooperation with the Management Board

Once again, the Supervisory Board can reflect on another year of close and effective cooperation with the Management Board. Based on the Management Board's regular, timely, and extensive reporting, the Supervisory Board was able to deal in detail with the company's position and development. The Management Board informed the Supervisory Board fully, continuously, and promptly by means of both written and oral reports about the company's development, earnings situation, business segments, risk situation, risk management, and with respect to compliance. The Supervisory Board also received information on projects and transactions of particular importance or urgency outside of Supervisory Board meetings. The chairperson of the Supervisory Board maintained close contact with the Management Board, particularly with the CEO, and kept itself up-to-date on the business outlook and material business transactions. The Supervisory Board was directly involved in all decisions of fundamental importance for the company and agreed in its resolutions with the proposals of the Management Board after conducting a detailed examination and discussion.

Focus of discussions

During its regularly scheduled meetings, the Supervisory Board addressed the company's operating and strategic development and kept informed of the company's business performance, financial development, and operating environment during the past financial year based on detailed written and oral reports received from the Management Board. At the Supervisory Board meetings, members discussed and made decisions on numerous issues and actions requiring approval.

During the 2015 financial year, the Supervisory Board met for four scheduled, personally attended meetings on March 18, 2015, June 11, 2015, September 15, 2015 and December 1, 2015. Several resolutions based on the written circulation of documents and via telephone were made during the financial year.

In February 2015, the Supervisory Board extended the Management Board mandate and service contract of Ms. Andrea Skersies, CMO, until December 31, 2017.

In its meeting on March 18, 2015, the Supervisory Board focused on the current and 2014 financial year's business development, and the annual financial statements and management reports of zooplus AG and the Group as of December 31, 2014. The Supervisory Board approved the auditor's results, adopted the annual financial statements, and approved the consolidated financial statements and Dependency Report.

In April 2015, the Supervisory Board set the agenda for the 2015 Ordinary Annual General Meeting. In June 2015, the Supervisory Board dealt with the resignation of Mr. Jürgen Vedie from the Management Board of zooplus AG.

Following the Ordinary Annual General Meeting of zooplus AG, the Supervisory Board meeting on June 11, 2015 started with the Management Board reporting on the latest business developments. Subsequently, the Supervisory Board and Management Board addressed strategic issues and several current operating issues.

In July 2015, the Supervisory Board was informed in detail on the progress of the new ERP and Shop system's implementation at zooplus.

The Supervisory Board meeting on September 15, 2015 dealt with two key issues. The Supervisory Board initially focused on the company's replenishment processes. Thereafter, the Supervisory Board was provided detailed information regarding personnel issues, particularly staff development and structure in the IT, Operations, and Purchasing areas. The Supervisory Board also discussed the company's business development and competitive environment.

In addition to the regular discussions in personally attended meetings, the Supervisory Board also kept itself informed of the current state of the new ERP and shop system implementation through a conference call in November 2015.

During the meeting on December 1, 2015, the Management Board reported on current business and market developments and presented the zooplus AG 2016 financial plan to the Supervisory Board. After a review and discussion, the Supervisory Board approved the plan. Also on the meeting's agenda was the compliance with the recommendations of the German Corporate Governance Code in its current version. The Management Board and Supervisory Board submitted the updated Declaration of Conformity with to the German Corporate Governance Code.

There were no conflicts of interest in the past financial year involving Management Board and Supervisory Board members that were to be immediately disclosed to the Supervisory Board and reported to the Annual General Meeting.

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

Composition of the Supervisory Board and Management Board

The members of the Supervisory Board in the financial year were Mr. Michael Rohowski (Chairman), Dr. Rolf-Christian Wentz (Deputy Chairman), Mr. Moritz Greve, Dr. Norbert Stoeck, Mr. Thomas Schmitt and Mr. Stefan Winners. The body's composition did not change in the reporting year. Mr. Greve, who was court-appointed to the Supervisory Board in response to a proposal of the Management and Supervisory Board, was elected by way of special election to the Supervisory Board by the Annual General Meeting on June 11, 2015 with a term running until the end of the 2016 Annual General Meeting.

The Management Board consists of three members: Dr. Cornelius Patt (CEO), Ms. Andrea Skersies, and Mr. Andreas Grandinger. Mr. Jürgen Vedie who had been a member of the Management Board since April 1, 2014 resigned from the Management Board with effect from June 30, 2015.

Supervisory Board committees

To efficiently prepare selected topics, the Supervisory Board has formed two committees from among its members: an Audit Committee and a Nomination Committee.

In the reporting year, the Audit Committee consisted of Dr. Wentz, Mr. Rohowski, and Mr. Greve. Dr. Wentz, as acting chairman of the Audit Committee during the reporting year, fulfills the legal prerequisites for independence and expertise in accounting and auditing.

The Audit Committee held four meetings during the year under review. The Audit Committee dealt extensively with the financial statements and consolidated financial statements of zooplus AG for the 2014 financial year. In the following meetings, the Audit Committee took a detailed look at the company's accounting processes; the effectiveness of the internal, Group-wide control and risk management system and its further development; and IT security. At the Supervisory Board meetings, the chairperson of the Audit Committee provided a complete report to the Supervisory Board on the committee meetings' content and results following the respective committee meeting.

In preparation for the upcoming Supervisory Board election in 2016, the Nomination Committee was formed and consists of Mr. Rohowski, Mr. Greve, and Mr. Schmitt. Mr. Rohowski was elected chairperson. The task of the Nomination Committee is to submit suitable candidates to the Supervisory Board for nomination for the forthcoming election of Supervisory Board members at the Annual General Meeting.

Corporate Governance

The Supervisory Board and Management Board are aware that good corporate governance is the basis for the company's success and is therefore in the best interest of shareholders and the capital market.

In December 2015, the Management Board and Supervisory Board issued the Declaration of Conformity pursuant to Section 161 AktG with regard to the recommendations of the Government Commission on the German Corporate Governance Code, which was made permanently accessible on zooplus AG's website (http://investors.zooplus.com/de/corporate-governance/entsprechenserklrung.html). A separate section on the implementation of the Corporate Governance Code is provided as part of this annual report.

Annual and consolidated financial statements as of December 31, 2015

During the Supervisory Board's meeting discussing the financial statements on March 17, 2016, the Supervisory Board dealt in depth with the documents for the annual financial statements, the auditor's report, 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, 2015, as well as the company's management report and group management report for the 2015 financial year. 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 the Supervisory Board on time giving it sufficient opportunity for the documents' review.

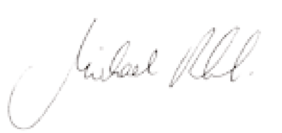
The Munich branch office of the auditor PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt / Main audited the financial statements prior to the Supervisory Board's review. There are no concerns as to the auditor's independence. In the auditor's opinion, the separate and consolidated financial statements are in compliance with the respective accounting standards and give a true and fair view of the company's and Group's net assets, financial position, results of operations, and cash flows. In each case, the auditor issued an unqualified opinion. In addition, the auditor stated in its assessment of the risk management system that the Management Board has taken the steps required in accordance with Section 91 (2) AktG to ensure early detection of any risks that could jeopardize the company's existence.

The auditor's representatives were present during the Supervisory Board's discussions on the separate and consolidated financial statements, they reported on the audit's key findings, and were available to furnish the Supervisory Board with additional information. Upon a thorough examination of the financial statements and the management report, the Supervisory Board concurred with the auditor's report. No objections were raised. The Supervisory Board approved the annual and consolidated financial statements at its meeting on Thursday, March 17, 2016, and thereby adopted the annual financial statements of zooplus AG. The Supervisory Board also approved the management report, the group management report, and the assessment of the company's future development.

On behalf of the Supervisory Board, I would like to sincerely thank the members of the Management Board and the employees of the zooplus Group for their tremendous personal commitment, which greatly contributed to another successful financial year for zooplus.

Munich, March 2016

On behalf of the Supervisory Board



Michael Rohowski
Chairman of the Supervisory Board

Corporate Governance Report

In accordance with the provisions of the German Corporate Governance Code, the Management Board and Supervisory Board report annually on the company's corporate governance. The Statement on Corporate Governance pursuant to Section 289a HGB can be found under the Investor Relations section on the company's website at http://investors.zooplus.com/en (see also the management report from page 39).

Declaration of Conformity by the Management and Supervisory Boards of zooplus AG with the recommendations of the "Government Commission on the German Corporate Governance Code" pursuant to Section 161 AktG

1. The Management and Supervisory Boards declare that since the last Declaration of Conformity on December 3, 2014, zooplus AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette in the version dated June 24, 2014 and the version of May 5, 2015 with the following exceptions:

   Item 3.8 (3): The current D&O insurance does not provide for a deductible for Supervisory Board members. In the opinion of the Management Board and Supervisory Board, a deductible has no effect on the board members' sense of responsibility and loyalty when performing their duties and functions.

   Item 4.2.3 (2) sentence 8: Under specifically defined circumstances, the comparison parameters can be retroactively adjusted when setting up the structure of variable remuneration components. The members of the company's Management Board have been granted a long-term incentive program in the form of a share price-based performance share plan made in annual tranches. With each tranche, a number of virtual shares in the company are allocated to members of the company's Management Board depending on the level of EBT target achievement. These virtual shares are subject to a three-year vesting period after which they can lead to a cash payment to members of the company's Management Board. The program provides the option to adjust the EBT target value for the current and future financial years if material transaction-related changes are to be expected and the company and the beneficiaries agree to such changes in writing during or prior to the respective financial year. A change is considered to be material when, based on a transaction such as the purchase of companies or interests in companies, the EBT target value changes by more than 5% versus the previous EBT target value for the financial year in question. The right to an adjustment is excluded. This rule ensures an equitable calculation of the EBT target value for both sides when companies or interests in companies are acquired.

   Item 4.2.3 (4) sentence 3: If a Management Board member's contract is prematurely terminated, the calculation of the severance payment cap will not be based on the total remuneration of the previous financial year or the current financial year. In the case of premature termination, Management Board contracts provide for a limit of the severance payment cap equal to two years of basic compensation. These types of advance agreements that determine the severance payment cap based on the total remuneration of the past financial year and, if appropriate, the expected total remuneration for the current financial year, might not sufficiently take into account the specific circumstances that may later lead to a premature termination of a Management Board member's contract and other factors at the time of the termination.

   Item 4.2.5: The company does not disclose the remuneration of individual Management Board members because of the Annual General Meeting resolution on May 22, 2012, according to which disclosures pursuant to Section 285 no. 9a) p. 5–8 HGB and Section 314 (1) no. 6a) p. 5–8 HGB can be waived.

   Item 5.3.3: The Supervisory Board did not form a Nomination Committee because it is the Supervisory Board's opinion that election proposals should be drafted by the entire Supervisory Board. Therefore, the entire Supervisory Board will continue to deal extensively with the selection of suitable candidates that are then proposed to the Annual General Meeting.

Item 5.4.3 sentence 3: Proposed candidates for the chairmanship of the Supervisory Board are not announced to shareholders because the election of the Supervisory Board chairperson is an internal matter for the Supervisory Board and, therefore, its own responsibility. The Supervisory Board selects a chairperson and deputy chairperson among its members under its own organizational rights at the first meeting after its election by the Annual General Meeting. The company does not believe that it is appropriate to announce the candidates for the Supervisory Board chairmanship in advance.

Item 5.4.6 (1): The remuneration of the Supervisory Board members takes into account the additional workload inherent to holding the office of chairperson of the Supervisory Board or its committees. The role of deputy chairperson of the Supervisory Board and membership in the committees is not additional rewarded in the remuneration structure because the workload of the deputy chairperson and committee members is not materially different from that of the other Supervisory Board members.

Item 6.2: In accordance with the statutory requirements, zooplus AG discloses the holdings of members of the Management Board and Supervisory Board in zooplus AG when pursuant to Section 21 of the German Securities Trading Act (WpHG), the holdings have exceeded or fallen below the thresholds requiring. Additionally, zooplus AG discloses all "director's dealings" among these persons pursuant to Section 15a WpHG. The Management Board and Supervisory Board consider this information, which fulfills the legal obligations, to be sufficient for investors and the general public.

Item 7.1.2 sentence 2: The Management Board does not discuss the semi-annual and quarterly reports with the Supervisory Board or its Audit Committee before their publication. This could result in a time lag in capital market information.

Item 7.1.2 sentence 4: The interim reports are published no later than two months after the end of the reporting period, which places their publication within the two-month period required by the Frankfurt Stock Exchange for listing in the Prime Standard. zooplus AG believes that this deadline provides the company with sufficient time to ensure proper accounting.

2. The recommendations of the Government Commission on the German Corporate Governance Code in the version of May 5, 2015 have been complied with excluding the exceptions described under Item 1. and will continue to be complied with except for:

   Item 5.4.1 (2) sentence 1: The Supervisory Board has no defined length of service for membership on the Supervisory Board. zooplus AG would like to retain the general option to benefit from the expertise of long-term and experienced board members.

   There is no longer a deviation from the recommendations in Item 5.3.3 (Nomination Committee) and Item 5.4.6 (Remuneration of Supervisory Board members, with the exception of membership in committees that will continue to not be rewarded in the remuneration) meaning that the company now complies with these recommendations.

Munich, December 1, 2015

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

In accordance with Section 161 (2) AktG, the Declaration of Conformity is permanently available for shareholders and all other interested parties on the company's website at http://investors.zooplus.com/en.

Corporate governance

Responsible, sustainable and value-oriented corporate governance is an overriding priority at zooplus. Good corporate governance is a central element of the company's corporate management and provides the foundation for leading and overseeing the Group, its organization, business principles, and structures for direction and supervision.

The purpose of the German Corporate Governance Code is to create a transparent framework for the company's management and control. zooplus considers good corporate governance to be an important tool for increasing the trust of shareholders, employees, and customers. Therefore, the goal of zooplus AG's Management Board and Supervisory Board is to practice solid and responsible corporate management so as to create sustainable value.

Management and control structure

As a German stock corporation (Aktiengesellschaft, AG), zooplus is regulated by the German Stock Corporation Act and has a dual management and control structure. This structure makes a strict separation between the Management Board as the management body and the Supervisory Board as the supervisory body.

Management Board

zooplus AG's Management Board manages the company under its own responsibility free from third-party interference in accordance with statutory provisions, the company's Articles of Association, Rules of Procedure, Schedule of Responsibilities, and the resolutions of the Annual General Meeting. The Management Board formulates the company's strategic plans, obtains the agreement of the Supervisory Board and, after having done so, ensures the plans' implementation.

The Management Board consists of three members: Dr. Cornelius Patt (CEO), Ms. Andrea Skersies, and Mr. Andreas Grandinger. Mr. Jürgen Vedie, who had been a member of the Management Board since April 1, 2014 resigned from the Management Board with effect from June 30, 2015.

The members of the Management Board have clear and separate duties. Management Board members are responsible for their own specific area as outlined in the Management Board's Schedule of Responsibilities and within the context of the Management Board's Rules of Procedure and resolutions. They should keep their fellow Management Board members continually informed of important issues in their respective areas. The CEO directs the overall management and guides the company's business strategy. In the company's interest, the members of the Management Board, as the governing body, are jointly responsible for the company's overall management.

Supervisory Board

The Supervisory Board oversees and advises the Management Board when conducting business. The Supervisory Board reviews the annual financial statements, the management report, the proposal for the appropriation of retained profits, the consolidated financial statements, the group management report, and the Management Board's Dependency Report. Taking the auditor's audit report into consideration, the Supervisory Board adopts the zooplus AG annual financial statements and approves the consolidated financial statements. The Supervisory Board's duties also include appointing Management Board members as well as preparing and concluding employment contracts with Management Board members.

The Supervisory Board of zooplus AG consists of six members, all of whom are to be elected by the Annual General Meeting. The body's composition did not change in the reporting year. Mr. Moritz Greve, who was temporarily appointed by the court as a member of the Supervisory Board with effect from December 1, 2014 to the end of the 2015 ordinary Annual General Meeting, was appointed to the Supervisory Board by way of special election by the 2015 Annual General Meeting until the end of the 2016 Annual General Meeting.

The Supervisory Board of zooplus AG currently consists of Mr.Michael Rohowski (Chairman), Dr. Rolf-Christian Wentz (Deputy Chairman), Mr. Moritz Greve, Mr.Thomas Schmitt, Dr. Norbert Stoeck and Mr. Stefan Winners. Their terms of office are identical and will end with the 2016 ordinary Annual General Meeting.

The Supervisory Board and the Management Board discuss business development, planning, the company's strategy, and its implementation at regular intervals. Within the scope of the company's strategic evaluation, risk management, and reporting, the Management Board communicates with the entire Supervisory Board, and not just its chairman, to ensure that it can carry out its tasks as efficiently as possible.

The Supervisory Board has outlined its own Rules of Procedure. These define the Supervisory Board's tasks, obligations, and internal organization and specify details regarding 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 2015 without the Management Board being present. The efficiency review focused in particular on procedures within the Supervisory Board and the flow of information between Supervisory Board members.

The members of the Supervisory Board do not have any board functions or advisory tasks at any of the company's key competitors, nor do they have any professional or personal connection with zooplus AG or its Management Board. The Supervisory Board does not consist of any former Management Board members.

The Supervisory Board of zooplus AG has formed two committees: an audit committee and a nomination committee. Both committees report on their activities regularly in detail to the Supervisory Board.

The main task of the Audit Committee is to assist the Supervisory Board in fulfilling its supervisory obligation with respect to the accuracy of the annual and consolidated financial statements, and the auditor's activities. It also monitors the effectiveness of the internal control system (ICS), internal auditing, organizational arrangements for compliance with legal provisions, and internal corporate guidelines (compliance), and the risk management system. In 2015, the Audit Committee consisted of Dr. Wentz, Mr. Rohowski, and Mr. Greve. Dr. Wentz, who has been appointed chairman of the Audit Committee in the reporting year, fulfills the legal prerequisites for independence and expertise in accounting and auditing of financial statements in his role as financial expert.

The Nomination Committee consists of Mr. Moritz Greve, Mr. Thomas Schmitt, and the Chairman of the Supervisory Board, Mr. Rohowski, who is also the Chairman of the Committee. The task of the Nomination Committee is to recommend suitable candidates to the Supervisory Board for its election proposal to the Annual General Meeting.

In doing so, special attention should be paid to the statutory requirements and the recommendations and suggestions of the German Corporate Governance Code. In consideration of Item 5.4.1 of the Code, the Supervisory Board has specified the following objectives for its composition:

- **Professional qualifications:** Among the prerequisites for a seat on the Supervisory Board are first and foremost a candidate's professional qualifications and personal abilities. When proposing candidates for Supervisory Board membership, the primary criteria is the candidate's ability to perform the duties of a Supervisory Board member at an internationally operating company and to safeguard the zooplus Group's public reputation based on the candidate's knowledge, skills, and professional experience.
- **International representation:** In view of the company's international orientation, it is particularly important that the Supervisory Board has a sufficient number of members possessing extensive experience in international business.
- **Avoidance of 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 believes it is adequate when two members of the board are independent members. Material and lasting conflicts of interest, for example, from holding positions in executive bodies or taking consulting roles with key competitors to zooplus AG, should be avoided. Particularly in the case of candidate proposals to the Annual General Meeting, it should be ensured that the respective candidate does not have an active management or consultancy role or is a member of a supervisory body of competitors, suppliers, lenders, or customers in order to preclude any conflicts of interest. Members of the Supervisory Board should have sufficient time available to carry out their duties, ensuring that they can perform these duties 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.
- **Defined length of service:** The recommendation of the Corporate Governance Code to adopt a regular limit of length of service for membership in the Supervisory Board has been abandoned in order to retain the option to benefit from the expertise of long-term and experienced board members.
- **Diversity:** The Supervisory Board's aim when composing the Supervisory Board is to enable its members to optimally execute their monitoring and advisory functions supported by the diversity of its members. Diversity primarily refers to international background, upbringing, education, and career path and not nationality or diversity in the context of gender or age. This means that the composition of the Supervisory Board should appropriately reflect the diversity of an open, innovative, and internationally operating company such as zooplus AG. However, it also means that no one person should be ruled out or proposed as a candidate for the Supervisory Board solely due to the fulfillment or non-fulfillment of any of the characteristics mentioned. Women should be properly taken into consideration based on their qualifications and suitability. For this reason, the Supervisory Board strives to propose an appropriate share of women candidates for election, even though the Supervisory Board is aware that the targeted appropriate share of women on the Supervisory Board cannot be achieved immediately. Nonetheless, the Supervisory Board intends to include qualified women in its selection process and election proposals, starting with the examination of potential candidates for new appointments or as replacements 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.

The aims relating to “professional qualifications”, “internationality”, “avoiding potential conflicts of interest”, and the “age limit” have all been implemented. In the Supervisory Board's opinion, the independence of the Supervisory Board is adequately ensured because there are three independent members of the Supervisory Board as defined by the Corporate Governance Code. The goal of diversity will also be taken into account in the search for suitable Supervisory Board candidates. When including female candidates for election to the Supervisory Board, the candidate's abilities and qualifications will remain the key criteria for proposals. The Supervisory Board ensures that its proposals to the Annual General Meeting for candidates for the Supervisory Board have the adequate time necessary to serve on the Supervisory Board.

Information on targets for the representation of women on the Supervisory Board, Management Board and senior executive levels of zooplus AG

The "Law for Equal Participation of Women and Men in Leadership Positions in the Private and Public Sectors", which took effect on May 1, 2015, stipulates targets to be determined for the representation of women on the Supervisory Board, the Management Board or Board of Directors, and in the next two management levels, to be met by June 30, 2017.

Female representation on the Supervisory Board

For the zooplus AG Supervisory Board, the share of female representation in the form of a set target level to be achieved by the statutory deadline on June 30, 2017 has not been established. The Supervisory Board believes that despite its desire to have at least one woman on the Supervisory Board, the best candidate for the Supervisory Board must be determined based on a variety of criteria.

Female representation on the Management Board

The Management Board of zooplus AG currently consists of three members. One of these members is a woman. In September 2015, in accordance with Section 111 (5) AktG, the zooplus AG Supervisory Board decided that this ratio should be maintained as the target level until June 30, 2017.

Female representation in the first and second level of management

In September 2015, in accordance with Section 76 (4) AktG, the zooplus AG Management Board established a target level of female representation for the first and second management level below the Management Board of 33 % each, to be maintained until June 30, 2017. The two levels of management, as defined by Section 76 (4) AktG, were established based on the existing reporting lines below the Management Board at zooplus AG. Currently, the degree of female representation of 42 % and 52 % clearly exceeds these targets.

Cooperation between the Management Board and Supervisory Board

In-depth discussions between the Management Board and Supervisory Board provide the basis for responsible corporate management.

The Management Board informs the Supervisory Board in a periodic, timely, and comprehensive manner of all relevant company issues relating to strategy, planning, business development, the risk situation, risk management, and compliance. This includes information on any deviations in the company's business development versus previously formulated plans and targets and the reasons for these deviations. In a monthly meeting, the chairmen of the Management Board and Supervisory Board discuss important issues concerning business development and other current topics. Critically assessing the course of business is one of the Supervisory Board's main tasks.

The Management Board's concrete tasks and duties towards the Supervisory Board are set out in the Management Board's Rules of Procedure. The Rules of Procedure specify the Management Board's obligations with respect to informing and reporting to the Supervisory Board and the provision that the Supervisory Board must approve any transactions of fundamental importance to the business.

Avoiding of potential conflicts of interest

Under its Rules of Procedure, Management Board members are obliged to inform the Supervisory Board immediately of any conflict of interest and inform the other members of the Management Board of this conflict. Under the Supervisory Board's Rules of Procedure, Supervisory Board members must immediately disclose conflicts of interest to the Supervisory Board, particularly those that may result from a consulting role or a directorship with customers, suppliers, lenders, or other business partners. Substantial and not merely temporary conflicts of interest of a member of the Supervisory Board shall result in the termination of the mandate. In the 2015 financial year just ended, there were no conflicts of interest with members of the Management Board or Supervisory Board in the carrying out of duties for zooplus AG.

