

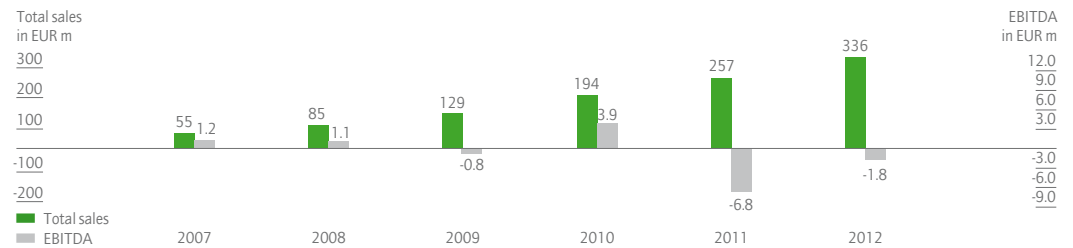
zooplus

Annual Report 2012

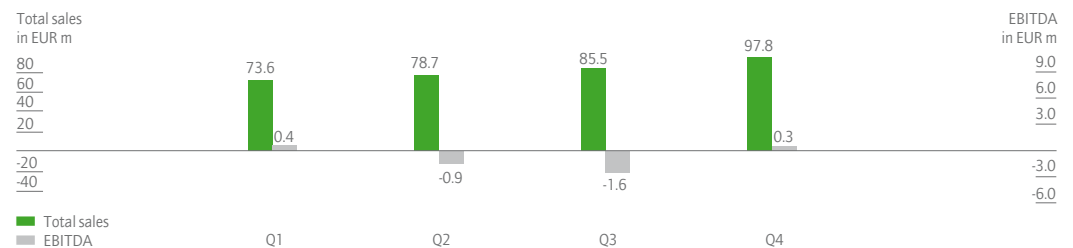


Key figures

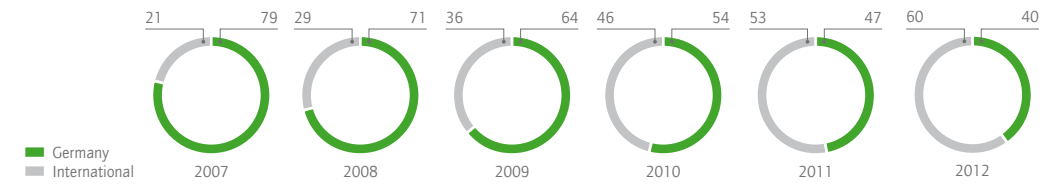
Total sales and EBITDA 2007-2012



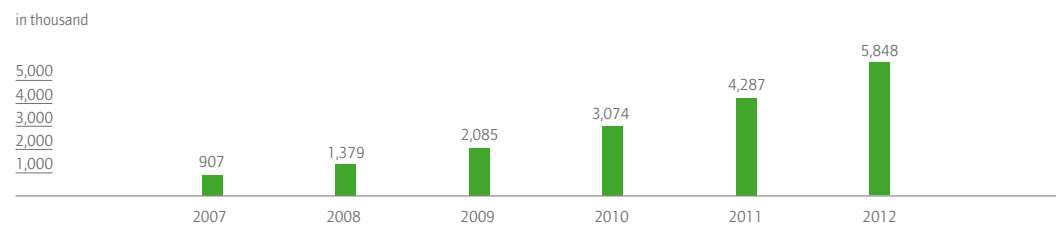
Total sales and EBITDA Q1-Q4 / 2012



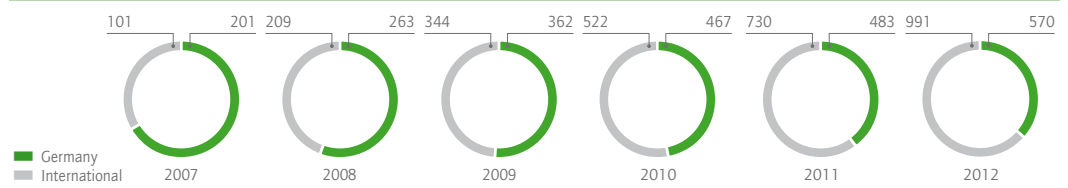
Sales origin in %



Total customer accounts



New customer acquisition performance in thousand



5 year performance overview

		2007	2008	2009	2010	2011	2012
Total sales	in EUR m	55.4	85.1	129.1	193.6	257.1	335.6
Sales	in EUR m	52.5	80.3	122.6	177.8	244.8	319.2
Gross profit	in EUR m	22.5	35.1	51.9	84.1	100.0	121.3
Gross margin	in %	40.6	41.2	40.2	43.4	38.9	36.2
EBITDA	in EUR m	1.2	1.1	-0.8	3.9	-6.8	-1.8
Consolidated net result	in EUR m	0.6	5.8	-1.5	2.0	-6.0	-2.1
EPS – Earnings per share	in EUR/share	0.38	2.41	-0.61	0.38	-1.07	-0.35
Balance sheet total	in EUR m	11.6	22.7	30.5	58.4	75.1	65.4
Inventories	in EUR m	3.3	9	12.5	20.6	25.5	32.3
Equity	in EUR m	4	9.9	9.5	21.2	35.5	33.9
Equity ratio	in %	34.5	43.6	31.1	36.3	47.3	51.9
Employees	number	51	79	108	143	191	217
New customers accounts	in thousand	302	472	706	989	1,213	1,561

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

Statement of comprehensive income Q1-Q4 / 2012

		Q1 / 2012	Q2 / 2012	Q3 / 2012	Q4 / 2012
Total sales	in EUR m	73.6	78.7	85.5	97.8
Sales	in EUR m	70.3	75.2	81.3	92.4
EBITDA	in EUR m	0.4	-0.9	-1.6	0.3
Consolidated net result	in EUR m	0.1	-0.7	-1.3	-0.1

Highlights

Total sales up 30% to EUR 336 m –

substantial acceleration of quarterly growth rates

1.6 million new customer accounts

acquired – greatly improved customer acquisition efficiency

Underlying earnings boosted by **significant economies of scale** across all key operating areas

Positive operating result (EBITDA)

of EUR 0.3 m **in Q4 2012**



zooplus at a glance



zooplus AG company profile

zooplus AG was founded in 1999 and ranks as Europe's leading internet retailer for pet supplies. The company retails over 8,000 products for all major types of pets. Its product range most notably includes pet food (wet and dry food, food supplements) as well as accessories (such as scratching posts, dog baskets and toys) across all value ranges. In addition to a huge product range and