Remuneration

The Supervisory Board is responsible for establishing the remuneration system's structure and the individual remuneration of members of the Management Board. The Supervisory Board regularly reviews the remuneration structure for its appropriateness. The company does not provide information on the remuneration of individual members of the Management Board as a result of the resolution of the Annual General Meeting on May 22, 2012 pursuant to Section 286 (5) sentence 1 HGB. The exemption from the obligation to disclose individualized information extends to and includes the 2016 financial year.

In addition to compensation for their expenses for the past financial year, Supervisory Board members receive a fixed annual remuneration of EUR 25,000.00 in accordance with the Articles of Association. The chairperson of the Supervisory Board received EUR 37,500.00 and the deputy chairperson receives EUR 30,000.00. Fixed remuneration is paid out after the end of the financial year. Members of the Supervisory Board do not receive variable or share-based remuneration. The chairpersons of the committees receive remuneration of EUR 5,000.00.

Shareholders and the Annual General Meeting

Shareholders can exercise their rights and voting rights at the Annual General Meeting. Each share is entitled to one vote. Shares with multiple voting rights or preferential voting rights do not exist for any shares nor does a cap in voting rights. The Annual General Meeting, in which the Management Board and Supervisory Board give an account of the preceding financial year, takes place annually. At the Annual General Meeting, shareholders have the option to exercise their voting rights in person, be represented by an authorized proxy of their choice or by a proxy appointed by the company.

The Management Board presents the Annual General Meeting with the annual financial statements and consolidated financial statements. The Annual General Meeting decides on the appropriation of any retained profits and approves the discharge of the members of both the Management Board and the Supervisory Board as well as elects the auditor. When required, the Annual General Meeting resolves changes to the company's Articles of Association, elects members to the Supervisory Board, and adopts other resolutions on the agenda.

Systematic risk management

Using the established internal control system, the company is in a position to identify possible operating and financial risks early so that it can take the appropriate action. This control system is conceived in such a way that prompt risk supervision is possible, which ensures the correct accounting of all business transactions and the continuous availability of reliable data regarding the company's financial situation.

Transparency

In order to ensure the greatest degree of transparency possible, the company informs its shareholders, financial analysts, shareholder associations, the media, and interested members of the public regularly and promptly of the company's situation and any material business changes. This is done with the aim to strengthen investor confidence in the value potential of zooplus AG.

The company keeps stakeholders continually informed of relevant events in a timely and reliable manner. Insider information directly affecting the company is published immediately by the company in line with legal provisions. The company takes part in regular discussions with private and institutional investors at its Annual General Meeting and at capital market events, such as roadshows and conferences. In keeping with the principle of fair disclosure, the company treats all shareholders and key target groups equally when it comes to valuation-relevant information. The company promptly provides information to the general public on important new circumstances.

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

On the company's website at http://investors.zooplus.com/en, interested parties can also view directors' dealing's notifications of the Management Board and Supervisory Board of zooplus AG and related parties, which are published by the company immediately after receiving the information pursuant to Section 15a WpHG. The same applies for voting right notifications the company receives pursuant to Section 21 ff. WpHG.

Accounting and auditing

Since the 2005 financial year, Group accounting has been conducted in accordance with International Financial Reporting Standards (IFRS), while the financial statements of the parent company are prepared pursuant to German standards (German Commercial Code – HGB). Reporting is conducted in accordance with statutory requirements and stock market regulations by means of the annual financial statements and quarterly interim reports. The annual report and company website are also published in English in accordance with international standards. The annual and interim reports are published online on the company's website at http://investors.zooplus.com/en.

The Management Board prepares the consolidated financial statements, and these are reviewed by the auditor and the Supervisory Board. The Munich branch office of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, was elected as the auditor by the 2015 Annual General Meeting. The auditor has submitted a declaration of independence to the Supervisory Board as evidence of its independence. The auditor took part in the consultation of the Audit Committee on March 9, 2016 and of the Supervisory Board on March 17, 2016 with respect to the 2015 annual financial statements and consolidated financial statements. At these meetings, the auditor reported the results of the audit of the zooplus AG annual financial statements and management report as of December 31, 2015 (HGB) and the zooplus Group consolidated financial statements and group management report as of December 31, 2015 (IFRS) to the Audit Committee and Supervisory Board.

The auditors of zooplus AG agreed that the Chairman of the Supervisory Board should be promptly informed of any possible disqualifying reasons or reasons for exclusion discovered in the course of the audit when these issues cannot be resolved immediately.

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

Group business model

Business model

zooplus AG is Europe's largest specialized online retailer of pet products in terms of sales. The company currently operates in 30 European countries as an exclusively Internet-based B2C retailer and is the clear market leader by a wide margin. The European market, including both online and bricks-and-mortar retailers, generated gross sales in 2015 of EUR 25 bn. zooplus's product range featuring over 8,000 products includes pet food and accessories for the most common types of pets.

Track record

Since its foundation in June 1999, the company has successfully used the Internet as a platform for selling pet supplies and business activities have been expanding uninterrupted. Some of the key milestones the company has achieved on its dynamic growth path include broadening the product portfolio, penetrating new European markets by focusing early on international expansion, bringing the company's public in 2008 and being admitted to the SDAX. In 2015, the company significantly surpassed the EUR 700 m threshold for sales for the first time.

International presence

Since 2005, the company has been pursuing an internationalization strategy strongly oriented towards growth. This approach has allowed the company to gain a firm foothold and achieve critical size in the German-speaking market as well as in France, Italy, Spain, the Netherlands, Great Britain, and Poland. These countries represent the seven largest European markets in terms of volume, which makes them of key importance to zooplus AG. By its own estimation, the company believes it is the online leader in these markets. zooplus AG is also active in 23 other European markets. The company's pan-European structure in 30 countries clearly differentiates it from the major competitors.

Products are shipped to customers from four central logistics hubs: Hörselgau in Thüringen, Germany, Tilburg in the Netherlands, Wroclaw in Poland and, since March 2015, Chalon-sur-Saône in France. Combined, these centers represent total logistics capacity of around EUR 900 m in sales. Thanks to an advanced European-wide networked logistics and fulfillment structure, international markets can be served quickly and efficiently.

Experience has shown the importance of providing country-specific and localized offerings and shops. Customers expect this, which is why zooplus AG operates local language shops in 25 markets offering a broad range of regionally specific pet products. In addition to the zooplus brand and website with its comprehensive range of 8,000 products, the company also operates in twelve markets under its bitiba brand, which is based on a discount concept and offers a more narrow range of products.

zooplus served close to 4 million active customers in 2015. An enormous product range, attractive prices and reliable, fast delivery, guaranteed by a high-performance infrastructure, position the company as the clear no. 1 in the online retailing of pet supplies.

zooplus' European market presence

- Well-established, country-specific webshops
- Supply through other localized shops
- ❶ Tilburg logistics center
- ❷ Hörselgau logistics center
- ❸ Wroclaw logistics center
- ❹ Chalon-sur-Saône logistics center

Years represent date of market entry
* 2005
** 2008

The zooplus value chain

The year 2015 was another year in which zooplus AG achieved double-digit sales growth in all markets. The focus of the company's growth strategy going forward will continue to be on systematically penetrating existing international markets while continuing to expand its market position in Germany. With operations in 30 countries, zooplus AG covers nearly all of Europe and intends to keep Europe the focus of its activities.

The core of the zooplus internationalization strategy is multi-lingual, tailored customer service combined with a variety of international payment systems and access to an advanced logistics infrastructure through parcel service providers. This model has proven to be efficient, capable, and highly scalable at the same time. zooplus AG can rely on highly motivated, well-trained employees at all locations who guarantee the sustained success of the business model.

Creating flexible, high-performance, and efficient operating structures that accommodate the company's strong growth has been and will continue to be a key consideration in structuring the business model. zooplus AG always takes these objectives into account in all of its core operating areas.

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Human resources

zooplus is aware that its success largely depends on the commitment, knowledge, and performance of its employees. Which is why the company invests steadily in creating a work environment that encourages innovation, team spirit, commitment, and initiative. The Human Resources Department supports the zooplus's corporate strategies using specially designed personnel instruments and campaigns.

In an environment where the competition for good employees is intense in all areas, zooplus AG always offers competitive salaries. Employee compensation consists of fixed and variable remuneration components as well as intangible benefits, which may vary depending on country-specific standards.

zooplus recognized early on that diversity in hiring is a key factor for success. The interaction of people with different ideas, strengths, skill sets, and cultural backgrounds leads to the best solutions for a variety of challenges. zooplus employs almost 40 different nationalities across all locations. In 2015, the company's proportion of female employees was 53 %.

zooplus's management tools combine the overall performance evaluation with an individual assessment of target achievement, the employees' personal growth curve in their current role, and their development opportunities. These personal meetings are held once to twice every year and are used to foster a performance culture throughout the Group and at the same time individually motivate employees as best as possible to achieve their goals.

Personnel key data

38 nationalities

53% women

313 employees

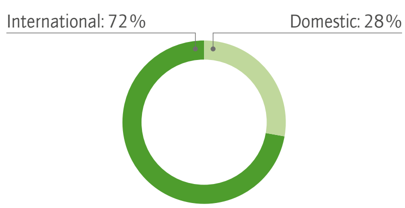
47% men

35 years Ø

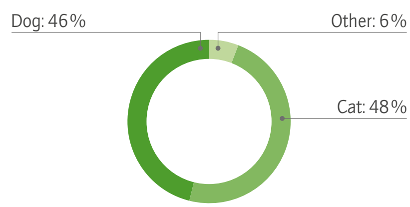
Procurement and product range

The company has built extensive international procurement operations, which have played a key role in creating its expansive product range. From a customer perspective, zooplus AG offers a broad and compelling product range across all pet types and product categories that also address local aspects of the individual European markets. From exotic specialty food to large aquariums, zooplus offers an extensive selection of pet supplies consisting of around 8,000 food and accessory products for dogs, cats, small animals, birds, fish, and horses. This vast range of brands and products includes everyday staples such as recognized brands of pet food generally available in specialist stores and the company's private label and specialty articles such as care products, litter, toys, and other accessories. Because cats and dogs represent the most popular categories of house pets, the company focuses on branded products for dog and cat food and related accessories.

Share of domestic / international sales



Product portfolio (share of turnover)



It is important for the company to maintain close strategic relationships with all key suppliers and manufacturers throughout Europe so that it can offer this extensive product range at the highest degree of value for money available. zooplus AG sources all of its products directly from the respective manufacturers. Procurement is carried out internationally using more than 100 suppliers. zooplus AG will continue to expand its localized product offers and appeal to the tastes of local customers by working closely together with its suppliers.

Private label business

zooplus augments its product range in key areas with its continually evolving private label strategy. The company sells an exclusive range of its own private label brands and today offers customers a compelling range of products. This range includes premium dry and wet foods for dogs and cats under the Rocco, Cosma, and Smilla brands, as well as the company's other private brands (Lukullus, Catessy, Tigerino, and others). The company places special strategic importance on consistently differentiating products within existing private label brands to create strong, long-term core brands. The products and brands already launched have received a high level of acceptance from customers and increase customer loyalty. Private label brands in the food and litter segments play a prominent role in the company's strategy. In the 2015 financial year, sales of private labels products continued their exceptional growth. Their share of sales stood at roughly 10%. The company plans to continue to increase its private label brands as a percentage of sales.

Dogs

Wet food and snacks – Premium food made of 100 % fresh meat for breed-specific diets

Dry and wet food and snacks – Premium nutrition that harnesses the power of nature; high-quality, natural ingredients, manufactured in a conscientious manner

Dry and wet food – wild and free! Pet food inspired by the wolf's natural instincts and ancestral diet

Dry food developed by experienced dog experts based on the latest scientific knowledge offering superior value for money

Snacks – Experts in snacks with a large selection of highly popular snacks

Dry food and snacks – Dog food and snacks offering unbeatable value for money

Cats

Wet food and snacks – High-premium nutrition from 100 % fresh meat for breed-specific diets

Dry and wet food and snacks – Premium food developed in cooperation with experts and according to the latest scientific findings

Dry and wet food and snacks – A varied product range with unusual flavors always at a good value

Dry and wet food – Premium food: made with love, just like homemade and grain-free

Cat litter – Cat litter in various types offering excellent value for money

Dogs and cats

Concept for Life provides cats and dogs a customized diet optimally adapted to their lifestyle, age, and special needs. Tailored to life!

Dry food – High-premium nutrition with 70 % protein / meat, 30 % fruits and vegetables, and grain-free

Dry and wet food – Hypoallergenic pet food with the best ingredients for a breed-specific diet

Food, snacks and accessories – Contributing can be so simple: 10 % of the purchase price of zoolove products is donated to animals in need

Logistics

zooplus AG currently has four central logistics centers – Hörselgau, Germany; Tilburg, the Netherlands; Wroclaw, Poland; and since March 2015, Chalon-sur-Saône, France. All locations are operated in cooperation with the company's two international logistics partners who are responsible for the operative handling of fulfillment. The investment necessary for setting up the logistics centers is provided by the logistics partners, meaning that zooplus does not incur any investment costs (CAPEX). The compensation paid to logistics partners is largely variable and depends on the level of volumes handled. The operations of all logistics centers are closely synchronized within a production network. This structure is a key driver of efficiency.

Even though the logistics operations have been outsourced, all core fulfillment processes are still managed centrally by zooplus AG and, therefore, represent proprietary expertise. The company employs a designated in-house team to coordinate and develop the logistics and distribution operations. Smooth material flows, packaging efficiency and quality, and delivery speed offer crucial leverage for improving cost efficiency and maximizing customer satisfaction – two factors crucially important for the company's commercial success. Both inventory planning and supply chain management are processed by the company's proprietary systems. Deliveries to customers across Europe are dispatched via domestic and international parcel service providers.

In contrast to online retailers in other segments, zooplus AG's rarely experiences customer returns. Size and a customer's individual taste play a subordinate role – customers know what their animals want. This is the reason the customer returns rate is at a very low level of roughly 2 % – which means the cost pressure from this area is low.

Fulfillment Center Chalon-sur Saône

Technological infrastructure

The basis of zooplus AG's performance capabilities lies in the back-end structures of the company's operations. These include European central logistics operations, international merchandise management, and an integrated pan-European technology platform that allows the targeted management of single local markets. All of the company's core areas including logistics and distribution, marketing, payments, assortment and price management, procurement, and finance are controlled centrally from the corporate headquarters in Munich. In addition, the existing international locations allow separate, regional fine tuning. These structures enable the company to generate significant economies of scale from its continued dynamic growth.

zooplus AG is a technology-oriented Internet retailer. The new and ongoing development of core processes and the business model's other important systems is almost exclusively initiated in-house and is either carried out on a proprietary basis or with external help. This approach results in customized, highly flexible solutions for a scalable business model. External partners are always used to supplement internal expertise and implementation capacity when these in-house resources are not available or not sufficiently available. Highly specific software solutions in all key areas of the company have been crucial building blocks in zooplus AG's success and will continue to play a significant role in the company's achievement of its future goals. Business areas where highly specialized systems are used include, for example:

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

A smooth and reliable link to domestic and international payment systems is of monumental importance for zooplus AG as an online retailer. Customers can choose almost any leading European payment system to pay for their orders. Sophisticated credit checks have helped the company to keep default rates to a low level.

Marketing and customer acquisition

Marketing and customer acquisition play a key role in the company's dynamic growth. zooplus customers can access the zooplus online shop via desktops, tablets, smartphones, or by using the zooplus app, which means the company is ideally positioned to increase the share of its sales via mobile platforms. From an efficiency point of view, it is crucial that there be no change in media in potential customer's search behavior. This is the reason the company focuses on online marketing because it is where potential customers are and where they have direct access to zooplus – namely, the Internet. The spectrum of classic online advertising, search engine marketing and optimization through affiliate networks, price comparisons, and sector-specific online activities offer sufficient online marketing options. The company also employs a wide variety of social media channels, such as Facebook, Twitter, and YouTube. All activities are adapted to the various countries and regions so that zooplus, as a pan-European company, can acquire customers in the most efficient way possible.

These efforts attracted close to 2.0 million new customer accounts in 2015. Customer acquisitions are expected to remain high to support the projected growth. It is not only important how many new customers are acquired but also how many of these new customers will go on to become long-term repeat customers. For this to take place, it is crucial to maintain existing customer relationships and make sure customers receive outstanding service. zooplus AG's commercial success is ultimately based on turning new customers into satisfied repeat customers and establishing itself in the minds of these customers as the preferred supplier in the market. The stable and attractive sales retention rate of loyal customers – driven by the repeated need for pet food – is a major source of long-term business success. In 2015, zooplus AG increased customer loyalty and achieved record levels. The activities mentioned contributed to these accomplishments as did periodic special offers, customer loyalty programs, reactivation programs for dormant customer accounts and, above all, a thoroughly attractive price structure for an outstanding range of products and services.

Overwhelming customer satisfaction

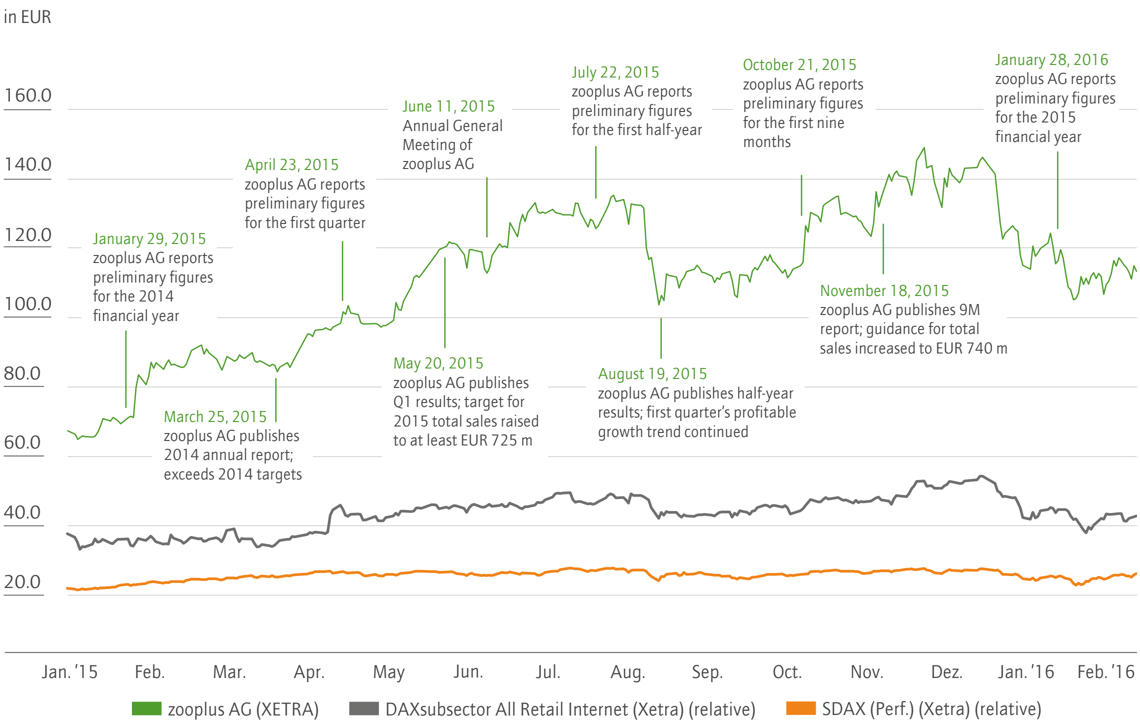
The company wants to maintain its position as the unmistakable quality and service leader among competitors in terms of customer satisfaction and is continuously enhancing its range of products and services. According to a study by the Cologne eCommerce Center (ECC) in January 2016, zooplus ranked an impressive fourth place out of 105 online stores. The factors used in their assessment included value for money, website design, user-friendliness, product range, customer service, payment options, shipping, and delivery. They also analyzed customer satisfaction and loyalty.

Summary

Since its foundation, zooplus has grown to become the clear leader in online pet supplies in Europe and is already the no. 3 on the overall European market (bricks-and-mortar and online retailing) behind Fressnapf and Pets at Home. Customers benefit from the significant value created by the company's business model and from attractive prices and fast and generally free delivery. zooplus benefits from the strong degree of customer loyalty and the high sales retention rate. At the same time, zooplus AG has also become significantly more cost efficient and has achieved considerable economies of scale in key cost items due to strong growth. zooplus AG believes it has already attained the cost leadership position in the pet supply segment versus its online and bricks-and-mortar competitors. zooplus plans to continue expanding its unique market position and reputation under its current growth strategy, thereby adding further chapters to its success story. This is how the company plans to continue participating in the online market's expected ongoing strong growth.

The zooplus AG share

Stock chart zooplus AG: January 1, 2015 to February 29, 2016



Source: Deutsche Börse

The share

zooplus AG's shares started trading in the Entry Standard segment on the Frankfurt Stock Exchange on May 9, 2008. Almost one and a half years later, on October 22, 2009, the company successfully moved to the Prime Standard segment, which has the most stringent transparency and disclosure requirements in Germany. After an uninterrupted rise in the company's market capitalization and trading volume, zooplus AG entered the SDAX on June 29, 2011.

2015 / 16 share performance

The zooplus share delivered outstanding performance in the 2015 financial year. The shares ended the year at a level of EUR 146.00 for a roughly 120 % increase versus its issue price on its first day of trading. During this same period, the SDAX benchmark index saw an increase of 17.8 %.

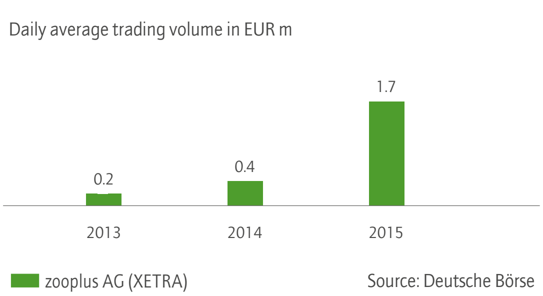
On January 2, the first trading day of the year, zooplus shares closed the trading day at EUR 66.70 and, by the end of the first quarter, had climbed to EUR 85.10. On February 24, the shares achieved a high for the first quarter of EUR 91.50. In the second quarter, on April 21, the shares exceeded the EUR 100 threshold for the first time. The zooplus share continued to trend higher during the quarter and closed on June 30 at EUR 127. In August, the shares became swept up in the larger overall correction taking place on the world's stock markets and fell in the third quarter to a level of EUR 103.15. During the fourth quarter, the shares were able to regain ground and continue their long-term trend higher. zooplus shares closed 2015 at EUR 146.00, near their all-time high of EUR 148.80 reached in early December.

The 2016 trading year got off to a weak start due to concerns surrounding China's financial market and economy. On January 4, the DAX index marked its worst initial trading day in over 25 years. By the end of February (February 29, 2016), zooplus shares had declined to a level of EUR 112.25 but were still able to record a year-on-year increase of roughly 26 % despite their setback in early 2016.

Capital measures and market capitalization

zooplus started 2015 with a total of 6,984,450 outstanding shares. By the year's end, this number had increased to 6,995,182 shares as a result of exercised options. The company's share capital rose accordingly to EUR 6,995,182 as of December 31, 2015. At a share price of EUR 112 the market capitalization of zooplus AG as of this report's editorial deadline (February 29, 2016) amounted to EUR 783 m.

zooplus's share liquidity continues to rise



Trading volume in zooplus shares increased significantly in 2015 compared to prior years. The shares' 2015 average daily trading volume was EUR 1.7 m compared to EUR 0.4 m in 2014. This amounts to more than a four-fold year-on-year increase in the shares' trading volume.

Key data

WKN	511170
ISIN	DE0005111702
Ticker symbol	Z01
Trading segment	Regulated market (Prime Standard)
Type of shares	No-par value bearer shares
Share capital in EUR as of December 31, 2014	6,984,450.00
Share capital in EUR as of December 31, 2015	6,995,182.00
Number of shares as of December 31, 2015	6,995,182
Initial listing	May 9, 2008
Initial issue price*	EUR 13.00
Share price as of January 2, 2015	EUR 66.70
Share price as of December 30, 2015	EUR 146.00
Percentage change	+ 118.89 %
Period high	EUR 148.80
Period low	EUR 64.23

Xetra closing prices of Deutsche Börse AG
* taking into account the capital increase from company resources in July 2011

Investor relations

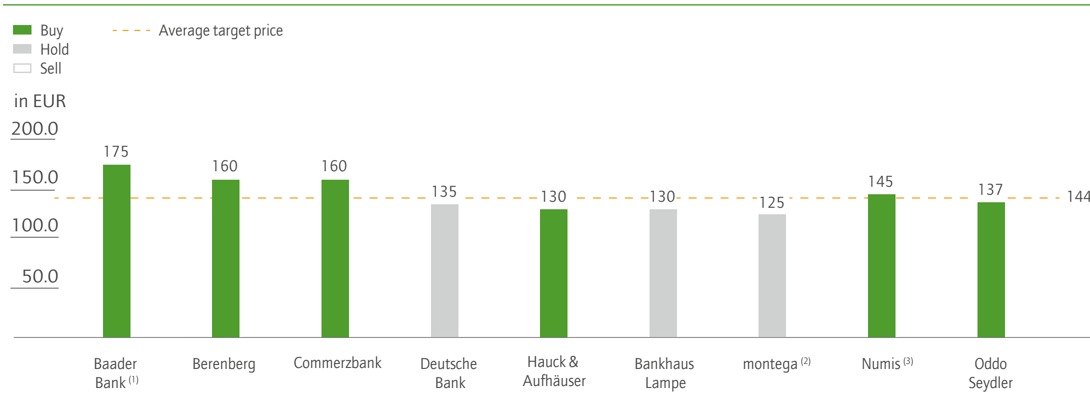
Maintaining and increasing the trust of our shareholders, analysts, and other capital market participants is a top priority for zooplus AG and its management team. The aim of zooplus's investor relations activities is to promptly and regularly communicate important corporate information to shareholders and interested parties and ensure that they are kept as up to date as possible on the company's development.

For this reason, the investor relations department and the Management Board are available at all times for all those interested. In addition, to provide even greater access to information, the company holds conference calls and webcasts when it publishes its final annual and half-year results. Following these events, the public is given access to the corresponding documents on the zooplus website under the investor relations section.

In 2015, the Managing Board of zooplus AG expanded the company's investor relations presentation to provide even more transparency to outside parties. As part of the investor relations activities, the Management Board participated in 13 investor conferences in Germany and abroad. A total of six roadshows were held in Frankfurt, London, Paris, Zurich and New York. The Management Board and the investor relations department were available to investors and analysts for questions and private meetings. Nine investment banks currently follow and publish research on zooplus AG.

Analysts

Overview of analyst recommendations for zooplus AG as of February 29, 2016

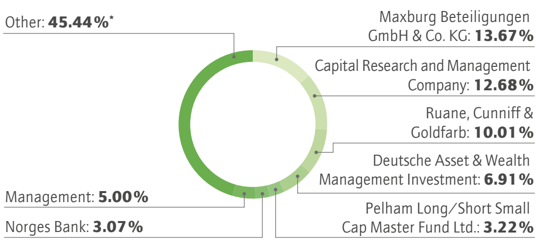


(1) Coverage since 2015 (2) Coverage since 2014 (3) No update yet in 2016

Annual General Meeting

zooplus AG's Annual General Meeting was held on June 11, 2015 in Munich and was widely attended. About 77.41 % of the voting capital was present or represented. The CEO of zooplus AG, Dr. Cornelius Patt, described the company's business development in 2014 and provided an outlook for the 2015 financial year. zooplus shareholders adopted all resolutions by a large majority. The agenda items included the presentation of the adopted annual financial statements and the approved

zooplus AG shareholders



As of March 22, 2016
Share ownership according to the published voting rights notifications
*According to the definition of Deutsche Börse, the free float amounts to 86.33 %

Disclaimer: The shareholder structure depicted is based on published voting rights notifications and company information. zooplus AG does not assume responsibility for the accuracy, completeness, or timeliness of this information.

consolidated financial statements including the management reports, report of the Supervisory Board and the explanatory report of the Management Board, the resolution on the discharge of the Supervisory Board and Management Board, the election of the auditor and group auditor for the 2015 financial year and the resolution on an amendment to the Articles of Association concerning the Supervisory Board's remuneration. Mr. Moritz Greve, who was temporarily appointed by the court as a member of the Supervisory Board with effect from December 1, 2014 to the end of the 2015 ordinary Annual General Meeting, was appointed to the Supervisory Board by way of special election by the 2015 Annual General Meeting until the end of the 2016 Annual General Meeting. Several other resolutions were adopted by a large majority including the cancellation of Conditional Capital 2007/I, the cancellation of the Authorized Capital 2012 and at the same time the creation of a new Authorized Capital 2015 and the right to acquire own shares.

Shareholder structure

There was a significant change in zooplus AG's shareholder structure in the 2015 financial year. The company's major shareholder, Burda, sold the majority of its shares. As of December 31, 2015, Burda holds 2.99 % of zooplus shares. The sale of these shares increased zooplus AG's free float from 70.16 % (as of February 27, 2015) to 86.33 % (as of March 22, 2016). This has had a positive effect on the shares by increasing their liquidity and broadening the shareholder base.

Notable share purchases were made by Deutsche Asset & Wealth Management and Capital Research. These fund companies increased their interest in zooplus compared to the prior year by 2.68 % and 3.88 %, respectively.

2016 Financial Calendar

April 21, 2016	Preliminary sales figures for Q1 2016
May 19, 2016	Publication of the 2016 3M report
May 31, 2016	Ordinary Annual General Meeting
July 21, 2016	Preliminary sales figures for H1 2016
August 18, 2016	Publication of the 2016 Half-Year report
October 20, 2016	Preliminary sales figures for Q3 2016
November 17, 2016	Publication of the 2016 9M report
November 21–23, 2016	Presentation at the German Equity Forum

zooplus – a sustainable growth story

Strong business performance in 2015

Total sales increased by 30 % to EUR 743 m
EBT EUR 12.7 m (+ EUR 3,9 m compared to previous year)

Attractive market with continued growth potential

Gross market volume in Europe approx. EUR 25 bn with rapid growth in the share of online retailing

Strong sales growth

driven by a large and increasing loyal customer base in 30 european countries

The cost leader

compared to both online and bricks-and-mortar competitors

Positive outlook for 2016

Sales of at least EUR 875 m and
EBT in the range of EUR 14 – 18 m projected for 2016

Unmistakable market leader in online retailing for pet supplies in Europe

Currently the no. 3 in the overall market of both online and bricks-and-mortar retailing

Integrated logistics infrastructure

for pan-European sourcing and fulfillment

Experienced management team with a clearly focused strategy

and roughly 5 % ownership in the company

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Group management report

Group Management Report of zooplus AG

The 2015 financial year

1. Business report

A. Business performance and economic environment

a. Group structure and business activities

i. Business divisions

zooplus AG, the parent company of the Group, was founded in Munich in 1999. The Group operates in the e-commerce segment as a web-based retailer of pet supplies to private end consumers. The zooplus Group is the distinct market leader in Europe in this segment measured in terms of sales and active customer base.

The overriding business objectives are sustained growth, the systematic penetration of existing markets, and the expansion of the company's online market leadership in Europe. zooplus is working to achieve these objectives by continually expanding its infrastructure so that it can maintain its technological edge in the segment.

Altogether, zooplus offers customers roughly 8,000 different food and accessory products for dogs, cats, small animals, birds, fish, and horses. These products include everyday staples, such as brand name foods generally available at specialty retailers; zooplus's private labels; specialty articles, like toys, care, and hygiene products; and other accessories. zooplus also offers a wide range of free content and information on its websites, including veterinary and other animal-related advice and interactive features such as discussion forums and blogs.

zooplus generates its sales from selling products out of its four central fulfillment centers located in Hörselgau, Germany; Tilburg, Netherlands; Wroclaw, Poland; and Chalon-sur- Saône, France. The center at Chalon-sur- Saône began operating in March 2015, raising zooplus's maximum logistics capacity to today's total of roughly EUR 900 m in sales. zooplus also has additional space available at its existing locations in the event additional logistics capacity is required. Since early 2015, a smaller fulfillment center in Strasbourg has assumed the processing of certain types of orders for the French and German markets. The locations of the central warehouses enable the company to ensure fast and efficient deliveries and maintain a high degree of general product availability for its customers across Europe. "Final-mile" deliveries to end customers are made using national and international parcel service providers.

From a customer perspective, zooplus sets itself apart from the competition by means of its business model, which combines a broad product range, attractive prices, and an efficient flow of goods with simple and convenient handling.

ii. Markets

zooplus operates in 30 countries across Europe through a variety of localized and cross-national online shops. The company estimates that the gross total market volume in the European pet supplies segment in 2015 was roughly EUR 25 bn. According to the company's proprietary estimates, zooplus AG is the clear online market leader in terms of sales and active customer base by a wide margin in both the European high-volume markets of Germany, France, Netherlands, Spain and Italy, and across Europe as a whole. The company also estimates that it is the fastest growing company in its sector.

At the end of March 2016, zooplus operated a total of 25 localized online shops. In addition to the five high-volume markets mentioned above, the company also operates online shops in the United Kingdom, Belgium, Denmark, Finland, Ireland, Croatia, Austria, Poland, Romania, Slovakia, Switzerland, Slovenia, Sweden, the Czech Republic, Hungary, Portugal, Bulgaria, Norway, Greece and Turkey. This effectively makes zooplus the sector's dominant provider in the online segment across Europe by a substantial margin compared to smaller local and national competitors.

Next to its zooplus brand, the Group also operates under its bitiba brand, which is a discount concept with a limited range of products already available in 12 countries.

iii. Key influential factors

Two critical influential factors define the online retailing business for pet supplies: the evolution of the overall European pet supplies market, and the general and sector-specific development of Internet users' online purchasing behavior.

Evolution of the European pet supplies market

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

In all European countries, the primary sales channels for pet supplies are the bricks-and-mortar pet stores, garden centers, DIY stores, conventional supermarkets, and discounters. The key differences among the individual bricks-and-mortar retail concepts for pet supplies are the product range and product positioning: While large-scale supermarkets and discounters usually limit themselves to a product range of approximately 150–200 smaller, typically lower-priced pet food products, larger pet store chains offer a complete product range of pet food (from entry-level to premium prices) and accessories (including toys, hygiene products, pet furniture, and equipment). zooplus has defined its relevant market segment as the conventional specialty retailer segment, including the related specialty product areas of the core supermarket segment.

zooplus expects the market's overall volume to remain stable or increase slightly in the years ahead.

For 2016, zooplus forecasts market growth of roughly 2–3 % in Europe. In Germany, around one-third of all households own one or more pets. zooplus assumes that the other key high-volume European markets are at a similar level. Changes in the market are brought about by changes in the animal population, the shift in sales towards higher value products and categories within the food and accessories segments ("premiumization"), and the increasing "humanization" of pets.

Thanks to recurring patterns of demand, especially in the pet food segment, the pet supplies market has very low seasonality. Around 80 % of total demand relates to pet food itself, which means the Group enjoys exceptionally stable medium to long-term demand.

Development of online retailing

The Internet's development as a distribution channel for pet supplies is critically important to the Group. The availability of fast and reliable Internet access to large segments of the population is a basic prerequisite for European online retailing to consumers. The primary drivers are the availability of high-speed fixed Internet access and growing mobile access. zooplus customers, for example, can access the zooplus websites using their desktop computers, tablets, smartphones, or by using the zooplus app. Expanded access has driven the number of Internet users sharply higher in recent years, which in combination with the higher everyday use of search engines and other Internet platforms, such as price information services and sites offering product comparisons, has prompted a significant increase in the general interest and participation in online shopping.

Over the past several years, E-commerce has continued to gain significance as an ever more important shopping distribution channel. According to publications by the German Retail Federation (Handelsverband Deutschland), B2C e-commerce sales in Germany totaled roughly EUR 42 bn in 2015, which corresponds to a year-on-year increase of 12 %. Further growth in European online retailing appears likely, particularly given the inherent advantages of online retailing compared to existing bricks-and-mortar retail concepts such as a broader product range and more convenient shopping. In addition, logistics service providers and parcel services are making a significant effort to further improve their quality of service for customers, which will also provide an added boost to the online market's growth momentum. Based on these trends, independent market observers such as Statista expect online retailing to continue to enjoy annual double-digit percentage growth rates in the years to come.

The amount of products sold over the Internet in the pet supply segment is still relatively low compared to other product categories and largely driven by the sales zooplus itself generates across Europe. The company's internal estimates show that until now only 6–7 % of the total European pet market has migrated online.

This means, zooplus, as the market leader, is in a unique position to benefit from these lasting shifts in the existing distribution and retailing structures.

iv. Competitive position

Advantage over online competitors

Generally, there are lower barriers to market entry in online retail than in bricks-and-mortar retail. As a result, zooplus not only faces international (online) retailers in the European market, but also a number of mostly regional providers such as independent pet stores with their own web shops and local delivery alternatives. A growing number of larger bricks-and-mortar retailers are also setting up online retail infrastructure while other local online retailers are entering new countries. These trends increase the number of retailers coming into direct competition with zooplus.

In contrast to both of these groups, zooplus has the advantage that its size and market leadership in Europe give it the structural capacity to reap crucial benefits from higher efficiency and economies of scale that are not equally available to smaller providers. This structural advantage in areas such as purchasing, private label development, logistics, technology, customer service, and marketing is the basis for zooplus's confidence in its competitive position. Other relative advantages such as brand recognition and the Group's financial strength also play a role.

In addition, the company's existing base of active European customers also helps ensure that there is substantial momentum for acquiring new customers through word-of-mouth recommendations.

Advantages over bricks-and-mortar competitors

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

zooplus does not operate any physical stores or outlets. Instead, from four large central warehouses, it supplies customers throughout Europe with a significantly larger product range than existing bricks-and-mortar retailers. At the same time, the Group's centralized structure and related efficiency advantages combined with predominantly automated business processes help offset certain size-based advantages still enjoyed by the larger bricks-and-mortar pet store chains, particularly in product procurement. zooplus assumes that it is already today's cost leader in the online retailing of pet supplies.

zooplus's goal is and will continue to be to solidify and expand its lead in the online segment while strengthening its position in the overall online and bricks-and-mortar markets and profiting substantially from the continued high growth of online retailing.

v. Group structure

As of December 31, 2015, the Group's scope of fully consolidated companies included zooplus AG, Munich, and the following subsidiaries:

Subsidiary	Interest in share capital	Business activity
matina GmbH, Munich, Germany	100%	(private label business)
bitiba GmbH, Munich, Germany	100%	(secondary 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., Krakow, 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 following companies are not included in the consolidated financial statements

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

These four companies did not conduct any business activities during the financial year and were not included in the consolidated financial statements because of their minor importance.

zooplus AG was managed by the following Management Board members during the 2015 financial year and as of December 31, 2015:

- Dr. Cornelius Patt, CEO (Corporate Management, overall responsibility for Business Development & System Development, IT, Logistics, Supply Chain Management and HR)
- Andrea Skersies (Sales & Marketing)
- Andreas Grandinger (Finance, Controlling, Legal, Investor Relations, Internal Audit, and Procurement)

Jürgen Vedie resigned from his position on the Management Board and left the company as of June 30, 2015. Dr. Cornelius Patt, CEO of zooplus AG, has assumed responsibility for the Logistics and Supply Chain Management divisions. Andreas Grandinger, CFO of zooplus AG, is also responsible for the Procurement division.

The Management Board is advised and controlled by the Supervisory Board. During the 2015 financial year and as of December 31, 2015, the Supervisory Board consisted of the following members:

- Michael Rohowski (Chairman of the Supervisory Board), Spokesperson for the management board of Burda Direkt Services GmbH, Offenburg, Germany
- Dr. Rolf-Christian Wentz (Deputy Chairperson), freelance business consultant, Bonn, Germany
- Moritz Greve, Partner and Managing Director of Maxburg Capital Partners GmbH, Munich, Germany
- Thomas Schmitt, Member of the Management Board for contract logistics / SCM of Schenker AG, Essen, Germany
- Dr. Norbert Stoeck, freelance corporate consultant, Munich, Germany
- Stefan Winners, Member of the Management Board responsible for national digital brands at Hubert Burda Media Group, Munich, Germany

The average number of employees during the financial year was 313 (previous year: 267, excluding the Management Board).

Employees are a key factor in the company's success. Regular internal training and widespread participation in external training courses have improved the employees' work quality and potential to create added value.

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

The Group's aim is to maintain and significantly expand its market leadership in the European online pet supplies segment, and thereby dramatically increase the company's medium and long-term earnings potential. From the company's standpoint, both the Internet and Internet retailing in Europe continue to offer excellent growth opportunities. This is the reason it is important that the Group set up the necessary structures and position itself today to generate significant medium- and long-term positive returns by virtue of its size and market leadership.

With this in mind, the following goals stand at the core of the company's activities:

- Defend and expand market leadership
- Expand the customer base and continue to increase customer loyalty in all major European markets
- Further penetrate existing regional markets
- Increase the sales and contribution margin per customer each year

The overriding priority is to continue generating high growth while maintaining and increasing lasting operating profitability. Management sees this as the most logical strategy for the long-term appreciation in the company's value in the quarters and years to come based on the excellent growth opportunities for the Group still available throughout Europe.

Targets are managed and monitored in all areas using key performance indicators that are reviewed regularly and modified over the short- to medium-term when necessary. The company places special importance on clearly communicating its goals to employees and the public.

c. Technology and development

zooplus views itself first and foremost as a technology-driven Internet retailing group. The new and ongoing development of the core processes and key components of the company's business model is usually initiated and executed internally. External partners are brought in when they can make a meaningful contribution to the company's internal expertise and implementation capacity.

In the past, proprietary systems and highly specialized software solutions in all key company segments have played a decisive role in the success of zooplus AG and the zooplus Group and, from today's perspective, will remain a fundamental building block to reaching the company's goals.

The existing proprietary systems will be partially integrated and replaced in part through 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
- Domestic 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

The zooplus Group analyzes sales, margins, fulfillment, and marketing costs to manage and monitor the earnings situation.

The yardstick for the Group's growth and business success is sales. Beginning with the 2016 financial year, zooplus will follow the common market practice of reporting sales as its key growth indicator and no longer use total sales. The key earnings figure for measuring the Group's success is earnings before taxes (EBT).

The performance indicator for the financial position is the equity ratio.

The key ratios are calculated at the Group level in accordance with IFRS.

ii. Non-financial performance indicators

In addition to financial performance indicators, the Group also steers its activities using non-financial performance indicators. The key non-financial performance indicator is the company's degree of market leadership in the European online pet supplies segment.

Two other key performance indicators are the sales retention rate and the number of new customers – both of which have an influence on zooplus AG's sustained growth and stand at the center of the company's corporate management.

b. 2015 Business performance

i. The economy and overall market

There continues to be a risk that the euro debt crisis and currency exchange risks outside of Europe will have a considerably adverse impact on Europe's real economy. It is also not yet clear what the additional risks and consequences might be from the ongoing situation in Greece and the economic developments in China and their aftermath. Although the German economy has been able to largely decouple from the rest of the eurozone, it cannot be ruled out that negative economic developments may have an impact on zooplus AG's business in the future. The management believes that the development of the specific industry and online retailing environment in the respective individual markets will still have a significantly stronger influence on zooplus AG than the general economic environment described above.

ii. 2015 Guidance

At the start of the 2015 financial year, zooplus's initial guidance was for an increase in total sales to roughly EUR 700 m. Earnings before taxes (EBT) were projected in the area of EUR 8 m to 12 m.

Based on the sustained growth and positive performance generated in the first few months of the year, the Management Board decided at the end of April to raise its guidance for the 2015 financial year from approximately EUR 700 m to a minimum of EUR 725 m in total sales. Further signs of positive business performance prompted the Management Board at the end of October to once again raise its forecast for total sales bringing it from at least EUR 725 m to roughly EUR 740 m. Based on new data at that time, the Management Board gave a more specific 2015 EBT target of roughly EUR 12 m for the full year in November 2015.

The higher guidance was expected to be driven by an increase in total sales in all European markets and a growing number of new and existing active customers. The Management Board had anticipated a slight fall in the gross margin in relation to total sales.

A slight drop in fulfillment expenses in relation to total sales was also anticipated because of better efficiency and economies of scale.

The Management Board expected marketing costs as a component of customer acquisition costs to remain stable as a percentage of total sales during the 2015 financial year.

With regard to the equity ratio, the Management Board expected a ratio slightly lower than in the prior year.

In terms of market share, the aim was to maintain the company's market leadership in online pet supplies.

The sales retention rate was expected at the prior year's level.

iii. Actual 2015 financial year performance versus the company guidance

The zooplus Group delivered very positive performance in the 2015 financial year. Total sales rose to EUR 743 m and exceeded the original forecast of roughly EUR 700 m by 6 %. Based on the positive business development during the 2015 financial year, total sales guidance was raised twice during the year – first to a projected minimum of EUR 725 m followed by a final upward revision to roughly EUR 740 m. These revisions were motivated by the strong business with new and existing customers combined with the continued internationalization and penetration of existing markets and the persistent outperformance of total sales during the year versus the guidance given.

EBT reached a level of EUR 12.7 m. Favorable business performance during the 2015 financial year and the knowledge gained therefrom prompted the Management Board to give a more specific forecast for EBT in November 2015 of around EUR 12 m. EBT was slightly above the original guidance range and was supported by a drop in the cost ratio (consisting of fulfillment, marketing, payment transaction, other costs, personnel costs, depreciation / amortization and financial expenses) in relation to total sales, which was slightly stronger than the decline in gross margin. A cost ratio of 28.5 % was achieved in these areas in the 2015 financial year compared to 29.6 % in 2014. The cost ratio mainly declined on the back of continued efficiency gains in logistics, marketing, customer acquisitions, and payment transactions, as well as from economies of scale in personnel costs. zooplus kept within the prior year's expectations for a marginal decline in fulfillment and marketing costs.

In relation to total sales, fulfillment costs were 0.2 percentage points better than planned. Marketing costs declined by 0.3 percentage points, personnel costs by 0.2 percentage points, and payment transaction costs by 0.1 percentage points. Other costs were 0.5 percentage points higher than planned.

The equity ratio as of December 31, 2015 was 56 %, which was below the previous year's level of 62 %. This decline resulted from an increase in total assets that was slightly above plan.

The company was able to maintain its leading position in European online pet retailing. The sales retention rate increased year-on-year from 91 % to a level of 94 % in 2015.

c. Results of operations

i. Development of total sales and sales

zooplus, as the European online market leader based on proprietary estimates, was able to significantly increase its sales and total sales in the past financial year. Total sales, defined as the sum of sales and other income, grew 30.1 % from EUR 570.9 m to EUR 742.7 m.

This growth was primarily driven by significantly expanding the customer base in all of the Group's geographic markets and continued improvements in customer loyalty and sales retention rates among existing customers. The sales retention rate continued to rise and reached a level of 94 % in 2015. Sales generated with new customers also increased sharply in 2015. Both of these trends highlight and corroborate the sustainability of the company's business model.

Sales, which consist solely of the sale of merchandise, rose from EUR 543.1 m in 2014 to EUR 711.3 m in 2015 and other income grew from EUR 27.8 m to EUR 31.3 m during the reporting period. Other income primarily contains customary industry refunds for marketing and other compensation.

Sales of pet supplies are largely immune to seasonal fluctuations.

Sales and total sales performance clearly show that zooplus, as the market leader, is profiting comparatively more from the migration of demand from the traditional bricks-and-mortar sales channels to online retailing. The company's strategic market position has continued to be reinforced by the double-digit growth rates experienced in all local markets.

ii. Expense items

The following section provides a brief overview of the development and amount of 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 may be subject to slight rounding differences compared to the figures presented in the consolidated financial statements.

Cost of materials

The company's cost of materials increased at a slightly faster pace year-on-year than total sales. The ratio of the cost of materials to total sales of 69.8 % achieved in 2015 was 1.0 percentage point higher than in the previous year (68.8 %). This reduced the company's net cost of sales margin from 31.2 % in 2014 to 30.2 % in 2015. This slight decrease stemmed from a higher share of food sales in relation to total sales and price adjustments made in the midst of a competitive e-commerce environment to allow the company to continue offering customers the best value for money. These adjustments also served to reinforce the company's market leadership in Europe and were a key driver of the continued strong sales growth. The costs of providing better value for money and a more attractive product range for customers were once again offset by operating improvements in nearly all cost items.