the option of fast and free delivery, zooplus customers also benefit from a variety of interactive content and community features, such as veterinary advice and discussion forums. zooplus AG's business model has been successfully introduced in 23 European countries to date. During 2012, the company generated total sales of around EUR 336 m, which represents a more than four-fold increase since the beginning of 2008.

Pet supplies are a key market segment within the European retail landscape. In 2011, sales of around EUR 22 bn were generated within the European pet supplies industry. The ongoing "humanization" of pets in key industrialized countries indicates that pet owners' purchasing behavior is undergoing profound changes and moving towards healthcare, wellness and other premium offerings. In addition, continued strong growth is expected for internet retailing in Europe overall. zooplus AG is therefore anticipating a continuously dynamic development on the back of these trends. In 2013, the company is targeting total sales in excess of EUR 400 m, with this figure climbing to over EUR 500 m for the following year 2014.

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To the shareholders

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Letter of the Management Board

Dear Shareholders,

2012 was a good year for zooplus, with a dynamic acceleration of our growth as well as a highly positive earnings situation towards the end of the year. As in previous years, our primary focus in 2012 was achieving sustainable growth without neglecting our operating profitability. We believe that we succeeded in doing this, particularly during the second half of the year. We have worked hard and look forward to 2013 and beyond with optimism. We are confident of being able to further sustainably boost growth and earnings, and in doing so provide the zooplus share with significant upside momentum. zooplus is and remains the fastest-growing business and uncontested eCommerce market leader within the European pet supplies sector. We will continue to push our international expansion systematically in the future, thereby maintaining a clear advantage over potential and already active competitors from both the bricks-and-mortar and online segments.