Personnel costs

Personnel costs rose from EUR 21.2 m in 2014 to EUR 25.0 m in 2015. This represents a year-on-year decline in the personnel costs ratio of 0.3 percentage points (in relation to total sales) for a total of 3.4 %.

The average number of employees during the financial year was 313 (previous year: 267, excluding the Management Board).

Depreciation and amortization

Scheduled depreciation / amortization in the financial year remained essentially at the previous year's level and amounted to EUR 0.8 m.

The 2015 financial year also contained expenses of EUR 1.8 m for unscheduled amortization. The Managing Board of zooplus AG has revised the implementation and rollout concept of the new transaction system for the shop, order management, and finance management in the context of the system's implementation to avoid risk and jeopardizing the company's growth. The legacy system is being replaced by a new system that uses a much more modular project approach, thereby reducing significantly rollout risks. The changes to the project approach mean that the proprietary work to integrate the SAP ERP and Hybris systems and the specification and development services for the control systems can no longer be used in the form previously developed. The change in the project approach resulted in these internal services being considered as unrecoverable and, therefore, subject to unscheduled amortization.

Other expenses

During the reporting period, other expenses increased year-on-year from EUR 146.8 m to EUR 184.0 m. Other expenses are largely made up of logistics / fulfillment, marketing, and payment transaction costs. However, as a percentage share of the company's total sales, they declined from 25.7 % to 24.8 %. This change can largely be explained by the efficiency gains achieved in the areas of logistics, marketing, customer acquisition, and payment transactions, among others, which more than offset the fall in the net cost of sales margin.

Logistics and fulfillment costs

The zooplus business model requires the warehousing, order picking, and shipping of products sold to customers. Additional expenses occur from activities such as the processing of returns, storage and other logistics and distribution costs.

Total expenses for logistics and fulfillment are largely attributable to distribution (e.g., parcel service providers), packaging, and variable and fixed costs for the logistics centers, and are therefore mostly variable in relation to the Group's sales. Costs as a percentage of total sales reached a level of 19.3 % compared to 20.2 % in the previous year's period and thus improved despite the higher number of international shipments. This decline resulted, among others, from improved efficiency at existing logistics centers combined with improvements made throughout the entire logistics network. At the beginning of the 2015 financial year, zooplus launched its fourth fulfillment center in Chalon-sur-Saône, France, which further increased the company's overall logistical capacity. This expansion allows zooplus's logistics activities to keep pace with the company's ongoing rapid growth and enables the company to serve its customers faster and more efficiently, particularly in France and Spain.

Marketing expenses

Marketing expenses are essentially driven by the acquisition of new customers in all European markets. This is particularly the case for online marketing, where the effectiveness of individual acquisition activities is measured constantly and activities adjusted accordingly. This is true for the entire spectrum of search engine optimization and marketing through affiliate marketing, other online partnerships, and online direct marketing. Additional minor activities are also carried out in conventional and offline-based marketing. zooplus attaches significant importance to keeping all of the company's core marketing expertise in-house, although the Group does occasionally work with third parties to implement these projects.

Despite the accelerated year-on-year growth of 31.0 %, expenses related to customer acquisitions and marketing were reduced as a percentage of total sales from 1.7 % in the prior year to 1.4 % in the reporting year. This progress was made possible thanks to targeted efficiency gains and further improvements in the marketing approach. Growth momentum also saw a year-on-year improvement with continued expansion in both the new and existing customer businesses. The sales retention rate in the 2015 financial year increased to 94 % after a level of 91 % in the previous year.

Payment transaction costs

Total payment transaction costs amounted to EUR 7.8 m compared to EUR 6.9 m in the previous year and, at 1.0 % of total sales, comprised a lower percentage of total sales than in the previous year.

Others expenses

In the reporting period, other expenses, in addition to the expenses for logistics and fulfillment, marketing, and payment transactions described above, included customer relationship service, office rentals, general administrative expenses, technology, and other expenses incurred as part of the ordinary operating activities. Other expenses as a percentage of total sales were 3.0 % compared to 2.6 % in 2014.

Financial expenses

To finance working capital, zooplus uses credit lines provided by two independent credit institutions. Credit facilities were raised to a total of EUR 40.0 m in the 2015 financial year, without needing to provide additional collateral. These credit lines were not utilized in 2015. The fees for the credit line availability are the main source of the company's financial expenses. There were no liabilities to credit institutions at the year's end.

iii. Earnings development

In the 2015 financial year, zooplus generated earnings before taxes (EBT) of EUR 12.7 m for a year-on-year rise of EUR 3.9 m (previous year: EUR 8.8 m). This solid performance was primarily driven by the operating efficiency improvements, optimized marketing strategy, and continued strong sales growth described above.

The consolidated net profit ⁄ loss reached EUR 7.9 m (previous year: EUR 5.2 m). At EUR 6.3 m (previous year: EUR 6.8 m) total comprehensive income differed from the consolidated net profit ⁄ loss due to the hedge reserve of EUR –1.5 m and currency translation differences of EUR –0.2 m.

d. Net assets

Non-current assets at the end of 2015 totaled EUR 11.3 m compared to EUR 13.6 m at the end of 2014. This decline is mainly the result of unscheduled amortization in the amount of EUR 1.8 m taken on intangible assets discussed under the item "Depreciation and amortization" and the decline in deferred tax assets from EUR 4.2 m at the end of 2014 to EUR 1.8 m at the end of the 2015 reporting period. The decline in deferred tax assets was a consequence of the positive business performance in the 2015 financial year and the related reduction in tax losses carried forward.

Within current assets, inventories outgrew sales and rose from EUR 65.0 m at the end of 2014 to EUR 74.5 m as of December 31, 2015. It is important to note that especially when it comes to general product availability and private label and direct import products, which are subject to longer procurement cycles, the crucial drivers of sales per customer are sufficient inventory levels and, consequently, high product availability.

Accounts receivable reached a net EUR 13.6 m at the end of 2015 (previous year: EUR 12.1 m). A total of EUR 2.6 m (previous year: EUR 1.8 m) of fully impaired accounts receivable were derecognized in the 2015 financial year.

Cash and cash equivalents increased year-on-year by EUR 13.6 m to EUR 45.5 m as of the end of the 2015 financial year. This increase mainly stemmed from the strong business performance in the 2015 financial year and accompanying positive cash flows.

Equity at the end of 2015 totaled EUR 93.2 m compared to EUR 86.2 m at the end of 2014, representing an equity ratio as of December 31, 2014 of 56 %, which was within the company's target range.

Accounts payable totaled EUR 35.3 m as of December 31, 2015 compared to EUR 23.4 m at the end of 2014 and were mainly influenced by a rise in inventories at the year's end. zooplus is not in the habit of exhausting the maximum payment periods available. This practice is considered logical from a business perspective given the company's readily available financing options. zooplus will continue to utilize possible discounts and early payment options in the future as much as possible in an effort to maximize its margins and earnings potential.

Most of the company's liabilities are denominated in euros due to VAT obligations and product purchases. Other liabilities are denominated in other European currencies as well as USD, particularly as a result of products – mainly accessories – purchased in Asia.

In the 2015 financial year, the company used derivative financial instruments in the form of forward exchange transactions for hedging the GBP, CHF, and USD. Off-balance-sheet financial instruments were not used.

Other liabilities increased in the reporting period from EUR 20.1 m at the end of 2014 to EUR 23.4 m as of December 31, 2015. This increase was mainly the result of a rise in provisions for outstanding invoices.

All current liabilities are due within less than one year mainly because of the type of the most important liability items (accounts payable and VAT liabilities).

Current provisions and deferred income increased in the reporting year from EUR 5.6 m at the end of 2014 to EUR 10.4 m as of December 31. 2015 and concern mainly provisions for issued but not yet redeemed bonus points from the customer loyalty program, provisions for outstanding invoices and provisions for employee bonuses. Provisions totaling EUR 1.8 m are non-current.

The company's total assets amounted to EUR 165.3 m at the end of the reporting period compared to EUR 138.6 m as of December 31, 2014.

e. Financial position

Cash flows from operating activities totaled a positive EUR 16.2 m in 2015 compared to EUR 2.8 m in 2014. This rise over the previous year was due to substantially higher earnings before taxes in the 2015 financial year compared to the previous year and the development in working capital.

The cash outflow from investing activities (EUR –2.7 m in 2015 compared to EUR –4.7 m in 2014) was impacted by investments made in both hardware and software.

Cash flows from financing activities (EUR 0 m in 2015 compared to EUR 28.1 m in 2014) were affected in the prior year from proceeds from conditional and authorized capital increases. Conditional capital increases executed in 2015 brought a total of EUR 0.2 m.

As a retail group, zooplus experiences substantial volatility in balance sheet- and cash flow-related items such as inventories, liabilities, and VAT. This means there is considerably more fluctuation in these figures during the year than what is indicated in the earnings figures presented.

The overall changes in cash and cash equivalents during the year were primarily the result of the company's strong growth and improvements in working capital.

The available liquidity based on the Group's available lines of credit significantly exceeded the level required to secure business operations at all times. During the past financial year, zooplus was able to meet all payment commitments at all times.

Since the 2015 financial year, the Group has access to flexible lines of credit totaling EUR 40.0 m. The company did not utilize these credit lines in 2015. Because of zooplus's solid credit ratings, additional collateral was not required to secure new lines of credit. A covenant stipulating a minimum amount of equity of 30% was concluded and covers the entire credit line of EUR 40 m. There was also a covenant concluded for half of the credit line (EUR 20 m) that stipulates a maximum net leverage ratio for the financial year of 4.0 and a covenant in the form of a positive EBITDA for the remaining EUR 20 m. The Group's Management Board expects to continue to meet the covenants' terms in the future.

The interest rate on the credit lines is linked to the Euribor rate and, including the premium over the reference rate, currently lies in the lower single-digit percentage range. A rise in current interest rates would naturally cause an increase in the Group's financing costs, which, from the current standpoint, are considered entirely manageable. The Group's management does not expect any significant change in the credit conditions.

Based on the Group's strong equity base, current liquidity situation, dynamic growth momentum, major improvements in efficiency in the 2015 financial year, and its continued stable access to debt financing, the Group considers itself well equipped, to finance the expected strong growth with the associated effects on working capital (mainly related to inventories and accounts receivable).

f. Overall statement on the financial situation

With total sales growth of roughly 30% to EUR 742.7 m and a significant year-on-year improvement in earnings from an EBT of EUR 8.8 m to EUR 12.7 m, the 2015 financial year can be regarded as a year of considerable success.

2. Report on events after the balance sheet date

After the end of the 2015 financial year, there were no events of particular importance that impact the net assets, financial position, and results of operations.

3. Report on outlook, risks and opportunities

A. Outlook

Based on the latest forecasts, the underlying economic conditions are not expected to change materially in 2016. zooplus expects overall sales in the pet supply sector to increase slightly over the previous year.

Irrespective of this, the company anticipates that the Internet will continue to grow in its importance as a sales channel (e-commerce) and develop at a faster rate than the market overall. zooplus will benefit substantially from these trends.

Based on these two trends, the company expects to achieve the following in the 2016 financial year:

- Sales growth to a level of at least EUR 875 m
- Earnings before taxes (EBT) in a range of EUR 14 m to EUR 18 m

In terms of the development of the key factors influencing net assets, financial position, and results of operations, zooplus expects

- a slight decline in the 2016 gross margin (in relation to sales);
- logistics and fulfillment costs as a percentage of sales to decline slightly in 2016 as a result of efficiency increases and economies of scale;
- marketing expenses related to customer acquisitions to fall marginally as a percentage of sales;
- an equity ratio of between 40% and 60%;
- another year in which the company maintains its leading market position in the online retailing of pet supplies and
- the sales retention rate is expected to remain stable.

As in previous years, the priority in 2016 will be growth. Sustainable positive earnings development will also remain a key element of the company's strategy.

B. Risk report

a. Risk management system

In accordance with Section 91 (2) AktG, the Management Board of zooplus AG has set up a risk management system as a central component of zooplus's corporate management that is intended to ensure the principles of good corporate governance and the compliance with legal provisions. The risk management system and internal controls enable zooplus to identify, analyze, and assess risks in all segments and areas of the Group and take appropriate countermeasures. The aim of the system is to identify potential events that could jeopardize the Group's existence. It is also designed to ensure that the Group's financial, operating, and strategic goals can be attained as planned. To achieve this, the zooplus AG Management Board issued a risk management guideline that governs how to deal with risk within the zooplus Group. The guideline specifies the responsibilities for carrying out the tasks in risk management and outline the reporting structures. The guideline is subject to periodic reviews and adjustments when necessary.

The risk management system of the zooplus Group differentiates between risk officers and risk managers. Risk officers are usually the responsible departmental heads who prepare periodic risk notifications. Risk managers direct the risk management process and are responsible for providing monthly risk reports to the Management Board and Supervisory Board.

The risk manager and respective risk officer jointly identify risks and record these in a risk catalog specifying the respective subject of the risk. Periodic reporting criteria are defined for every risk. When these criteria are met, the respective risk officer must submit a risk notification; otherwise, a negative notification is made. Ad-hoc reporting criteria that trigger a direct risk notification to the Management Board are also defined. The risk notifications contain the monetary effects and probability of occurrence so that the risks can be assessed as to whether they could pose a threat to the Group. The result of the monetary effects and probability of occurrence derives the estimated risk. The risk assessments correspond to the guidance period of one year.

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

Description	Stated 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%

The risk management system classifies the risks according to possible damage in the following categories:

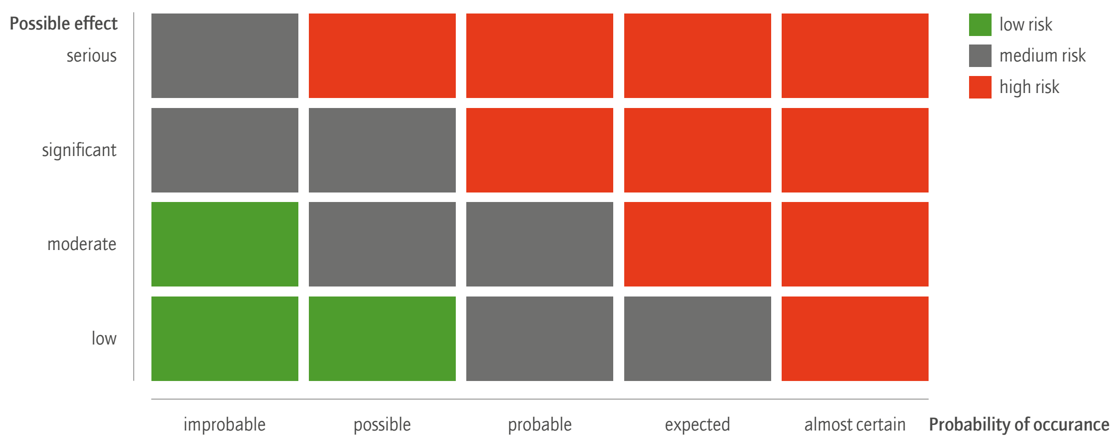
Low: No tangible effect on the net profit / loss for the period and / or the company's value.

Moderate: A negative effect on the net profit / loss for the period and / or the company's value.

Significant: A significant effect and / or risk that leads to a significant impact on the net profit / loss for the period and / or on the company's value.

Serious: A risk that could jeopardize the company's existence.

The combination of monetary effects and probability of occurrence results in the following matrix. The allocation to low, medium, and high-risk categories represents the impact on the financial position and results of operations.



Subsequent risk control and monitoring are based on these findings. Risk control and monitoring include all measures used to influence the risk situation that either result in a reduction of the probability of occurrence or reduce the impact to an acceptable level. Optimal risk management is managing risk in a manner that facilitates a rise in the company's value.

A regular internal audit ensures that the risk management system continually evolves and that it can be adjusted for possible changes at all times. There were no material changes made to the risk management system compared to the prior year.

b. Risks

i. Strategic risk (market risk)

The success of zooplus depends essentially on the continued acceptance of the Internet as a channel for purchasing pet supplies:
Should the growth of online retailing slow, or should there be a drop in online retailing overall, this would have a direct impact on the zooplus business model. However, from the current perspective – which is also illustrated by the current growth rates – all indicators suggest that the acceptance of the Internet as a sales channel will continue to increase. This risk is classified as low.

Average order sizes and the sales retention rate could be subject to negative changes in more difficult economic periods:
During a recession, existing and new customer purchasing behavior could change to the company's detriment. If customers stop buying non-food products not seen as a necessity, or if they switch to lower-priced alternative products or alternative suppliers, this could have an overall negative impact on zooplus. However, the fact that zooplus has been able to raise its sales retention rate from year to year, acquire a significant number of customers in all of the key European markets, and offer customers superior value for money compared to its competitors gives a strong indication that the business model will continue to be successful, even in economic challenging times. This risk is classified as low.

New or existing competitors could establish a successful online presence and negatively affect zooplus's market opportunities:
Presently, zooplus is the unmistakable market leader in Germany and Europe. If competition were to intensify and be accompanied by a general fall in prices, this would have a significantly negative impact on zooplus's sales and operating margin. The company continues to expect the level of competition to remain high, as large bricks-and-mortar providers increasingly expand their online shops and sell their products over the Internet. The largest share of the sales growth of bricks-and-mortar competitors in the online sector is expected to reflect more of a migration from their existing bricks-and-mortar business to online sales. Nevertheless, the e-commerce market will continue to grow and expand significantly, which means this development would represent only a limited risk. The assessed risk amounts to a low single-digit million euro figure and is classified as medium.

ii. Operating risk

Unforeseen events could endanger the stability of key business systems in the areas of IT, logistics, and procurement:
The company's operations are heavily reliant on the uninterrupted availability of all of its technical systems. Should these systems be jeopardized, for example, by force majeure or other system defects, this would have a substantially negative overall impact on zooplus. This risk also includes the risk of the manipulation of software applications, data loss, and data manipulation. zooplus has taken appropriate measures to avoid these risks to the greatest extent possible. However, given the stability of the business systems in the past, zooplus believes that this risk should be manageable. The assessed risk amounts to a low single-digit million euro figure and is classified as medium.

zooplus is currently designing a new transaction system (ERP and shop system). This could result in the potential risk that the project's goals are not achieved or not fully achieved, the system is inoperable after its completion, or that there are difficulties in implementing the system that could impact the operating business. In addition, other business projects may have to be postponed, which would result in the failure to achieve the planned level of efficiency. zooplus is aware of these risks and has taken the appropriate measures to ensure that these risks are controlled and kept to a minimum. The implementation of the new system will be carried out step-by-step. The assessed risk amounts to a low single-digit million euro figure and is classified as medium.

Long-term agreements for the fulfillment centers have been concluded with two contract partners. The structure of the international logistics and distribution networks in the shipments area allow the company to quickly substitute service providers if necessary. The risk in procurement of being dependent on any one supplier is mitigated through diversification and sufficient controlling instruments. zooplus usually relies on dependable partners with a solid reputation, which in turn should lead to a substantial reduction in risk. The assessed risk of dependency on suppliers and service providers amounts to a low single-digit million euro amount and is classified as medium.

The loss of key employees could jeopardize the company's long-term success:
To lead its employees and departments, zooplus relies on a number of important key employees who are difficult to replace. If these employees were to leave the company, this could have a negative impact – at least temporarily – on the company's success. This risk is classified as low.

Forecasting demand incorrectly could result in overstocking along the supply chain and in the logistics system:
Material planning errors can generally result in overstocking the warehouses. Should it be difficult or impossible to sell this merchandise, this could result in potential damage. Through the use of suitable control instruments, the product's low seasonality, and the relatively strong visibility regarding customers' buying behavior, the Group believes that these risks can be controlled. This is coupled with the fact that the average shelf-life of a typical zooplus food product is around one to two years, which would also makes accelerated destocking of slow-moving products significantly easier. This risk is classified as low.

iii. Financial risk

The main financial instruments used by the Group consist of credit lines, accounts receivable, forward exchange transactions, cash and cash equivalents, and short-term deposits. The main purpose of these financial instruments is to consistently cover financing needs and ensure financial flexibility. Since the 2012 financial year, the Group has been using derivative financial instruments to hedge foreign currency risks.

a) Currency risk
The Group operates internationally and, consequently, is subject to currency risk based on changes in the exchange rates of various foreign currencies – primarily the US dollar, British pound, Czech koruna, Polish zloty, Danish krone, Swedish krona and Swiss franc. Currency risk arises from expected future transactions, recognized assets, and liabilities. As a result, the management has introduced a guideline defining how currency risk should be managed effectively in relation to the functional currency. The Group hedges foreign currency risk from expected future transactions, recognized assets, and liabilities through forward exchange transactions entered into by the Group's finance department. The Group is increasingly trying to limit this currency risk by purchasing products locally in foreign currency regions. Exchange-rate risk occurs when 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 provides for hedging of between 0% and 70% of the transactions expected within the following twelve months (consisting mainly of export sales and inventory purchases). As of December 31, 2015, forward exchange transactions were entered into solely for the USD and PLN for purchasing inventories and for the GBP for the sale of products to end customers. The expected sales and purchases that will be settled using hedging instruments correspond to the hedge accounting criteria of a "highly probable" forecast transaction. The assessed risk amounts to a low single-digit million euro figure 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 with respect to a financial instrument or customer contract and lead to a financial loss for the Group.

The extent of zooplus AG's credit risk is equivalent to the total of accounts receivable and other receivables. There are no credit concentration risks.

Credit limits are set for all customers based on internal risk classification characteristics. Outstanding customer receivables are monitored regularly. Lump-sum valuation allowances are recognized based on past experience to reduce credit risk. In addition, after the collection procedure has been completed the underlying receivables are sold. Receivables are impaired when it has been impossible to collect on the debt, a customer has filed personal insolvency, or as a result of the statute of limitations.

For the Group's other financial assets, such as cash and cash equivalents, the maximum credit risk corresponds to the carrying amount of these assets if the counterparty defaults.

This could result in sustained risks for zooplus's business model. In the past, total receivables defaults were around 0.3 % of overall sales. From today's perspective, the company does not anticipate any deterioration in credit risk based on the company's strict credit assessment system and the growing share of business with existing customers.

Credit risk is classified as low.

c) Liquidity risk
Although zooplus is not currently subject to any borrowing restrictions, it could become restricted as a result of another banking and / or financial crises. However, from today's perspective, zooplus does not expect this to be the case in the short or medium term. zooplus currently has access to credit lines of EUR 40 m at two reputable credit institutions. As of the balance sheet date of December 31, 2015, the Group has not utilized any of these credit lines 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 credit lines are linked to the Euribor. A general increase in interest rates – also in inter-bank rates– could lead to a significant rise in financing costs. The central finance department constantly monitors current interest rates to reduce the company's interest rate risk. The Group does not currently use hedging instruments against interest rate risk because the impact is considered negligible. The risk is estimated as low.

C. Opportunity report

i. Opportunity management

Through opportunity management, zooplus strives to identify and assess potential future success in advance so that it can take the right action and make use of this potential. Identifying and making use of opportunities is an ongoing task to ensure the Group's long-term success.

ii. Market opportunities

zooplus's dominant position in pet supplies in all key European markets has given the company a lead 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 sustainable earnings. zooplus is also confident that its existing competitive advantage will allow it to permanently maintain its market leadership based on its superior operating systems and processes. The company's existing market share, experience in penetrating new markets, and steadily growing efficient infrastructure offer it the opportunity to specifically establish barriers to market entry in the face of growing competition. The existing infrastructure also facilitates the rapid penetration of new markets and presents the opportunity for further growth. zooplus also believes that it can realize additional economies of scale in terms of processes and logistics.

There is also further opportunities for zooplus linked to the trend towards "humanizing" pets. This trend is being enhanced, among others, by the long-discernable trend in the growth of single households.

iii. Development of the e-commerce market

The trend towards greater e-commerce at the expense of bricks-and-mortar retailing appears to be uninterrupted. zooplus believes, as do a number of studies, that the e-commerce market will continue to see annual double-digit percentage growth. zooplus should continue to profit from this trend for many years to come and to an inordinate extent thanks to its dominant position in the European market.

iv. Employees and potential of expertise

zooplus assumes that the company's key employees are loyal to zooplus and expects that if certain key employees leave it would be possible in the medium term to find adequate replacements. The company promotes employee loyalty by creating a positive work environment, offering opportunities for training and advanced education, and providing an incentive-based remuneration system.

The expertise of the highly qualified employees, some of who 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's management is also able to draw on wide-ranging, enduring, 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 development, it appears that both the risks and potential dangers are limited and can be controlled. The risk management systems and processes have proven themselves. There have been no major changes to the risks and opportunities compared to the previous year. The Group does not see any individual risks that could pose a danger to its continued existence either at present or in the foreseeable future. The individual risks combined also do not jeopardize the Group's continued existence.

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

The key features of zooplus's internal control and risk management systems with respect to the (Group) accounting process can be described as follows:

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 to extensively analyze and steer the earnings-relevant risk factors and risks to the company's continued existence. The functions in all areas of the (Group) accounting process (e.g., accounting, financial book keeping and controlling) are clearly assigned. Due to its relatively small size and complexity, zooplus AG does not have a separate internal auditing department and occasionally uses external service providers for audit purposes in addition to its own employees.

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

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

A sufficient internal risk management system has been implemented. The accounting data is reviewed periodically to ensure that it is accurate and complete using random spot and plausibility checks carried out by means of manual reviews and the software employed at the company. The key accounting processes are subject to regular analytical reviews. The existing risk management system is continuously adjusted in response to current developments and subject to ongoing reviews for functionality.

The Supervisory Board deals with major accounting issues, risk management, the audit mandate, and the audit's areas of focus, among others.

The internal control and risk management systems used in relation to the accounting process ensure that business events are properly accounted for and prepared and assessed correctly so that they can be included in external financial reporting.

The order process is carried out on a standardized basis using a procurement system. Payments are only executed when invoices and documents are correctly initialed and presented. Invoicing and the invoice review process are both carried out electronically with all approvals documented and archived. Payment transactions are made electronically using established control mechanisms (four-eyes principle among a selected group of individuals). Wage and salary processing is outsourced to external service providers.

Quantitative stock accounting is carried out by an external service provider and is monitored and checked by zooplus continually via interfaces set up automatically. In addition, zooplus is contractually granted sufficient control mechanisms.

The sales process ensures that the services provided are invoiced properly and accounted for in line with the provisions for revenue recognition by recording the products sold in the upstream shop system and making an automatic transfer into accounts receivable accounting.

The clear organizational, corporate, control, and monitoring structures and the fact that the accounting department has the sufficient staff and materials available, make it possible for the departments and employees involved in the (Group) accounting process to work efficiently. Clear statutory and internal requirements and guidelines ensure that the accounting process is uniform and correct. The clearly defined review procedures in departments that participate in the accounting process, as well as the review by internal controlling and early recognition of risks by risk management, should all ensure error-free (Group) accounting.

The internal control and risk management system within the zooplus group ensures that the Group's accounting is in compliance with the legal and statutory requirements and internal guidelines. The company's uniform risk management system, which complies with statutory requirements, is particularly designed to recognize risks in ample time and measure and communicate them appropriately. This promptly provides the report's recipients with accurate, relevant, reliable, and timely information.

From the balance sheet date to the date of the publication of the group management report, no changes have been made to the accounting-related internal control and risk management systems.

5. Remuneration report

The Supervisory Board is responsible for establishing the remuneration system and the individual remuneration of members of the Management Board. The Supervisory Board regularly reviews the remuneration structure for its appropriateness. The Management Board's remuneration comprises three components:

1. Fixed base salary paid monthly

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

2. Performance-related remuneration components

The variable remuneration component rewards the Management Board's performance according to the company's development over the preceding financial year and is linked to the sales, earnings, and personal targets in the corresponding area of responsibility achieved in the financial year.

3. Variable components with a long-term incentive

In accordance with the company's planning, the Management Board's long-term performance is remunerated with the issue of virtual shares.

The Management Board's total remuneration (all components) totaled kEUR 2,210 in the 2015 financial year (previous year: kEUR 2,455). Of this total, fixed remuneration accounted for around 52 %. 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, and personal departmental targets. In the 2015 financial year, these components accounted for 24 % of overall remuneration. Share-based remuneration settled in cash represents a component with a long-term incentive. This remuneration component comprised around 24 % of total remuneration expenses in 2015.

A long-term incentive program was created in the form of a share price-based performance share plan granted in annual tranches to provide performance incentives for new Management Board members or to be used when extending the contracts of existing members. As of the December 31, 2015 reporting date, the members of the Management Board are entitled to a total of 12,810 subscription rights from this program with a fair value of EUR 1.8 m.

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

The company refrains from disclosing the individual payments to members of the Management Board. The Management Board has been made exempt from providing the disclosures under Section 314 (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. Further details on the remuneration structures can be found in the notes to the financial statements.

Members of the Supervisory Board receive a fixed remuneration paid annually.

6. Takeover-related information and explanations pursuant to Section 315 (4) HGB

As of December 31, 2015, subscribed capital totaled EUR 6,995,182.00 and consisted of 6,995,182 no-par value ordinary bearer shares, each with a notional 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 and the transfer of shares
The decision of zooplus AG's shareholders to buy or sell shares are neither restricted by German legislation nor by the company's Articles of Association. Only the statutory prohibitions on voting rights apply.

Interests in the share capital exceeding 10 % of voting rights
As of December 31, 2015, the following shareholders held more than 10 % of the voting rights:

- Ruane, Cunniff & Goldfarb Inc., New York, USA
  The voting rights are to be attributed to Ruane, Cunniff & Goldfarb Inc. pursuant to Section 22 (1) sentence 1 no. 6 of the German Securities Trading Act (Wertpapierhandelsgesetz –WpHG).
- Maxburg Beteiligungen GmbH & Co. KG, Grünwald, Germany
  The voting rights of Maxburg Beteiligungen GmbH & Co. KG are to be attributed to RAG-Stiftung, Essen, Germany pursuant to Section 22 (1) sentence 1 no. 5 WpHG in conjunction with Section 22 (1) sentence 2 WpHG.
- The Capital Group Companies, Inc., Los Angeles, USA / Capital Research and Management Company, Los Angeles, USA
  The voting rights are to be attributed to The Capital Group Companies, Inc., Los Angeles, USA pursuant to Section 22 (1) sentence 1 no. 6 WpHG in conjunction with Section 22 (1) sentences 2 and 3 WpHG.
  The voting rights are to be attributed to Capital Research and Management Company pursuant to Section 22 (1) sentence 1 no. 6 WpHG.

Shares with special rights / voting right control in the case of employee participation
There are no shares with special rights conferring powers of control. There is also no employee participation in capital that does not allow employees to directly exercise their controlling rights.

Appointment and dismissal of members of the Management Board, amendments to the Articles of Association
The appointment and dismissal of Management Board members is conducted in compliance with Sections 84 and 85 of the German Stock Corporation Act (AktG). The Supervisory Board appoints 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, Section 7 of the Articles of Association stipulates that the number of Management Board members is determined by the Supervisory Board and that the Management Board can consist of just one member.

Prerequisites for amending the Articles of Association are primarily governed in Sections 179 to 181 AktG. In accordance with Sections 119 (1) no. 5 and 179 (1) AktG, changes to the Articles of Association require a resolution of the Annual General Meeting. Section 179 (2) AktG requires such resolution to be passed by a majority of three-quarters of the capital represented unless the Articles of Association stipulate a different majority. Under Section 19 (2), zooplus AG's Articles of Association make use of the option provided for in Section 179 (2) AktG and specifies that, to be passed, resolutions generally require a simple majority – provided the law does not require another majority – and, if a capital majority is required, with the simple majority of the capital represented. Under Section 24 of the zooplus AG Articles of Association, the Supervisory Board is authorized to make changes to the Articles that affect only their wording.

Authorization of the Management Board to issue shares

1. Authorized capital

The resolution of the Annual General Meeting on June 11, 2015 authorized the Management Board, with the approval of the Supervisory Board, to increase the company's share capital on one or several occasions until June 10, 2020 by up to a total of EUR 3,492,225.00 (in words: three million four hundred and ninety-two thousand two hundred and twenty-five euros) by issuing new no-par value bearer shares. The capital increases can be executed against cash contribution and ⁄ or contribution in kind. Shareholders are principally entitled to subscription rights. The new shares can also be subscribed for by one or more credit institutions or similar institutions with the obligation to offer the new shares to the shareholders for subscription (indirect subscription right).

With the Supervisory Board's approval, the Management Board is also authorized once or several times to exclude shareholders' subscription rights in the following cases:(1) to the extent required to exclude fractional shares from the subscription rights of shareholders; (2) to the extent required to grant holders of option and ⁄ or conversion rights, or option and ⁄ or conversion obligations from bonds with option and ⁄ or conversion rights, or option 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 and ⁄ or conversion rights or fulfilling option 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, interests 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 total notional interest in share capital of the new shares to be issued under the exclusion of subscription rights does not exceed 10 % of the share capital existing at the time this authorization becomes effective or at the time of exercising this authorization. The limitation takes into account the notional interest in the company's share capital attributable to shares that were issued or sold during the term of this authorization excluding shareholder subscription rights in accordance with, as defined by or in direct application of Section 186 para.3 sentence 4 AktG as well as the notional interest in the share capital attributable to shares that will be issued or are to be issued to fulfill option rights and ⁄ or conversion rights, or option obligations and ⁄ or conversion obligations from bonds provided the bonds will be issued during the term of this authorization excluding shareholder subscription rights as defined by Section 186 para.3 sentence 4 AktG.

The notional interest of share capital attributable to the new shares for which subscription rights will be excluded under the above items or based on other authorizations during the term 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.

With the consent of the Supervisory Board, the Management Board is authorized to determine additional details regarding the capital increase and the conditions of the share issue. The Supervisory Board is authorized to make amendments to the version of the Articles of Associations corresponding to the scope of a capital increase from Authorized Capital 2015.

2. Conditional capital

a. The Conditional Capital 2007 ⁄ I in the amount of EUR 3,358.00 that was resolved by the Annual General Meeting on April 27, 2007 and entered into the commercial register on June 14, 2007 and in accordance with Section 5 (4) of the Articles of Association still existed in the amount of EUR 6,700.00 was canceled by a resolution of the Annual General Meeting on June 11. 2015.

b. According to Section 5 (5) of the Articles of Association, the company's share capital has been conditionally increased by EUR 100,000.00 through the issue of up to 100,000 no-par value bearer shares with a notional interest in share capital of EUR 1.00 per share (Conditional Capital 2012 / I). Conditional Capital 2012 / I serves to secure subscription rights from stock options issued by zooplus AG under the authorization of the Annual General Meeting of May 22, 2012 under Agenda Item 10 lit. a) as part of the Stock Option Program 2012 / I in the period from the date of the registration of Conditional Capital 2012 / I until December 31, 2013. The conditional capital increase will only be executed to the extent that stock options are issued, and the holders of these stock options exercise their subscription rights for the company's shares, and the company does not grant its own shares to fulfill the subscription rights. The issue of the shares from Conditional Capital 2012 / I is to be carried out at the exercise price defined in Item. (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 was made on the appropriation of retained profits at the time when the subscription right is exercised.

c. In accordance with Section 5 (7) of the Articles of Association, the company's share capital has been conditionally increased by a further EUR 138,496.00 through the issue of up to 138,496 no-par value bearer shares (Conditional Capital 2010 / I). Conditional Capital 2010 / I serves to secure subscription rights from stock options issued by zooplus AG under the authorization of the Annual General Meeting of May 27, 2010 under Agenda Item 5 lit. I) as part of the Stock Option Program 2010 / I in the period from the date of the registration of Conditional Capital 2010 / I until Wednesday, December 31, 2014. The conditional capital increase will only be executed to the extent that stock options are issued, and the holders of these stock options exercise their subscription rights for the company's shares, and the company does not grant its own shares to fulfill the subscription rights. The issue of the shares from Conditional Capital 2010 / I will be carried out at the exercise price defined in Item 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 was made on the appropriation of retained profit at the time when the subscription right is exercised.

Authorization for the Management Board to repurchase shares

zooplus AG's Annual General Meeting of June 11, 2015 authorized the Management Board, with the consent of the Supervisory Board, until June 10, 2020 to acquire the company's own shares in an amount up to 10 % of the share capital existing at the time of the Annual General Meeting's resolution, subject to the condition that the shares acquired under this authorization together with other shares of the company, which the company either holds or which are to be attributable to it pursuant to Sections 71d and 71e AktG, do not total more than 10 % of the company's share capital at any point in time. The purchase of shares can also be executed by controlled Group companies as defined by Section 17 AktG or by third parties acting on behalf of the company or controlled Group companies.

This authorization may be exercised for all purposes permissible by law and particularly when shares are

(1) resold on the stock exchange while upholding the principle of equal treatment (Section 53a AktG);

(2) offered for subscription to shareholders based on an offer directed at all shareholders while upholding their subscription rights and the principle of equal treatment (Section 53a AktG);

(3) used a (partial) compensation in the context of business combinations or for the purpose of purchasing companies, parts of companies, or investments in companies, including increasing existing interests in companies;

(4) to be sold for a cash payment at a price (excluding incidental selling costs) that does not significantly fall below the market price of the company's shares at the time of sale as defined by Section 186 (3) sentence 4 AktG. The number of shares sold in this manner may not exceed 10 % of the share capital, neither at the time this authorization takes effect, nor at the time of utilizing this authorization. This limit includes shares that were issued or sold as defined by or in direct application of Section 186 (3) sentence 4 AktG during the effective period of this authorization until the time the shares were issued or sold. Also to be included are shares that were issued or are to be issued to service convertible bonds / bonds with warrants, provided these bonds were issued during the effective period of this authorization in accordance with Section 186 (3) sentence 4 AktG;

(5) redeemed without a further annual general meeting resolution. The redemption results in a capital reduction. The Management Board may alternatively stipulate that the share capital remains unchanged subsequent to the redemption and that instead, the notional interest of the remaining shares in the share capital is increased in accordance with Section 8 (3) AktG. In this case, the Management Board is authorized to adjust the number of no-par value shares stated in the Articles of Association;

(6) offered for purchase or transferred to company employees, employees of affiliated companies, or members of senior management, and / or to be used to fulfill commitments or obligations to purchase shares of the company that were or will be granted to employees of the company, employees of affiliated companies, or members of senior management. The shares may be used, in particular, to fulfill purchase obligations or purchase rights for the company's shares that were agreed with employees or members of senior management in connection with employee participation programs. If members of the company's Management Board are beneficiaries, it is the responsibility of the Supervisory Board to select these beneficiaries and determine the amount of shares these members should be granted.

The above authorizations can be utilized for their whole amount or in several partial amounts to pursue one or several purposes. Shareholder subscription rights for company treasury shares are excluded insofar as these shares are used pursuant to the above authorizations in Items (1), (3), (4), and (6). If shares are sold as part of a sales offer pursuant to Item (2), the Management Board, with the consent of the Supervisory Board, is authorized to exclude the shareholders' subscription rights for fractional amounts.

The company is not permitted to trade its own shares. The authorization may be exercised on one or more occasions or partially exercised. The shares can be purchased in partial tranches spread over various purchase dates within the authorization period until the maximum purchase volume is reached.

The shares can be purchased via the stock exchange or through a public purchase offer to all shareholders while upholding the principle of equal treatment (Section 53a AktG).

If the shares are acquired over the stock exchange, the consideration paid by the company for each no-par value share (without incidental acquisition costs) may not be more than 5 % higher or lower than the volume-weighted average closing price for the company's shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last five trading days prior to the date the obligation to acquire the shares was assumed.

If the purchase 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 the company's shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange in the last five trading days prior to the date the offer is published. The offer's volume may be restricted. If the total number of tendered shares is greater than this volume, the purchase may be made proportionately according to the ratio of tendered shares; in addition, there may be preferred acceptance for lower numbers of up to 100 tendered 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 following a takeover bid, and compensation agreements of the parent company with members of the Management Board or employees in the event of a takeover bid
The parent company has no material agreements that are subject to a change of control following a takeover bid, or compensation agreements with members of the Management Board or employees in the event of a takeover bid.

7. Statement on corporate governance pursuant to Section 289a HGB

The statement on corporate governance pursuant to Section 289a HGB can be found on the company's website http://investors.zooplus.com under corporate governance in the investor relations section.

8. General statement

The European online pet supplies market will continue to enjoy sustained growth and become an even more attractive market. zooplus is in an excellent position to reap significant gains from these developments. Based on these trends, the Management Board expects positive business performance in 2016.

The Management Board

Dr. Cornelius Patt | Andrea Skersies | Andreas Grandinger

Munich, March 16, 2016

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Consolidated financial statements

Consolidated balance sheet as of December 31, 2015 according to IFRS

Assets

in EUR		Note no.	31.12.2015	31.12.2014
A.	NON-CURRENT ASSETS			
I.	Property, plant and equipment	5	1,373,161.41	756,365.01
II.	Intangible assets	6	8,049,517.78	8,588,363.83
III.	Other financial assets	7	47,708.71	47,708.71
IV.	Deferred tax assets	8	1,849,223.00	4,174,817.68
	Non-current assets, total		**11,319,610.90**	**13,567,255.23**
B.	CURRENT ASSETS			
I.	Inventories	9	74,507,693.18	65,030,799.69
II.	Advance payments	10	1,449,171.98	524,206.84
III.	Accounts receivable	11	13,621,488.45	12,050,649.58
IV.	Other current assets	12	18,255,442.75	13,114,283.83
V.	Derivative financial instruments	13	609,168.69	2,301,965.39
VI.	Cash and cash equivalents	14	45,530,788.75	31,966,234.96
	Current assets, total		**153,973,753.80**	**124,988,140.29**
			165,293,364.70	138,555,395.52

Equity and liabilities

in EUR		Note no.	31.12.2015	31.12.2014
A.	EQUITY			
I.	Subscribed capital	15	6,995,182.00	6,984,450.00
II.	Capital reserves	15, 16	92,769,312.66	92,011,390.94
III.	Other reserves	15, 13	5,868.77	1,667,848.60
IV.	Profit / loss for the period and losses carried forward	15	–6,543,888.23	–14,471,014.94
	Equity, total		**93,226,475.20**	**86,192,674.60**
B.	NON-CURRENT LIABILITIES	16, 20	1,780,232.32	1,237,873.49
C.	CURRENT LIABILITIES			
I.	Accounts payable	17	35,266,274.27	23,393,344.49
II.	Derivative financial instruments	13	526,561.75	0.00
III.	Other current liabilities	19	23,370,191.04	20,098,203.30
IV.	Tax liabilities	8	693,616.79	2,001,742.04
V.	Provisions	20	8,385,853.93	4,130,102.79
VI.	Deferred income	21	2,044,159.40	1,501,454.81
	Current liabilities, total		**70,286,657.18**	**51,124,847.43**
			165,293,364.70	**138,555,395.52**

Consolidated statement of comprehensive income from January 1 to December 31, 2015 according to IFRS

in EUR	Note no.	2015	2014
Sales	22	711,305,948.26	543,098,560.91
Other income	23	31,345,384.43	27,765,618.73
Total sales		**742,651,332.69**	**570,864,179.64**
Cost of materials		−518,216,525.89	−392,984,618.24
Personnel costs	24	−25,002,638.67	−21,186,749.60
of which cash		(−24,421,794.95)	(−20,303,287.99)
of which stock-based and non-cash	16	(−580,843.72)	(−883,461.61)
Depreciation and amortization	5, 6	−2,590,737.62	−722,169.22
Other expenses	25	−184,008,572.56	−146,804,844.99
of which logistics / fulfillment costs		(−143,150,374.15)	(−115,078,351.68)
of which marketing costs		(−10,757,717.03)	(−9,874,743.44)
of which payment transaction costs		(−7,793,219.13)	(−6,930,387.96)
of which other costs		(−22,307,262.25)	(−14,921,361.91)
Earnings before interest and taxes (EBIT)		**12,832,857.95**	**9,165,797.59**
Financial income	26	32,960.84	784.26
Financial expenses	26	−195,103.02	−410,527.79
Earnings before taxes (EBT)		**12,670,715.77**	**8,756,054.06**
Taxes on income	8	−4,743,589.06	−3,540,248.99
Consolidated net profit / loss		**7,927,126.71**	**5,215,805.07**
Other gains and losses (after taxes)			
Differences from currency translation	15	−174,454.83	32,274.45
Hedge reserve	15, 13	−1,487,525.00	1,596,070.61
Items subsequently reclassified to profit or loss		**−1,661,979.83**	**1,628,345.06**
Total comprehensive income		**6,265,146.88**	**6,844,150.13**
Earnings per share			
basic	27	1.13	0.83
diluted	27	1.11	0.80

Consolidated statement of cash flows from January 1 to December 31, 2015 according to IFRS

in EUR	Note no.	2015	2014
Cash flows from operating activities			
Earnings before taxes		12,670,715.77	8,756,054.06
Adjustments for:			
Depreciation and amortization	5, 6	2,590,737.62	722,169.22
Non-cash personnel costs	16	580,843.72	883,461.61
Other non-cash business transactions or business transactions with payments relating to other periods	6	–174,454.83	33,021.92
Financial expenses	26	195,103.02	410,527.79
Financial income	26	–32,960.84	–784.26
Changes in:			
Inventories		–9,476,893.49	–21,372,484.64
Advance payments	9	–924,965.14	–263,549.19
Accounts receivable	11	–1,570,838.87	–1,264,963.49
Other current assets	12	–5,141,158.92	–2,200,420.31
Accounts payable	17	11,872,929.78	7,144,295.73
Other liabilities	19	3,271,987.74	7,419,812.07
Provisions	8, 20	4,255,751.14	1,417,321.70
Non-current liabilities	20	542,358.83	712,801.00
Deferred income	21	542,704.59	512,084.95
Income taxes paid		–2,986,587.16	–91,985.97
Interest received	16	32,960.84	784.26
Cash flows from operating activities		**16,248,233.80**	**2,818,146.45**
Cash flows from investing activities			
Payments for property, plant and equipment / intangible asset	5, 6	–2,674,178.87	–4,684,958.35
Cash flows from investing activities		**–2,674,178.87**	**–4,684,958.35**
Cash flows from financing activities			
Proceeds from capital increase	15	187,810.00	41,503,494.93
Payments for the redemption of loans	18	0.00	–13,000,000.00
Interest and similar expenses	27	–195,103.02	–410,527.79
Cash flows from financing activities		**–7,293.02**	**28,092,967.14**

(Continued on next page)

in EUR	Note no.	2015	2014
Currency effects on cash and cash equivalents		–2,208.12	93,457.52
Net change of cash and cash equivalents		**13,564,553.79**	**26,319,612.77**
Cash and cash equivalents at the beginning of the period	14	31,966,234.96	5,646,622.19
Cash and cash equivalents at the end of the period		45,530,788.75	31,966,234.96
Composition of cash and cash equivalents at the end of the period			
Cash on hand, bank deposits		45,530,788.75	31,966,234.96
		45,530,788.75	**31,966,234.96**

Consolidated statement of changes in equity as of December 31, 2015 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, 2015	**6,984,450.00**	**92,011,390.94**	**1,667,848.60**	**– 14,471,014.94**	**86,192,674.60**
Increase from stock options	10,732.00	757,921.72	0.00	0.00	768,653.72
Currency translation differences	0.00	0.00	– 174,454.83	0.00	– 174,454.83
Net profit for 2015	0.00	0.00	0.00	7,927,126.71	7,927,126.71
Hedge reserve	0.00	0.00	– 1,487,525.00	0.00	– 1,487,525.00
As of December 31, 2015	**6,995,182.00**	**92,769,312.66**	**5,868.77**	**– 6,543,888.23**	**93,226,475.20**
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 profit for 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**

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Notes

Notes to the consolidated financial statements

as of December 31, 2015 according to International Financial Reporting Standards (IFRS)

1. General information

zooplus AG (the "company") is a stock corporation with limited liability as defined under German law, whose shares have been publicly traded since 2008. The company's principal corporate offices are located at Sonnenstrasse 15, 80331 Munich, Germany.

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

The consolidated financial statements and group management report as of December 31, 2015 were prepared in accordance with Section 315a (1) HGB and are submitted to and published in the electronic version of the German Federal Gazette (Bundesanzeiger).

The Management Board prepared the consolidated financial statements as of March 16, 2016 and in doing so approved them for publication as defined under IAS 10. The company's Annual General Meeting has the option to change the consolidated financial statements.

2. Summary of key accounting and valuation methods

The key accounting and valuation methods applied in preparing these consolidated annual financial statements are described below. These methods have been consistently applied to the reporting periods presented unless stated otherwise.

2.1 Basis of preparation

zooplus AG is a parent company as defined by Section 290 HGB. Because zooplus AG has issued equity instruments on the capital market, it is required under Section 315a (1) HGB in conjunction with Article 4 of the Regulation of the European Parliament dated July 19, 2002 to prepare the company's consolidated financial statements according to the International Financial Reporting Standards (EU-IFRS) as adopted by the EU. These consolidated financial statements for the 2015 financial year have been prepared in accordance with these IFRSs and interpretations of the IFRS IC.

The consolidated financial statements have been prepared on a historical cost basis, except in the case of financial assets and financial liabilities (including derivative instruments) which are measured at fair value through profit or loss. The consolidated financial statements have been prepared using the euro (EUR), which serves both as the functional and reporting currency. The functional currency of the subsidiaries may differ depending on the business environment. Unless otherwise indicated, all amounts are expressed in whole amounts in euro thousands in accordance with commercial rounding practices. The financial year for all Group companies is the calendar year.

Balance sheet items are grouped together according to the maturity of the assets and liabilities. Assets that are to be sold, exhausted in the ordinary course of business, or settled within twelve months are classified as current. Liabilities to be settled within twelve months after the balance sheet date are classified as current.

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

Preparing consolidated financial statements that are consistent with IFRS requires the use of estimates. In addition, when applying company-wide accounting and valuation methods, management is required to make judgments. The areas involving a greater margin of judgment or higher complexity, or areas where assumptions and estimates are critically important to the consolidated financial statements are disclosed in Note 4 "Significant Estimates and Accounting Judgments".

2.1.1 Amendments to the accounting and valuation methods and disclosures

The following table lists the mandatory new or revised standards and interpretations for this financial year and their impact on the Group:

Standard	Interpretation	Mandatory application	Impact
IFRS	Annual Improvements to IFRS (2011–2013)	01 / 01 / 2015	none

New standards and interpretations that will come into force only in later reporting periods were not applied early by zooplus AG. The following table lists published standards and interpretations applicable only to financial years commencing after January 1, 2015:

Standard	Interpretation	Mandatory application	Expected impact
IFRS 1	Amendments to IAS 1 Presentation of Financial Statements – Disclosure Initiative	01 / 01 / 2016	none
IAS 7	Amendments to IAS 7 Statement of Cash Flows – Disclosure Initiative	01 / 01 / 2017	none
IAS 12	Amendments to IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses	01 / 01 / 2017	none
IAS 16 and IAS 38	Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortization	01 / 01 / 2016	none
IAS 19	Amendments to IAS 19 Employee Benefits – Employee Contributions	01 / 02 / 2015	none
IAS 27	Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements	01 / 01 / 2016	none
IFRS 9	Financial Instruments:	01 / 01 / 2018	none
IFRS 10, IAS 28	Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures – Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	Postponed indefinitely	none
IAS 1	Amendment: Disclosure Initiative	01 / 01 / 2016	none
IFRS 10, IFRS 12, IAS 28	Amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures – Applying the Consolidation Exception	01 / 01 / 2016	none
IFRS 11	Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations	01 / 01 / 2016	none
IFRS 14	Regulatory Deferral Accounts	01 / 01 / 2016	none
IFRS 15	Revenue From Contracts With Customers	01 / 01 / 2018	no material impact
IFRS 16	Leases	01 / 01 / 2019	under review
IFRS	Annual Improvements to IFRS (2012–2014)	01 / 01 / 2016	none

2.2 Scope of Consolidation

The Group's scope of fully consolidated companies comprised zooplus AG and the following subsidiaries:

Subsidiary	Interest in share capital	Share of equity (IFRS) in kEUR	Business activity
matina GmbH, Munich, Germany	100 %	327	(private label business)
bitiba GmbH, Munich, Germany	100 %	209	(secondary brand business)
zooplus services Ltd., Oxford, Great Britain	100 %	833	(service company for Great Britain)
zooplus italia s.r.l., Genoa, Italy	100 %	48	(service company for Italy)
zooplus polska Sp. z.o.o., Krakow, Poland	100 %	91	(service company for Poland)
zooplus services ESP S.L., Madrid, Spain	100 %	58	(service company for Spain)
zooplus Pet Supplies Import and Trade ltd., Istanbul, Turkey	100 %	2,374	(sales company for Turkey)
zooplus france s.a.r.l., Strasbourg, France	100 %	196	(service company for France)

The following companies are not included in the consolidated financial statements:

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

These four companies did not conduct any business activities during the financial year and because of their minor importance have not been included in the consolidated financial statements.

2.3 Consolidation methods

Subsidiaries are all entities whose financial and business decisions can be influenced by the Group. The Group controls a subsidiary when it is exposed to risk through variable economic returns or has rights to these variable returns based on its involvement with the subsidiary and when the Group has the ability to exert power over a subsidiary in such a manner that it influences the subsidiary's returns. Subsidiaries are included in the consolidated financial statements (full consolidation) from the point in time control has been transferred to the Group. Subsidiaries are no longer consolidated from the point in time when this control ends. Any gains / losses from deconsolidation are recognized in the consolidated statement of total comprehensive income.

Purchased subsidiaries are accounted for using the purchase method. The consideration transferred for the purchase is equivalent to the fair value of the assets transferred, the equity instruments issued, and the liabilities incurred and / or assumed at the time of the acquisition. The consideration also contains the fair value of any recognized assets or liabilities that resulted from a contingent consideration agreement. Under a business combination, the identifiable assets, liabilities and contingent liabilities are measured at their fair value at the time of purchase upon initial consolidation. For each company acquisition, the Group decides on an individual basis whether the non-controlling interests of the purchased company are recognized at fair value or based on the proportional interest in the purchased company's net assets. Acquisition-related costs, if incurred, are recognized as an expense.

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

Any contingent consideration is measured at fair value on the acquisition date. Subsequent changes to the fair value of a contingent consideration that is classified as an asset or liability is measured in accordance with IAS 39 and the resulting profit or loss recognized either in profit or loss or other comprehensive income. A contingent consideration classified as equity is not remeasured and its subsequent settlement is recognized in equity.

If the sum of the transferred consideration for the purchase, the amount of the non-controlling interests of the purchased company and the fair value of any previously held equity interests exceed the Group's interest in the fair value of the net assets as of the purchase date, this difference is recognized as goodwill. If the acquisition costs are lower than the fair value of the purchased subsidiary's net assets, the difference is recognized directly in the income statement.

No subsidiaries were purchased or sold in the 2015 financial year.

Group-internal transactions, balances, and unrealized gains and losses from transactions between Group companies are eliminated. The accounting and valuation methods of subsidiaries were changed when necessary to ensure uniform accounting practices throughout the Group.

2.4 Segment reporting

An operating segment under IFRS 8 is defined as a component of an entity that engages in business activities from which it can earn income and incur expenses, whose operating results are reviewed regularly by the company's chief operating decision-maker (the Management Board) to make decisions concerning the resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The zooplus Group's sole business activity is the sales and distribution of pet supplies. The products offered are homogenous in themselves and cannot be sub-divided. As an Internet retailer, the Group distributes its products from four locations regardless of the customer's geographic location. All key corporate processes are defined on a pan-European basis. Suppliers, brands and price structures apply European-wide and are the reason the Management Board controls the company based on key figures for the business as a whole. The Group does not prepare segment reporting because the business is not split into segments.

No individual customer accounts for more than 10 % of overall sales.

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

2.5 Foreign currency translation

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

2.5.2 Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the time of the transaction or in the case of revaluations, at the time of valuation. Gains and losses resulting from these transactions and the translation of foreign currency denominated monetary assets and liabilities are recognized in the income statement unless they are to be recognized in equity as qualified cash flow hedges and qualified net investment hedges. There were no net investment hedges in the 2015 financial year.

Foreign currency gains and losses resulting from the translation of cash and cash equivalents and financial liabilities, as well as other foreign currency gains and losses are recorded 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 hyperinflationary countries) that have a different functional currency than the euro are translated into the euro as follows:

- For each balance sheet date, assets and liabilities are translated using the exchange rate on the reporting date.
- Income and expenses are translated at average exchange rates in the income statement, 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 rates prevailing on the date of the transactions.
- All resulting translation differences are recognized as a separate item in "other reserves" under equity.
- Goodwill and adjustments to fair value arising from the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the current exchange rate on the balance sheet date. All resulting translation differences are recognized in equity.

2.6 Property, plant and equipment

The majority of property, plant and equipment consists of operating and office equipment, hardware and leasehold improvements. Property, plant and equipment is carried at cost less cumulative scheduled depreciation and / or cumulative impairment losses. The acquisition and production costs of property, plant and equipment consist of expenses directly attributable to the acquisition that are incurred to bring the asset into an operational state. Reductions in the purchase price such as rebates, bonuses, and early payment discounts are deducted from the purchase price.

Subsequent acquisition and production costs are only recognized as part of the asset's acquisition / production costs or, if relevant, as a separate asset when it appears likely that the Group will retain an economic benefit from the asset in the future and the asset's costs can be reliably determined. All ongoing repair and maintenance costs are recognized through profit or loss in the period they are incurred.

Acquisition and production costs do not include any borrowing costs because borrowing costs that can be capitalized under IAS 23 were not incurred. Advance payments for property, plant and equipment not yet delivered or accepted are recognized under property, plant and equipment.

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

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

Both residual carrying amounts and useful lives are reviewed at each balance sheet date and adjusted when necessary. In accordance with IAS 36, an asset's carrying amount is impaired as soon as the carrying amount exceeds the asset's recoverable amount.

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

2.7 Intangible assets

2.7.1 Goodwill
Goodwill may arise when purchasing subsidiaries as a result of the difference in the consideration transferred for the purchase of the company and the fair value of the Group's interest in the acquired identifiable assets, assumed liabilities, contingent liabilities, and all of the company's non-controlling interests on the acquisition date.

Goodwill is tested annually for impairment. Goodwill impairment tests are conducted more regularly when there is an objective evidence for impairment. The goodwill's carrying amount is compared with its recoverable amount, i.e., the higher of the fair value less selling costs and the value in use. Impairment is recognized immediately in profit or loss and is 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 on the basis of the acquisition costs incurred upon purchase and the expenses for preparing the software for its intended use. These costs are amortized on a straight-line basis over an estimated useful life of 3 to 5 years. In subsequent years, software licenses are measured at acquisition cost less accumulated amortization and impairment.

2.7.3 Proprietary software

Expenses for internally generated intangible assets are recognized through profit and loss in the period they were incurred, with the exception of development costs that can be capitalized. Development costs from individual projects are only capitalized as intangible assets when the following criteria have been met:

- Completion of the software product is technically feasible.
- Management has the intention and ability to use or sell the software product.
- It can be shown that the software product will likely provide a future economic benefit.
- Sufficient technical, financial and other resources are available to complete development and use or sell the software product.
- The expenses attributable to the software product during its development can be assessed reliably.

The costs directly attributable to the software product include the personnel costs for the employees involved in the development and a reasonable portion of the corresponding overhead costs.

Development expenses that do not fulfill these criteria are recognized as expenses in the period they are incurred. Development costs already recognized as expenses will not be capitalized in a subsequent period.

Capitalized software development costs are amortized using the straight-line method over the software's 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 scheduled depreciation or amortization; instead, they are tested annually for impairment. Assets subject to scheduled depreciation or amortization are tested for impairment when relevant events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is recognized in the amount by which the carrying amount exceeds the recoverable amount. The recoverable amount is the higher of either the fair value less sales costs or the value in use. To conduct the impairment test, assets are pooled at the lowest level at which cash flows can be identified separately (CGUs). Non-monetary assets, except for goodwill, for which impairment losses were recognized in the past, are assessed at each balance sheet date to determine whether a reversal of the impairment 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 measured 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 for which the financial asset was purchased. The management determines the classification of the financial asset upon initial recognition.

2.9.1.1 Assets measured at fair value through profit or loss

Assets measured at fair value through profit or loss are financial assets held for trading purposes. A financial asset is allocated to this category when it was primarily purchased for the purpose of selling it in the near term. Derivatives are also allocated to 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 2014 and 2015, there were no financial assets in this 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 when their maturity is no longer than twelve months after the balance sheet date. If their maturity is longer than twelve months after the balance sheet date, they are recognized as non-current assets. The Group's loans and receivables are recorded 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 that are allocated either to this category or no other category presented. They are allocated to non-current assets when management does not intend to sell them within twelve months after the balance sheet date and the asset does not mature within this period. In the financial years 2014 and 2015, 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 trading day that the Group committed to the asset's purchase or sale. Financial assets that do not belong to the category "Measured at fair value through profit or loss" are initially recognized at their fair value plus transaction costs. Financial assets that belong to this category are initially recognized at their fair value; corresponding transaction costs are recognized in profit or loss. Financial assets are derecognized when the rights to payments from the financial assets have expired or have been transferred, and the Group has transferred principally all risks and opportunities related to the ownership. Financial assets available for sale and assets under the category "measured at fair value through profit or loss" are subsequently measured at their fair value. Loans and receivables are carried at amortized cost by applying the effective interest method.

Gains and losses from financial assets "measured at fair value through profit or loss" are recognized in profit or loss in the period they occurred. Dividend income from financial assets "measured at fair value through profit or loss" is recognized in profit or loss when the Group's legal right to receive dividends is established.

Changes in the fair value of monetary and non-monetary securities denominated in a foreign currency and classified as available- for- sale are broken down into translation differences from changes in the amortized acquisition costs recognized through profit or loss and other changes in the carrying amount recognized directly in equity. The translation differences from monetary securities are recognized in profit or loss, while translation differences from non-monetary securities are recorded in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recorded in other comprehensive income.

If available-for-sale securities are sold or subject to impairment, the accumulated changes in fair value previously recognized in equity are to be recognized through profit or loss as "Gains / losses from securities".

2.10 Offsetting of financial instruments

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

2.11 Impairment of financial instruments

2.11.1 Assets measured at amortized cost

At each balance sheet date, the company assesses whether there is objective evidence showing the impairment of a financial asset or a group of financial assets. A financial asset or a group of financial assets is impaired only when the occurrence of one or more events after the asset's initial recognition ("loss event") gives an objective indication of an impairment and that this loss event (or loss events) has a reasonably estimable 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 group of customers, the non-adherence or non-payment of interest or principal; the probability of declaring insolvency or being subject to an alternative type of financial restructuring; and identifiable facts that indicate a measurable reduction in estimated future capital flows, such as unfavorable changes in the payment situation of the borrower or the economic situation that would indicate a delay in performance.

In the category "Loans and receivables", the amount of the impairment loss is calculated as the difference between the asset's carrying amount and the present value of the expected future cash flows (with the exception of future, pending credit 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 is a receivable with 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 that have occurred after the impairment's initial recognition (for example due to a better rating), the reversal is recognized in profit or loss.

2.11.2 Assets classified as available-for-sale

At each balance sheet date, the company assesses whether there is objective evidence showing the impairment of a financial asset or a group of financial assets. In the case of debt instruments, the criteria listed under 2.11.1 are used to make this assessment. In the case of equity instruments classified as financial assets available-for-sale, a substantial or persistent decline in the fair value to a level 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 available-for-sale assets, the accumulated loss measured as the difference between the acquisition costs and the current fair value less impairment losses previously recognized 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 the fair value of a debt instrument classified as an available-for-sale financial asset increases in a subsequent period and this increase results from circumstances occurring after the initial recognition of the impairment, the impairment is reversed in profit or loss.

2.12 Derivative financial instruments and hedging

For their initial measurement, derivative financial instruments are measured at the fair value attributable to these instruments on the date of entering the contract. Subsequent measurement is based on the fair value applicable on the respective balance sheet date. The method of recognizing gains and losses depends on whether the derivative financial instrument was designated as a hedging instrument and, if so, on the type of item hedged. The Group designates certain derivative financial instruments for hedging based on either

- the fair value of a recognized asset, liability, or firm off-balance-sheet commitment (fair value hedge);
- specific risks of fluctuating cash flows (cash flow hedge) that are related to a recognized asset, liability, or an expected and highly probable future transaction; or
- a net investment in a foreign business (net investment hedge).

There were no fair value hedges or net investment hedges in the 2015 financial year.

When executing a 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 executing hedging transactions. At the inception of the hedging relationship and thereafter, assessments are recorded to determine whether the derivatives used in the hedging relationship effectively enough offset the changes in the fair value or the cash flows of the underlying transactions.

The fair values of the various derivative financial instruments used for hedging purposes and the changes in the 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 reported as a non-current asset or non-current liability provided the remaining term of the underlying hedged transaction exceeds twelve months from the balance sheet date or as a current asset or liability if the remaining term is shorter. Derivative financial instruments held for trading purposes are reported as current assets or liabilities.

Cash flow hedges
The effective portion of changes to the fair value of derivatives that are intended to hedge cash flow and can qualify as a cash flow hedges is recognized in other comprehensive income. The ineffective portion of such changes in value, however, is recognized directly in the income statement under “Other income ⁄ expenses”.

Amounts accrued in equity are reclassified to the income statement and reported as either income or expense in the period the underlying hedged transaction is reported in profit or loss (e.g., the point in time the 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 non-financial liability, then the gains and losses previously recognized in equity are included in the initial measurement of the acquisition or production cost of the asset or liability. In the case of inventories, the deferred amounts are ultimately recognized in cost of materials and, in the case of property, property, plant and equipment, in depreciation ⁄ amortization.

When a hedging agreement expires, is sold, or no longer meets the criteria for hedge accounting, the gain or loss accumulated in equity until that time remains in equity and is only recognized through profit or loss in the income statement when the originally hedged future transaction occurs. If the future transaction is no longer expected to occur, the gains and losses recognized in equity are to be immediately reclassified to the income statement.

2.13 Inventories

Raw materials, consumables, and supplies and merchandise purchased are measured at the lower of acquisition costs and net realizable value. Acquisition costs consist of the purchase price plus incidental purchase costs less any purchase price reductions. Acquisition costs do not contain any borrowing costs. The net realizable value is the estimated selling price in the ordinary course of business less the necessary variable selling costs. The acquisition costs for inventories also contain gains and losses from qualified cash flow hedges transferred from equity that relate to purchases of raw materials. The average cost method is used to measure the value of inventories.

2.14 Accounts receivable

Accounts receivable are amounts due from merchandise sold and services provided during the ordinary course of business. If the estimated payment is expected to be received within one year or less, the receivable is classified as a current receivable; otherwise it is recognized as a non-current receivable.

Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method less any impairment. An impairment of accounts receivable is recognized when there are objective indications that the amounts receivable due cannot be collected in full (e.g., due to payment delays, customer insolvency). Impairments of accounts receivable are recognized through a separate allowance account. These impairments are derecognized at the same time as the corresponding impaired receivable.

The carrying amounts of the accounts receivable generally correspond with their market values including any impairment due to their short-term nature.

2.15 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, demand deposits, other highly liquid current financial assets with original maximum terms of three months, and overdrafts. Utilized overdrafts are reported on the balance sheet as “Liabilities to banks” under current financial liabilities.

2.16 Equity

Ordinary shares are classified as equity. Costs 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 shares are recorded at acquisition cost and deducted from equity. The purchase, sale, issue or withdrawal of own shares is recognized directly in equity. Any differences between the carrying amount and the consideration provided are recorded under other capital reserves. The Group did not hold treasury shares during the financial year.

2.17 Accounts payable and other liabilities

Financial liabilities are divided into the following categories:

Financial liabilities measured at fair value through profit or loss:
Liabilities measured at fair value through profit or loss are financial liabilities held for trading purposes. A financial liability is allocated to this category when it was incurred primarily with the intent of being settled in the short term. Derivatives are also classified under this category unless they qualify as hedges. Liabilities in this category are reported as current liabilities if the liability's settlement is expected within twelve months. All other liabilities are classified as non-current. In the financial years 2014 and 2015, there were no financial liabilities allocated to this category.

Financial liabilities measured at amortized cost (FLAC); include accounts payable and other liabilities:
Accounts payable are payment obligations for goods and services purchased in the ordinary 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 a non-current liabilities. Accounts payable and other liabilities are measured at their fair value upon initial recognition. In subsequent periods, they are measured at amortized costs by applying the effective interest method.

“Derivatives designated as hedging instruments and effective as such” are not assigned to a category in accordance with IAS 39.

2.18 Financial liabilities

Loan liabilities are classified as current liabilities when the Group does not have the unconditional right to settle the liability at least twelve months after the balance sheet date. A loan liability is initially recognized at fair value less transaction costs and measured at amortized cost using the effective interest method in subsequent periods.

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 asset's acquisition or production cost until the majority of work necessary to prepare the asset for its intended use or sale is completed. A qualified asset is an asset that requires a substantial amount of time until it is rendered usable or saleable.

To determine the amount of a period's borrowing costs that are eligible for capitalization, the investment income earned from financial investments and temporarily invested until the qualified asset is in use, is deducted from the borrowing costs incurred. Other borrowing costs are recognized as expenses in the period they are incurred.

No capitalized borrowing costs currently exist.

2.20 Current and deferred taxes

The period's tax expenses consist of both current and deferred taxes. Taxes are recognized in the income statement unless they relate to items recorded directly in equity or in other comprehensive income. In this case, taxes are also recognized in equity or other comprehensive income.

Current tax expenses are calculated in accordance with the tax laws applicable on the balance sheet date (or due to come into force) in the countries where the subsidiaries are operating and generating taxable income. Management routinely reviews tax declarations – particularly with respect to matters with room for interpretation – and, when appropriate, recognizes provisions based on the amounts expected to be paid to the fiscal administration.

Deferred taxes are to be recognized for all temporary differences between the assets' or liabilities' tax base and their carrying amounts in the IFRS consolidated financial statements, and for losses carried forward (the "liability method"). However, deferred taxes are not recognized – neither at the date of initial recognition or thereafter – if deferred taxes arise from the initial recognition of an asset or liability in the context of a transaction that is not a business combination and the deferred taxes have no effect on the profit and loss under IFRS or tax law at the time of the transaction. Deferred tax assets are only recognized to the extent that it is likely that taxable profits will be generated that can be used against temporary differences or to offset deferred tax liabilities.

Deferred tax liabilities and assets arising from temporary differences related to interests in subsidiaries are recognized, unless the timing for reversing temporary differences can be specified by the Group and because of the Group's influence it is likely that these differences will not be reversed in the foreseeable future.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to do so and the deferred tax assets and liabilities relate to income taxes that are imposed by the same tax authority for either the same taxable entity or different taxable entities that intend to settle on a net basis.

The expected probable tax payment is considered the best estimation of recognized uncertain income tax positions.

2.21 Employee benefits

2.21.1 Termination benefits
Benefits from the termination of the employment relationship are paid if the employment contract is terminated by a Group company before the employee reaches customary retirement age or when the employee voluntarily terminates the employment contract in exchange for compensation. The Group recognizes severance payments when it can be proven that the Group is obligated to terminate the employment relationship with current employees under a detailed formal plan that cannot be reversed, or when it can be proven that the Group is obligated to pay compensation to employees who terminate the employment relationship voluntarily. Benefits due more than twelve months after the balance sheet date are discounted to their present value.

2.21.2 Bonus plans
Bonus payments are recognized as a liability or an expense based on a measurement method. A provision is recognized in the consolidated financial statements in cases involving a contractual obligation or when a de facto obligation is created due to past business practices.

2.21.3 Share-based remuneration
Some of Group's employees and Management Board receive share-based remuneration in the form of equity instruments or cash.

The expenses related to granting equity instruments are measured at the instrument's fair value on the grant date. The fair value is identified using a suitable option price model. The measurement considers the conditions linked to zooplus AG's share price ("market conditions") and, if any, performance-related conditions for exercising the option.

Expenses related to the granting of equity instruments are recognized with a simultaneous corresponding increase in equity over the period in which the performance and / or exercise conditions are fulfilled. This period ends at the point in time the employee has an irrevocable right to exercise the option. At each reporting date up to the time when the option may first be exercised, the accumulated expenses from granting equity instruments reflect the elapsed portion of the vesting period and the Group's best estimate of the number of equity instruments that will ultimately become vested. The amount that is recognized in the income statement as an income or expense reflects the development of the accumulated expenses at the beginning and end of the reporting period.

For cash-settled transactions, the Group's liability resulting from the rendering of services is recognized at its fair value through profit or loss on the date of the service is provided by the beneficiary. The fair value is calculated using a suitable option price model. The measurement considers the conditions linked to zooplus AG's share price ("market conditions") and performance-related conditions for exercising the option, if any. Until the liability has been settled, the fair value of the liability is remeasured at each reporting date and all changes in the fair value are recognized through profit or loss.

There are no expenses recognized for remuneration rights that cannot be exercised. This does not apply to transactions settled using equity instruments for which specific market or non-exercise conditions must be fulfilled. This equity instruments are considered exercisable if all other performance and service conditions have been met regardless of whether the market or non-exercise conditions have been fulfilled.

2.22 Provisions

Provisions are recognized when the Group (a) has a current legal or de facto obligation resulting from a past event, (b) it is more likely than not that the settlement of the obligation will adversely impact net assets, and (c) the amount of the provision can be reliably determined. Provisions are not recognized for future operating losses.

If several similar obligations exist, such as in the case of a legal warranty, the probability of an adverse impact on net assets is determined on the basis of the group of these obligations. A provision is also recognized when there is a low probability that net assets will be adversely impacted by a single obligation contained within this group.

Provisions are measured at the present value of the expected expenses based on a pre-tax interest rate that takes into account the market's current expectations of the interest rate effect and the risks specific to the liability. Increases in provisions resulting exclusively from accruing interest are recognized through 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 expected to be received. Sales are recognized when it is sufficiently likely that the economic benefits will flow to the Group, and the amount of sales can be reliably determined. Income is recognized at the fair value of the consideration received less any bonuses and discounts granted, value added taxes, and other levies.

When goods are sold, sales are recognized when delivery has taken place and the opportunities and risks have been transferred to the purchaser. Sales from the sale of goods are recognized at their net value, i.e., after deducting VAT, returns, early payments, customer discounts, and rebates. Sale transactions usually include the right for the purchaser to return the goods within 14 days. Goods returned by customers are deducted from sales.

The Group runs its own loyalty program that gives customers an opportunity to collect bonus points with every purchase. Once a certain minimum number of points have been collected, the customer can redeem these points for products. The consideration received is split among the products sold and the bonus points awarded, whereby the consideration is allocated to its fair value according to the bonus points. The fair value of the bonus points is determined based on the sales price of the products offered as rewards. The fair value of the awarded bonus points is deferred and recognized as sales only when the bonus points have been redeemed.

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

In the case of services, sales are recognized at the point in time the service was provided. Services mainly concern bonuses, advertising subsidies and supplying advertising space.

The Group has assessed its business relations to determine whether it takes the role of a principal or intermediary and concluded that it acts as the principal in all of its sales transactions.

2.24 Interest income

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

2.25 Leases

Determining whether an agreement is or contains a lease depends on the agreement's economic substance and requires an assessment as to whether fulfilling the contractual agreement requires the use of a particular asset and whether the agreement includes a right of use for this asset.

Finance leases in which the asset's significant risks and opportunities connected with ownership of the leased asset are transferred to the Group (lessee), did not exist in financial years 2014 and 2015.

Lease payments for operating leases in which all of the significant risks remain with the lessor are recognized as expenses in the income statement and are depreciated on a straight-line basis over the term of the lease.

2.26 Business transactions after the balance sheet date

Business transactions that occurred prior to the balance sheet date but became known after the balance sheet date will be accounted for in the consolidated financial statements. Material business transactions that occurred after the balance sheet date are discussed in this Annual Report.

3. Financial risk management

3.1 Financial risk factors

The Group's business activities expose it to a variety of financial risks: market risks, credit risks, currency risk, interest rate risk and liquidity risks. The Group and its product range are in competition with other providers.

The Group's risk management focuses on managing the unpredictability of financial market developments and aims to minimize the potentially negative impact of these developments on its financial situation. The Group uses derivative financial instruments to hedge itself against specific risks.

Risk management is carried out by the central finance department according to the guidelines set out 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 sets out both the principles for Group-wide risk management and the guidelines for specific areas such as those dealing with foreign currency risk, interest rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of excess cash.

3.1.1 Market risk

3.1.1.1 Currency risk

The Group operates internationally making it subject to currency risk from changes in foreign currency exchange rates – mainly the US dollar, British pound, Czech koruna, Polish zloty, Swiss franc, Swedish krona, and Danish krone. Risks related to the US dollar stem from purchases made in Asia.

Currency risk arises from expected future transactions, recognized assets and liabilities. Management has put a guideline in place stipulating how currency risk should be managed in relation to the functional currency. The Group hedges foreign currency risk from expected future transactions and recognized assets and liabilities through forward exchange transactions entered into by the Group's finance department. The Group is increasingly trying to limit this currency risk by purchasing products locally in foreign currency regions. Exchange-rate risk occurs when future business activities or assets or liabilities are recognized in a different currency than the company's functional currency. The Group's risk management policy envisions hedging of between 0 % and 70 % of the transactions expected within the following twelve months (consisting mainly of export sales and inventory purchases). The expected sales and purchases to be carried out using hedging instruments correspond with the hedge accounting criteria of a "highly probable" forecast transaction.

IFRS 7 requires the use of sensitivity analyses when presenting market risks, with these analyses illustrating the effects of hypothetical changes to the relevant risk variables on the net profit ⁄ loss for the period and equity. The following representation is one-dimensional and does not take into account the feedback effects in international purchasing or on the manufacturers. Tax effects are not considered. The table below shows the positive and negative effects if the euro were to gain or lose 10 % of its value versus the other currencies presented assuming all other variables remain constant. The effects break down as follows:

Currency in kEUR	1 Euro = 1 MU FC Rate as of December 31, 2015	Effect on consolidated net result at +10 %	Effect on consolidated net result at –10 %	Effect on other reserves at +10 %	Effect on other reserves at –10 %
USD	1.0887	17	–21	–1,584	1,935
GBP	0.7340	114	–139	2,267	–2,771
PLN	4.2639	–35	43	–552	675
CZK	27.0230	–8	10	0	0
DKK	7.4626	–23	28	0	0
CHF	1.0835	–16	19	0	0
SEK	9.1895	–23	28	0	0
TRY	3.1765	18	–22	0	0
HUF	315.9800	–7	9	0	0

Gains / losses from currency translation resulting from accounts payable and receivable denominated in a foreign currency effect the consolidated net result, whereby changes to the fair value of forward exchange transactions from effective cash flow hedges affect other reserves.

3.1.1.2 Interest rate risk

The Group currently uses only overdrafts and current money-market loans with variable interest rates. Interest rate risk arises when the current level of interest rates increases. No hedges are currently in place to protect against interest rate risk because the potential impact of this risk is considered minor. Therefore, interest rate sensitivity has not been stated. The company is not planning to assume financial liabilities in the 2016 financial year.

3.1.2 Credit risk

Credit risk is defined as the risk that a business partner will not be able to fulfill its obligations with respect to a financial instrument or customer contract and lead to a financial loss for the Group. The maximum scope of the zooplus Group's credit risk is equivalent to the total carrying amounts of accounts receivable and other receivables. There is no credit concentration risk.

Credit limits are set for all customers based on internal risk classification characteristics. Outstanding customer receivables are monitored regularly. To reduce credit risk, impairments are made based on past experience in accordance with maturity ranges. Receivables are impaired when a debt collection agency has been unable to collect the debt, a customer has filed personal insolvency, or as a result of the statute of limitations. Accounts receivable are sold after the debt recovery processes is completed. After the sale, the Group no longer retains the related risks and opportunities.

For the Group’s other financial assets, such as cash and cash equivalents, the maximum credit risk corresponds to the carrying amount of the assets if the counterparty defaults.

3.1.3 Liquidity risk

The Group uses liquidity planning to continuously monitor the risk of liquidity bottlenecks. Liquidity planning takes into account cash inflows and outflows from financial assets and anticipated incoming payments generated from the operating business. Cash flow forecasts are created at the level of the individual companies and compiled at the Group level.

The Group aims to maintain a balance between continuously covering its liquidity requirements and ensuring the Group's flexibility through the use of overdrafts and loans. At times, zooplus employs cross-national cash pooling techniques for effectively managing liquidity within the Group. Any short-term liquidity bottlenecks are offset using overdrafts, if necessary. At the time of preparing these consolidated financial statements, there were unused lines of credit of EUR 40 m available at two independently operating banks. In addition, the Group has access to sufficient liquid funds and, therefore, does not currently have any liquidity risk.

The following table shows the Group's financial liabilities and derivative financial liabilities grouped by maturity based on the remaining terms as of the balance sheet date and related to the contractually agreed undiscounted cash flows.

in kEUR	Up to 3 months	From 3 months to 1 year	Over 1 year
As of December 31, 2015			
Financial liabilities	0	0	0
Accounts payable	35,266	0	0
Other liabilities (financial instruments pursuant to IFRS 7)	3,841	0	0
Derivative financial instruments (gross settlement)			
Cash outflow	9,453	8,487	0
Cash inflow	9,439	8,480	0
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

3.2 Capital management

The Group's main goals with respect to capital management are to maintain and ensure an optimal capital structure to reduce capital costs, generate liquidity, actively manage working capital, and comply with financial covenants.

The company is not subject to any statutory capital requirements. External minimum capital requirements are maintained in accordance with Section 92 AktG, and compliance with these requirements is reviewed during the preparation of the annual and interim financial statements. These external minimum capital requirements have been complied with in the 2015 financial year.

The Group manages its capital structure based on the equity ratio and makes adjustments when necessary, taking any changes in the underlying economic conditions into account. The equity ratio reached 62 % in the 2014 financial year. The Group had expected this ratio to decline slightly in 2015 and as of December 31, 2015 reported a Group equity ratio of 56 %.

in kEUR	2015	2014
Equity	93,226	86,193
Total equity and liabilities	165,293	138,555
Equity ratio in %	**56**	**62**

3.3 Determination of fair value

The following table shows financial instruments measured at fair value broken down according to the levels of the fair value hierarchy. The different levels are defined 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 as allocated to 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, 2015.

in kEUR	Level 1	Level 2	Level 3
Assets			
Derivative financial instruments used as hedging instruments	0	609	0
Liabilities			
Derivative financial instruments used as hedging instruments	0	527	0

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 used as hedging instruments	0	2,302	0
Liabilities			
Derivative financial instruments used as hedging instruments	0	0	0

There were no reclassifications within the respective levels during the reporting period. The reclassification of items is carried out on a quarterly basis when circumstances arise that require a change in classification.

The fair value of financial instruments that are traded on an active market is based on the quoted market price on the balance sheet date. A market is considered active if quoted prices are easily and regularly available on a stock exchange or from a dealer, broker, industry group, pricing service or regulatory authority, and these prices represent current and regular market transactions on an arm's length basis. The appropriate quoted market price for assets held by the Group corresponds to the bid price offered by the buyer.

The fair value of financial instruments not traded on an active market (e.g., over-the-counter derivatives) is determined using valuation methods. Fair value is determined using a valuation method that relies as much as possible on market data and as little as possible on company-specific data. If all data required to determine the fair value are observable, the instrument is assigned to Level 2. If one or more important pieces of data are not based on observable market data, the instrument is assigned to Level 3.

Specific valuation methods used to measure financial instruments include, among, others, net present value models based on market data applicable on the reporting date.

4. Significant estimates and accounting judgments

The preparation of consolidated financial statements requires management to make estimates and assumptions that directly impact the amount of income, expenses, assets and liabilities on the balance sheet date, and the disclosure of contingent liabilities. However, the uncertainties associated with these assumptions and estimates could lead to results that may 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.

Discussed below are the most important forward-looking assumptions and other key sources of estimation uncertainty that existed as of the balance sheet date and result in the risk that a material adjustment will have to be made to the carrying amounts of assets and liabilities during the next financial year.

Accounts receivable

The company uses the maturity ranges of the age structure to determine impairments on accounts receivable. The overdue maturity ranges are impaired by a percentage between 10 % and 100 % based on past experience.

As of December 31, 2015 and December 31, 2014, impairments for accounts receivable totaled EUR 3.5 m and EUR 4.4 m, respectively.

Loyalty program

Various estimates are used to measure the obligations from the loyalty program. In accordance with IFRIC 13 "Customer Loyalty Programs", the fair value of the awarded but not yet redeemed bonus points is deferred. The fair value of a bonus point is determined using the sales prices of the various products offered as rewards. The fair value of bonus points no longer expected to be used is not deferred. To estimate the quantity of bonus points unlikely to be redeemed in the future the company uses the historically observed redemption and forfeiture rates and the loyalty program's current conditions for participation. Assumptions and methods applied for estimating the measurement of the loyalty program are presented under Note 20.

Share-based remuneration

The costs arising as a result of granting equity instruments and from cash-settled share-based payments to employees and the Management Board are measured at the fair value of the granted instruments on the grant date. To estimate the fair value of share-based payments, the most suitable measurement method, which depends on the granting conditions, must first be determined. For this estimate, it is also necessary to determine suitable input parameters for this measurement method, including parameters such as the likely term of the option, volatility, dividend yield, and corresponding assumptions. The assumptions and methods applied to estimate the fair value of share-based payments are presented in Note 16.

Deferred taxes

Deferred tax assets are recognized for all unused tax losses carried forward to the extent probable that adequate taxable income will be generated in the future to utilize these tax losses carried forward. The determination of the amount of deferred tax assets that can be capitalized requires significant management discretion with regard to the anticipated date of occurrence, the amount of future taxable income, and future tax planning strategies.

The Group has domestic corporate tax losses carried forward totaling EUR 5.5 m (previous year: EUR 14.0 m) and trade tax losses carried forward of EUR 4.6 m (previous year: EUR 13.2 m). As a result of the sustained consolidated net profit in 2015, the positive earnings performance on the basis of future corporate forecasts, and the existing opportunities to carry forward losses, the Management Board believes that it will be able to fully exhaust these tax losses carried forward. If the actual results differ from the Management Board's expectations, this may 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
Acquisition costs 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**

	in kEUR
Acquisition costs As of January 1, 2015	1,798
Additions	968
Foreign currency valuation	–7
Disposals	–52
As of December 31, 2015	**2,707**
Accumulated depreciation As of January 1, 2015	1,042
Additions	346
Foreign currency valuation	–2
Disposals	–52
As of December 31, 2015	**1,334**
Carrying amounts as of December 31, 2015	**1,373**

Property, plant and equipment consists exclusively of operating and office equipment. As in prior years, there were no indications of impairment in accordance with IAS 36 as of the reporting date.

6. Intangible assets

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

in kEUR	Proprietary software	Software / licenses	Advance payments	Total
Acquisition costs As of January 1, 2015	535	9,359	0	9,894
Additions	0	1,705	0	1,705
As of December 31, 2015	**535**	**11,064**	**0**	**11,599**
Accumulated amortization As of January 1, 2015	535	771	0	1,306
Additions		2,245	0	2,245
Foreign currency valuation	0	–1	0	–1
As of December 31, 2015	**535**	**3,015**	**0**	**3,550**
Carrying amounts as of December 31, 2015	**0**	**8,050**	**0**	**8,050**

Intangible assets consist of concessions, commercial property rights and similar rights, and licenses to such rights and assets whose remaining useful life is a maximum of three years. During the 2015 financial year, there was no amortization on development costs recognized in the income statement and no development costs were incurred that could be capitalized. No research costs were incurred.

Software / licenses concern mainly the implementation of a new transaction system for shop, order, and finance management and related expenses and own work that can be capitalized. There are no restrictions on the disposal of intangible assets and no intangible assets have been pledged as collateral for debt.

At the time of preparing the consolidated financial statements, there were indications of an impairment of intangible assets. The impairment was recognized in the form of an unscheduled amortization of kEUR 1,763. The Management Board of zooplus AG has revised the implementation and rollout concept of the new transaction system for the shop, order management, and finance management to avoid risk in the context of implementing the new system and to avoid jeopardizing the company's growth. The legacy system is being replaced by the new system using a much more modular project approach, thereby reducing significantly rollout risks. As a result of the changes to the project approach, the proprietary work to integrate the SAP ERP and Hybris systems and the specification and development services for the control systems can no longer be used in form previously developed. The revised project approach led to these internally provided services no longer being considered as recoverable and, therefore, subject to unscheduled amortization.

7. Other financial assets

in kEUR	2015	2014
Interests in associated companies	48	48
Total	**48**	**48**

The interests in associated companies consist of

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

These four companies did not conduct any business activities during the financial year and because of their minor importance have not been included in the consolidated financial statements. The interests are categorized in accordance with IAS 39 as available-for-sale financial assets and carried at cost because no active market with publicly available market prices exists and the fair value cannot be determined otherwise. There is no intention to sell these interests.

8. Taxes on income

The essential components of income tax expenses for the financial years 2015 and 2014 are as follows:

in kEUR	2015	2014
Actual income taxes		
Current income taxes	–1,686	–1,551
Deferred income taxes		
from temporary differences	–246	146
from tax losses carried forward	–2,811	–2,135
Total	**–4,744**	**–3,540**

To determine the current taxes in Germany, a uniform corporate tax rate of 15 % (previous year: 15 %) and a solidarity surcharge of 5.5 % (previous year: 5.5 %) is applied to distributed and retained profits. In addition to corporate tax, trade tax was charged on profits generated in Germany. Taking into account the inability to deduct trade taxes as an operating expense, the average trade tax rate amounted to 17.15 % leading to an overall tax rate in Germany of approx. 33 %. To calculate the deferred tax assets and liabilities, the tax rates are used that apply on the date the asset is sold or the liability is settled. Deferred tax assets and liabilities are measured using the overall tax rate of 33 %.

The reconciliation of income tax expenses and the result of net profit for the period and the applicable tax rate for the Group in financial years 2015 and 2014 is as follows:

in kEUR	2015	2014
Earnings before taxes	**12,671**	**8,756**
Expected income tax expense (32.98 %)	–4,178	–2,887
Deviation from the tax base used for trade taxes	–33	–82
Deviation from the expected tax rate	–60	–74
Tax losses carried forward excluding recognized deferred tax assets and impairments	–119	–158
Non-deductible expenses from stock options	–192	–291
Other non-deductible operating expenses	–87	–27
Income taxes relating to other periods	–84	–25
Other deviations	9	4
Effective income tax expenses	**–4,744**	**–3,540**

Deferred taxes as of the balance sheet data are as follows:

in kEUR	2015	2014
Deferred taxes		
Derivative financial instruments	–27	–759
Long-term incentives	114	191
Inventories	103	272
Tax losses carried forward	1,659	4,471
	1,849	**4,175**

As of December 31, 2015, deferred taxes of EUR 0.1 m (previous year: EUR 2.3 m) are classified as non-current.

For the year 2015, deferred tax assets on tax losses carried forward and temporary differences were recognized totaling EUR 1.8 m (previous year: EUR 4.2 m), because the Group anticipates future taxable earnings. The Group's domestic corporate tax losses carried forward totaled EUR 5.5 m (previous year: EUR 14.0 m), domestic trade tax losses carried forward came in at EUR 4.6 m (previous year: EUR 13.2 m) while foreign tax losses carried forward totaled EUR 2.5 m (previous year: EUR 1.9 m). Deferred tax assets were not recognized for the EUR 2.5 m (previous year: EUR 1.9 m) in foreign tax losses carried forward due to lack of recoverability.

Deferred tax liabilities were not recognized for temporary differences related to interests in subsidiaries.

As of December 31, 2015, there were tax liabilities of kEUR 694 (previous year: kEUR 2,002). These liabilities consist of provisions of kEUR 349 for corporate taxes and kEUR 345 for trade taxes and primarily concern German income taxes.

9. Inventories

in kEUR	2015	2014
Raw materials, consumables and supplies	1,026	901
Merchandise	73,482	64,130
Total	**74,508**	**65,031**

Raw materials, consumables and supplies consist mainly of packaging material for the mail order business. As of the balance sheet date, the item “merchandise” was impaired by kEUR 6,152 (previous year: kEUR 2,076).

10. Advance payments

Advance payments are payments made in advance for upcoming deliveries of inventories.

11. Accounts receivable

All accounts receivable have a maturity of up to one year and are non-interest bearing. As a rule, they are due within 14 days. There are no restrictions on their right to disposal.

The table below provides an analysis of the accounts receivable maturity structure as of December 31:

in kEUR	Acquisition costs	Not due and not impaired	Overdue and not fully impaired			Overdue and impaired
			< 30 days	30–90 days	> 90 days	
2015	17,115	11,037	2,021	330	24	3,703
2014	16,453	9,317	2,038	392	57	4,649

As of December 31, 2015, impairments have been recognized in the amount of kEUR 3,494 (previous year: kEUR 4,402). The company applies age structure maturity ranges to determine impairments on accounts receivable. Overdue maturity ranges are impaired by a percentage based on past experience. For non-impaired receivables not overdue, there are no indications that the debtors will default on their payment obligations.

Changes in the impairment account were as follows:

in kEUR	2015	2014
As of January 1	4,402	4,070
Additions	1,705	2,087
Utilization	–2,613	–1,755
As of December 31	**3,494**	**4,402**

12. Other current assets

in kEUR	2015	2014
Creditors with net debit balance	13,700	8,264
VAT receivables	2,280	3,013
Other	2,275	1,837
Total	**18,255**	**13,114**

Creditors with net debt balances refer to claims against suppliers resulting from advertising and marketing campaigns in the financial year as well as volume discounts and are recognized on a net basis against the supplier. Before being netted, claims against suppliers totaled EUR 23.8 m in contrast to outstanding supplier invoices of EUR 10.3 m. All other current assets have maturities of one year or less.

Financial instruments amounted to EUR 15.4 m (previous year: EUR 9.3 m).

13. Derivative financial instruments

in kEUR	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Forward exchange transactions – cash flow hedges	609	527	2,302	0

The derivative financial instruments held in hedge accounting are classified as current assets or current liabilities because the hedging period is less than one year. These derivative financial instruments concern cash flow hedges for hedging the currency risk from fluctuations in the USD, GBP and PLN. Hedging is carried out using forward exchange transactions. No ineffective portions in hedging were detected as of December 31, 2015 reporting date.

The nominal amounts of outstanding forward exchange contracts totaled EUR 49.4 m as of December 31, 2015 (previous year: EUR 23.6 m). The foreign currency transactions with a high probability of occurrence that were hedged by the hedging activities are expected to occur at various times in the twelve months following the balance sheet date. Gains and losses on future contracts in foreign currency as of December 31, 2015 that are recognized in equity in the hedging reserve are recognized in the income statement for the period in which the hedged planned transaction impacts the income statement (sales and / or cost of materials). As a rule, this occurs in the subsequent twelve months.

As of December 31, 2015, the hedging reserve included the change in fair value of kEUR 82 less deferred tax effects totaling kEUR –27, which corresponds to a total of kEUR 55. The hedging reserve as of December 31, 2014 totaled kEUR 1,543 (kEUR 2,302 net of deferred tax effects of kEUR 759) and was fully recognized in the income statement in the 2015 financial year based on transactions that had occurred.

14. Cash and cash equivalents

in kEUR	2015	2014
Bank balances	45,530	31,965
Cash on hand	1	1
Total	**45,531**	**31,966**

This increase primarily resulted from the strong business performance in financial year 2015 and the related positive cash flow. Bank balances earn floating-rate interest based on daily bank deposit rates. Cash flows from operating activities presented in the cash flow statement were calculated using the indirect method. As of December 31, 2015, there were no current bank overdrafts.

15. Equity

Subscribed capital

The subscribed capital corresponds with zooplus AG's share capital and totals EUR 6,995,182.00 (previous year: EUR 6,984,450.00). It has been fully paid-in and comprises no-par value bearer shares with a notional interest in share capital of EUR 1.00 per share.

In the 2015 financial year, zooplus AG's subscribed capital increased as a result of the allocation of 10,732 subscription shares from Conditional Capital 2010 ⁄ I, raising subscribed capital by EUR 10,732.00 from EUR 6,984,450.00 to EUR 6,995,182.00.

Authorized capital

The resolution by the Annual General Meeting on June 11, 2015 gave the Management Board authorization, with the approval of the Supervisory Board, to increase the company's share capital on one or several occasions until June 10, 2020 against cash contribution and ⁄ or contribution in kind by up to a total of EUR 3,492,225.00 (previous year: EUR 2,440,160.00) by issuing new, no-par value bearer shares with a notional interest in share capital of EUR 1.00 per share (Authorized Capital 2015). Authorized Capital 2012 ⁄ I of EUR 2,440,160.00 was canceled.

The number of shares increased in the same proportion as the share capital. The capital increases can be executed against cash contribution and ⁄ or contribution in kind. Shareholders are principally entitled to subscription rights. The new shares can also be subscribed for by one or more credit institutions or similar institutions with the obligation to offer the new shares to the shareholders for subscription (indirect subscription right).

With the approval of the Supervisory Board, the Management Board is authorized to exclude shareholder subscription rights in the following cases:

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

(2) to the extent it is required to grant holders 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, interests 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 total notional interest in share capital of the new shares to be issued under the exclusion of subscription rights does not exceed 10 % of the share capital existing at the time this authorization becomes effective or at the time of exercising this authorization. The limitation takes into account the notional interest in the company's share capital attributable to shares that were issued or sold during the term of this authorization excluding shareholder subscription rights in accordance with, as defined by or in direct application of Section 186 (3) sentence 4 AktG as well as the notional interest in the share capital attributable to shares that will be issued or are to be issued to fulfill option rights and / or conversion rights, or option obligations and / or conversion obligations from bonds provided the bonds will be issued during the term of this authorization excluding shareholder subscription rights as defined by Section 186 (3) sentence 4 AktG.

The notional interest of share capital attributable to the new shares for which subscription rights will be excluded under the above items or based on other authorizations during the term 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.

With the consent of the Supervisory Board, the Management Board is authorized to determine additional details regarding the capital increase and the conditions of the share issue. The Supervisory Board is authorized to make amendments to the version of the Articles of Associations corresponding to the scope of a capital increase from Authorized Capital 2015.

Conditional capital

At the Annual General Meeting of June 11, 2015, Conditional Capital 2007 / I was canceled, which had amounted to EUR 6,700.00 pursuant to Section 5 (4) of the Articles of Association.

The company's share capital was conditionally increased by a further EUR 138,496.00 (Conditional Capital 2010 / I) as of the balance sheet date. Conditional Capital 2010 / I currently serves to fulfill subscription rights for up to 138,496 no-par value bearer shares. Conditional Capital 2010 / I serves to secure subscription rights from stock options for company employees and members of the Management Board. The conditional capital increase will only be executed to the extent that holders of the subscription rights issued exercise their subscription rights for the company's shares based on the authorization resolved by the Annual General Meeting of May 27, 2010 as part of the 2010 / I Stock Option Program 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) as of the balance sheet date. Conditional Capital 2012 ⁄ I currently serves to fulfill subscription rights for up to 100,000 no-par value bearer shares. Conditional Capital 2012 ⁄ I serves to secure subscription rights from stock options for company employees. The conditional capital increase will only be executed to the extent that holders of the subscription rights issued exercise their subscription rights for the company's shares based on the authorization resolved by the Annual General Meeting of May 22, 2012 as part of the 2012 ⁄ I Stock Option Program 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	2015	2014
Conditional Capital 2007 ⁄ I**	0.00	6,700.00
Conditional Capital 2010 ⁄ I*	138,496.00	149,228.00
Conditional Capital 2012 ⁄ I	100,000.00	100,000.00
Total	**238,496.00**	**255,928.00**

* After adjusting for the capital increase from company funds
** SOP 2007 ⁄ I expired in 2014

Capital reserves

As of December 31, 2015, capital reserves totaled EUR 92,769,312.66. The exercise of options from the employee stock option program 2010 ⁄ I increased the capital reserve by EUR 177,078.00.

This rise in capital reserves also resulted from the recognition of expenses from the employee stock option program (see other explanations under Note 16 contained in these notes) in the amount of EUR 580,843.72 (non-cash item).

As of the balance sheet date, capital reserves were structured as follows:

in kEUR	2015	2014
Premiums paid in rounds of financing	79,433	79,433
Converted shareholder loans	4,820	4,820
Capital increase from company funds	–2,809	–2,809
Premium paid-in conditional capital increase	6,692	6,515
Convertible bonds ⁄ employee stock options	4,633	4,052
Total	**92,769**	**92,011**

Other reserves

Other reserves contain the hedge reserve consisting of changes in fair value due to derivative hedging instruments held under hedge accounting as of the balance sheet date, as well as currency adjustment items resulting from currency differences from the translation of the financial statements of foreign subsidiaries denominated in foreign currencies.

in kEUR	2015	2014
Hedge reserve	55	1,543
Currency adjustment items	–49	125
Total	**6**	**1,668**

Profit / loss for the period and losses carried forward

in kEUR	2015	2014
Losses carried forward as of January 1	–14,471	–19,687
Net profit for the period	7,927	5,216
Losses carried forward as of December 31	**–6,544**	**–14,471**

16. Share-based remuneration

Share-based remuneration from the issuing of equity instruments

The expenses recognized resulting from stock options in the financial year were as follows:

in kEUR	2015	2014
Expenses for executives	0	126
Expenses for employees	581	756
Total expenses	**581**	**883**

Employee participation programs

Based on the resolution of the Annual General Meeting of May 27, 2010 and the consent of the Supervisory Board on June 15, 2010, the Management Board resolved the establishment of the Stock Option Program 2010 / I for the issue of stock options with subscription rights for shares of zooplus AG to the company's employees. Under the Stock Option Program 2010 / I, the Management Board and Supervisory Board permit certain zooplus AG employees to subscribe to up to 170,000 no-par value shares of the company. Under this program the stock options are issued in two tranches (42,500 / 42,500) that are each tied to different performance targets. Each option entitles the bearer to subscribe for two zooplus AG no-par value bearer shares with a notional interest in the share capital of EUR 1.00 per share. The subscription price for options issued in 2010 is EUR 17.50 per share. The subscription price for options issued in 2012 is EUR 25.02 per share. The earliest the option rights can be exercised is four years after the options were granted. The subscription rights from stock options can only be exercised when specific performance goals have been achieved. The subscription rights can be exercised within three years from the date of the vesting period's expiration.

Based on the resolution of the Annual General Meeting of May 22, 2012 and the consent of the Supervisory Board, the Management Board resolved the establishment of the Stock Option Program 2012 ⁄ I for issuing stock options with subscription rights for shares of zooplus AG to the company's employees. Under the Stock Option Program 2012 ⁄ I, the Management Board and Supervisory Board permit certain zooplus AG employees to subscribe to up to 100,000 no-par value shares of the company. Under this program the stock options are issued in two tranches (50,000 ⁄ 50,000) that are each tied to different performance targets. Each option entitles the bearer to subscribe for one zooplus AG no-par value bearer share with a notional interest in the share capital of EUR 1.00 per share. The share's subscription price corresponds to the volume-weighted 1-month average price of the company's share in Xetra trading on the Frankfurt Stock Exchange before the issuing date of the stock options less a reduction of 5 % and at least the highest exercise price of all stock options already issued under the Stock Option Program 2012 ⁄ I. In the 2013 financial year, employees of zooplus AG were issued a total of 100,000 stock options. The subscription price for the options issued in April 2013 was EUR 39.55 per share and EUR 46.67 per share for the options issued in September 2013. The earliest the option rights can be exercised is four years after the options were granted. The subscription rights for stock options can only be exercised when specific performance goals have been achieved. The subscription rights can be exercised within three years from the date of the vesting period's expiration.

All options can only be converted into equity instruments.

The fair value of the stock options granted is determined by applying the Black & Scholes model as of the grant date and taking into account the conditions at which the stock options were granted. No new options were issued in the 2015 financial year.

The anticipated maturity of stock options is based on historical data and current expectations and does not necessarily reflect the actual exercise behavior of beneficiaries. The volatility during the stock options' expected maturity period was estimated on the basis of historical volatilities and expected future share price performance. Because the company's shares have a limited trading history, the above estimation was based on the share's volatility of the past year. Expected volatility is derived based on the assumption that past volatility can serve as an indication of future trends, whereby the actual future volatility can deviate from the assumptions made.

Changes in stock options were as follows:

	Stock option programme	
	2010 ⁄ I*	2012 ⁄ I**
Outstanding at beginning of reporting period	44,614	92,000
Forfeited during the reporting period	0	–2,000
Exercised during the reporting period	–5,366	0
Granted in the reporting period	0	0
Outstanding at end of the reporting period	**39,248**	**90,000**

* Each option authorizes the subscription to two shares
** Each option authorizes the subscription to one share

The exercise price for shares still outstanding as of December 31, 2015 was in the range of EUR 17.50 to EUR 46.67 per share. The weighted average share price on the date the options were exercised was EUR 113.23 (previous year: EUR 45.39). At the end of the reporting period, 18,248 (previous year: 23,614) options could be exercised. The weighted average remaining contractual term for the outstanding share stock as of December 31, 2015 was 1.2 years (previous year: 2.2 years).

Cash-settled share-based remuneration

Long-term incentive program for the Management Board
A long-term incentive program was created in the form a share price-based performance share plan granted in annual tranches to create performance incentives for new Management Board members or when extending the contracts of existing members. With each tranche, a number of virtual shares of the company is allocated depending on EBT target achievement. These shares are subject to a vesting period of three years and can result in a cash payout to the company's Management Board members when the vesting period expires.

The number of virtual shares is equivalent to the ratio from the EBT-dependent base amount and the average issue reference price for the company's shares. The calculation basis for the EBT base amount is the EBT according to the company's previous year's consolidated financial statements that were approved by the Supervisory Board and prepared pursuant to IFRS. Target achievement is defined as the achievement of specific EBT targets from the company's planning. As of the December 31, 2015 reporting date, the members of the Management Board are entitled to a total of 12,810 subscription rights from this program with a fair value of EUR 1.8 m.

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

in kEUR	2015	2014
Obligations from cash-settled share-based remuneration	1,780	1,238
Total	**1,780**	**1,238**

This obligation is recognized under non-current liabilities.

The related personnel costs recognized in the 2015 financial year were as follows:

in kEUR	2015	2014
Expenses from cash-settled share-based remuneration	542	713
Total	**542**	**713**

The total expenses incurred in the 2015 financial year stemming from share-based remuneration from the issue of equity instruments (kEUR 581) and cash settlement (kEUR 542) were kEUR 1,123 (previous year: kEUR 1,596).

17. Accounts payable

Accounts payable are due within one year and are non-interest bearing. Payment periods usually vary between 14 and 30 days. Supplier liabilities totaling EUR 10.2 m were reclassified in assets as creditors with net debit balance and offset against receivables from these suppliers.

18. Financial liabilities

The company possesses credit lines totaling EUR 40.0 m (previous year: EUR 28.0 m) and maturing on November 30, 2017. These credit lines had not been utilized as of the December 31, 2015 balance sheet date as was the case on the December 31, 2014 balance sheet date. The credit line was granted without having to provide collateral. A covenant was concluded covering the entire credit line of EUR 40 m that stipulates a minimum amount of equity of 30 %. There was also a covenant agreed to for half of the credit line (EUR 20 m) that stipulates a maximum net gearing ratio for the financial year of 4.0, and a covenant in the form of a positive EBITDA for the remaining EUR 20 m. The Group’s Management Board expects to continue to meet the covenants' terms in the future.

19. Other current liabilities

in kEUR	2015	2014
Tax liabilities		
VAT	8,886	9,559
Wage and church taxes	319	252
Sub total	**9,205**	**9,811**
Additional other liabilities		
Outstanding invoices	6,867	3,765
Creditors with net debit balances	3,692	3,219
Bonuses, discounts, bonuses	2,447	2,013
Employee vacation obligations	570	461
Financial statement and auditing costs	80	63
Other	509	766
Sub total	**14,165**	**10,287**
Total	**23,370**	**20,098**

Other current liabilities have maturities of one year or less and are non-interest bearing. Creditors with net debit balances are customer balances resulting from advance ⁄ excess payments or returns.

Financial instruments amounted to EUR 3.8 m (previous year: EUR 3.3 m).

20. Provisions

in kEUR	Current				Non-current	
	Loyalty rewards	Returns	Outstanding contributions	Other	Share-based cash remuneration	Total
As of January 1, 2014	2,248	280	0	185	525	3,238
Additions	3,104	423	0	496	713	4,736
Reversals	610	0	0	33	0	643
Utilization	1,638	280	0	45	0	1,963
As of December 31, 2014	**3,104**	**423**	**0**	**603**	**1,238**	**5,368**
As of January 1, 2015	3,104	423	0	603	1,238	5,368
Additions	3,520	427	3,372	722	542	8,583
Reversals	860	0	0	0	0	860
Utilization	2,244	423	0	258	0	2,925
As of December 31, 2015	**3,520**	**427**	**3,372**	**1,067**	**1,780**	**10,166**

Provisions for loyalty rewards (unredeemed bonus points) from the customer loyalty program totaled kEUR 3,520 as of December 31, 2015 (previous year: kEUR 3,104). These provisions are calculated by deriving the bonus points still redeemable under the applicable conditions of participation as of the December 31, 2015 balance sheet date and measured taking into account the customers' historical redemption behavior and the fair value of a bonus point based on the sale prices of the products available in the loyalty program. Other provisions contain, among others, provisions for sales coupons, travel costs, and severance payments.

All provisions are of a current nature, except provision for share-based cash remuneration. Current provisions are anticipated to have a cash outflow during the current 2016 financial year.

21. Deferred income

Deferred income contains discount plans already purchased by customers but not yet utilized in the amount of kEUR 2,044 (previous year: kEUR 1,501).

22. Sales

in kEUR	2015	2014
Germany	199,296	166,266
France	118,811	89,751
Great Britain	64,164	44,423
Italy	56,709	40,734
The Netherlands	53,807	45,221
Poland	39,200	26,953
Spain	36,721	28,356
Belgium	28,880	21,250
Austria	20,569	16,422
Switzerland	16,477	9,968
Denmark	16,135	12,890
Czech Republic	14,990	10,983
Finland	14,328	11,364
Sweden	10,794	6,926
Other countries	20,425	11,592
Total	**711,306**	**543,099**

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

A total of 80 % of sales were generated from the sale of food and the remaining 20 % from sales of accessories.

23. Other income

in kEUR	2015	2014
Income from marketing services	24,657	25,196
Income from late fees	676	555
Income from currency gains	2,556	217
Other income	3,456	1,798
Total	**31,345**	**27,766**

Other income includes, among others, income from the reversal of provisions. Income from marketing services mainly consists of advertising cost subsidies from suppliers.

24. Personnel costs

in kEUR	2015	2014
Wages and salaries	21,552	18,306
Social security contributions	3,451	2,881
Total	**25,003**	**21,187**

With regard to personnel expenses incurred under share-based payments, we refer to Note 16.

The average number of employees during the financial year was 313 people (previous year: 267, excluding the Management Board). Of this total, 33 employees were allocated to Operations, 81 to IT, 152 to Sales and Marketing, and 47 to Administration.

25. Other expenses

in kEUR	2015	2014
Logistics & fulfillment costs	143,150	115,078
Marketing costs	10,758	9,875
Payment transaction costs	7,793	6,930
IT services	2,646	1,824
Currency losses	2,272	324
Legal and advisory costs	1,655	1,327
Additional other operating expenses	15,735	11,447
Total	**184,009**	**146,805**

Logistics and fulfillment costs relate to warehousing, order picking, and shipping products sold to end customers. In the financial year under review, expenses from currency translation differences of kEUR 2,272 (previous year: kEUR 324) were recognized through profit or loss. Additional other operating expenses included expenses for customer service, technical services, rentals, insurance, and other administrative expenses.

26. Financial income and expenses

in kEUR	2015	2014
Interest income and similar income	33	1
Interest expenses and similar expenses	–195	–411
Total	**–162**	**–410**

27. Earnings per share

When computing basic earnings per share, the net profit ⁄ loss attributable to the parent company shareholders is divided by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are computed by dividing the net profit ⁄ loss attributable to the parent company shareholders by the weighted average number of ordinary shares outstanding during the year plus any stock options causing dilution.

The amounts underlying the computation of basic and diluted earnings per share are as follows:

		2015	2014
Consolidated net profit ⁄ loss	EUR	7,927,126.71	5,215,805.07
Weighted avg. number of ord. shares outstanding	No. of	6,988,771	6,309,672
Dilution effect			
Stock options	No. of	141,415	172,426
Weighted avg. no. of ordinary shares in circulation			
adjusted for dilution	No. of	7,130,186	6,482,098
Basic earnings per share	EUR ⁄ share	1.13	0.83
Diluted earnings per share	EUR ⁄ share	1.11	0.80

28. Other financial obligations and contingent liabilities

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

Rental agreements for office space:

One year or less	kEUR	1,781
Between one and five years	kEUR	6,285
Longer than five years	kEUR	1,062

Leasing agreements for technology and company cars, and maintenance agreements:

One year or less	kEUR	997
Between one and five years	kEUR	292
Longer than five years	kEUR	0

Other agreements (logistics services):

One year or less	kEUR	15,949
Between one and five years	kEUR	44,627
Longer than five years	kEUR	1,947

Annual rental costs for the Group's office premises amounted to kEUR 1,393 in 2015 (previous year: kEUR 1,329).

Leases mainly concern leasing contracts for vehicles and servers and contain the customary market terms and conditions. Sub-leases do not exist. Software maintenance contracts also exist.

Other agreements primarily concern warehouse logistics agreements for the facilities in Hörselgau, Tilburg, and Wroclaw and the new site in Chalon-sur-Saône, France.

No material legal disputes existed as of the balance sheet date.

29. Related party disclosures

With the exception of the salaries paid to executive bodies (see Note 33), there were no notable relationships between the Group and related parties during the year under review. Expenses related to stock options for members of the Management Board are detailed in Note 16. Dr. Stoeck and Mr. Moritz Greve are the only Supervisory Board members who hold shares in the company.

30. Collateral

As of December 31, 2015, there was no collateral.

31. Additional information about financial instruments

Fair value is the amount an asset could be exchanged or a liability settled between knowledgeable, willing, and mutually independent business partners.

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

in kEUR	Measurement category	Carrying amount		Fair value	
		2015	2014	2015	2014
Financial assets					
Accounts receivable	LaR	13,621	12,051	13,621	12,051
Other financial assets	Afs	48	48	n / a	n / a
Other current assets					
of which financial instruments pursuant to IFRS 7	LaR	15,373	9,268	15,373	9,268
Derivative financial instruments	n / a	609	2,302	609	2,302
Cash and cash equivalents	LaR	45,531	31,966	45,531	31,966
Total		**75,182**	**55,635**	**75,134**	**55,587**
Financial liabilities					
Accounts receivable	FLaC	35,266	23,393	35,266	23,393
Other liabilities					
of which financial liabilities pursuant to IFRS 7	FLaC	3,841	3,333	3,841	3,333
Derivative financial instruments	n / a	527	0	527	0
Total		**39,634**	**26,726**	**39,634**	**26,726**

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, 2015 and December 31, 2014 equal their carrying amounts. This is primarily due to the short maturities of these types of instruments.

For the other financial assets (interests in non-consolidated Group companies), an active market or quoted price is not available to measure these assets, and there is no other way to determine their value which is the reason the disclosure of the fair value has been omitted. These instruments are not intended to be sold.

The Group's financial liabilities are all short-term in nature and have maturities of one year or less. 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	
		2015	2014	2015	2014
Financial assets					
Loans and Receivable	LaR	74,525	53,285	74,525	53,285
Available-for-Sale	AfS	48	48	n / a	n / a
Financial liabilities					
FLaC (Financial Liability at Amortized Cost)	FLaC	39,107	26,726	39,107	26,726

Net gains or losses in relation to financial instruments are as follows:

in kEUR	2015	2014
Loans and Receivables (impairments)	–1,705	–2,087
Financial Liability at Amortized Cost (interest)	0	–367
Total	**–1,705**	**–2,454**

As of December 31, 2015, there was no offsetting of derivative financial instruments. Offsetting options for derivatives exist in the case of insolvency. As of December 31, 2015, derivatives with positive and negative fair values existed.

32. Events after the balance sheet date

After the end of the 2015 financial year, there were no events of particular importance that impact the net assets, financial position, and results of operations.

33. Executive bodies

Members of the Management Board:

- Dr. Cornelius Patt, CEO (Corporate Management, overall responsibility for Business Development & System Development, IT, Logistics, Supply Chain Management and HR)
- Andrea Skersies (Sales & Marketing)
- Andreas Grandinger (Finance, Controlling, Legal, Investor Relations, Internal Audit, Procurement)

Jürgen Vedie resigned from his position on the Management Board and left the company as of June 30, 2015. Dr. Cornelius Patt, CEO of zooplus AG, has assumed responsibility for the Logistics and Supply Chain Management divisions. Andreas Grandinger, CFO of zooplus AG, is also responsible for the Procurement division.

Remuneration paid to the Management Board in 2015, including all fringe benefits, amounted to kEUR 2,210 (previous year: kEUR 2,455). Of this amount, total payments of kEUR 542 were outstanding as of the balance sheet date. An amount of kEUR 542 (previous year: kEUR 713) has a long-term nature.

The company refrains from disclosing the individual payments to member of the Management Board. The Management Board has been made exempt from providing the disclosures under Section 314 (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:

- Michael Rohowski (Chairman of the Supervisory Board), Spokesperson of the management board of Burda Direkt Services GmbH, Offenburg, Germany
- Dr. Rolf-Christian Wentz (Deputy Chairman), freelance business consultant, Bonn, Germany
- Moritz Greve, Partner and Managing Director of Maxburg Capital Partners GmbH, Munich, Germany
- Thomas Schmitt, Member of the Management Board for contract logistics / SCM of Schenker AG, Essen, Germany
- Dr. Norbert Stoeck, freelance business consultant, Munich, Germany
- Stefan Winners, Member of the Management Board responsible for national digital brands at Hubert Burda Media Group, Munich, Germany

In the 2015 reporting year, the Supervisory Board received total remuneration amounting to kEUR 176 (previous year: kEUR 135). The Supervisory Board's chairman, Mr. Michael Rohowski, received fixed remuneration of kEUR 38 and Dr. Wentz as Deputy Chairman of the Supervisory Board received kEUR 30. Mr. Greve, Mr. Thomas Schmitt, Dr. Norbert Stoeck, and Mr. Stefan Winners each received fixed remuneration of kEUR 25. In addition to fixed remuneration of kEUR 30, Dr. Rolf-Christian Wentz received kEUR 5 as Chairman of the Audit Committee. Mr. Rohowski received an additional kEUR 3 as pro rata remuneration for his role as Chairman of the Nomination Committee since the Committee's inception in June 2015.

34. Auditors' fees

The calculated total fee for the auditor kEUR 204 consists of the following:

Audit of the 2015 annual and consolidated financial statements	kEUR 187
Other tax services	kEUR 17

35. Corporate governance statement

zooplus Aktiengesellschaft has issued the Declaration of Conformity with the "German Corporate Governance Code" required by Section 161 of the German Stock Corporation Act (AktG) and made this available to its shareholders on the company's website at http://investors.zooplus.com/en.

Munich, March 16, 2016

The Management Board

Dr. Cornelius Patt   Andrea Skersies   Andreas Grandinger

Declaration of the Management Board

We declare that, to the best of our knowledge and according to the applicable accounting standards, the consolidated financial statements provide a true and fair view of the Group's net assets, financial position, and results of operations and the group management report presents the Group's business performance, including the financial performance and the Group's financial position, in a manner that gives a true and fair view and describes the principal opportunities and risks of the company's anticipated development.

Munich, March 16, 2016

Dr. Cornelius Patt | Andrea Skersies | Andreas Grandinger

"Auditors' Report

We have audited the consolidated financial statements prepared by the zooplus AG, Munich, Germany, comprising the statement of financial position, the statement of comprehensive income, statement of changes in equity, cash flow statement and the notes to the consolidated financial statements, together with the group management report for the business year from January 1st to December 31st, 2015. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, 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 17, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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Concept, editing, layout and typesetting:

cometis AG

Photos:

Page 24, graphic "zooplus' value chain":
from left: 1, 2: zooplus AG; 3: iStockphoto (no. 84405161); 4: iStockphoto (no. 11113859); 5: iStockphoto (no. 16534037)
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.

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