In this report, we take a detailed look back over the financial year 2012 – a year which was dominated by growth and a dynamically improving earnings situation. In the end, this resulted in positive operating earnings combined with growth of over 30% p.a. in the fourth quarter of the financial year. We are confident of being able to continue this combination of growth and earnings in the future.

Here is an overview of the most important steps accomplished during the past year from our point of view:

- Total sales growth from EUR 257 m to EUR 336 m on the back of an accelerated quarterly growth rate during the year
- The acquisition of over 1.6 million new customer accounts, which represents a new record in the history of our company and provides the basis for further significant growth given our continued high customer loyalty and substantially improved customer acquisition efficiency across all important European markets
- Considerably improved earnings, particularly towards the end of 2012, with positive operating earnings in the fourth and final quarter of the year – a trend we are aiming to continue overall in the coming year
- The further internationalization of the entire organization of the company, which is not only reflected in our group structure, but also in our employee and management teams, representing an integral part of our success story so far

For the future, and in line with our overall company strategy, our aim remains to combine sustainable growth whilst increasing the profitability of the company. With this in mind, we will continue to consistently invest in employees and infrastructure in order to impress customers with a substantially superior product that stands out from the crowd. Providing a positive shopping experience for our customers is and remains the main focus of our business and the long-term platform for our success. We will give our best to continue to deliver on this commitment in the years ahead.

For 2013, we are aiming to implement a clear growth-oriented strategy combined with positive operating earnings, and therefore further sustainably boost zooplus AG's shareholder value. For 2014, we are currently anticipating another significant increase in total sales and earnings.



From left to right: Florian Seubert, Dr. Cornelius Patt und Andrea Skersies

We have set ourselves the following goals which we, as the Management Board, would like to be measured by:

We are aiming to:

- generate total sales of at least EUR 400 m with positive EBITDA in 2013
- increase total sales of at least EUR 500 m in 2014
- boost our operating profitability (EBITDA) significantly and by a disproportionately high amount year-on-year during the coming years, starting from 2013

Numerous discussions with shareholders, customers, employees, the Supervisory Board and business partners have shown us that our strategy is generally well received. We are delighted with this vote of confidence, which will spur us on during 2013.

Finally, we would like to thank you for your continued support during the past year.

Dr. Cornelius Patt
(Chairman)

Florian Seubert

Andrea Skersies

Report of the Supervisory Board

Dear Shareholders,

Once again, zooplus AG enjoyed a year of successful business development in 2012. The investments in the expansion of the company's international structures and capacities proved their worth in the past twelve months. They have paved the way for the Company to continue its highly dynamic growth in 2012 and sustainably cement its strong market and competitive position in all the key European markets. In the future, zooplus AG's focus will remain on growth and expansion, in addition to increasing profitability. That is why, with the support of the Supervisory Board, the company is continuing to invest in new and existing markets with a view to strengthening zooplus AG's competitive position on a permanent basis for the future.

Cooperation with the Management Board

During the financial year 2012, the Supervisory Board performed its tasks according to the law, the articles of incorporation and the bylaws, and constantly monitored and regularly advised the Management Board in its work in leading the company and conducting company business. The Supervisory Board can once again look back on good and close cooperation with the Management Board. Regular, up-to-date and comprehensive reporting by the Management Board allowed the Supervisory Board to deal in detail with the company's standing and development. When reporting on the course of business and company policy, the Management Board covered all relevant issues concerning forecasting, business development, corporate risks and risk management. The Supervisory Board was included directly in any decisions of fundamental importance for the company.

Focus of discussions

In the financial year 2012, the Supervisory Board held four face-to-face meetings on March 15, 2012, May 22, 2012, September 25, 2012 and November 28, 2012, in which it dealt in depth with the company's operating and strategic development and it informed itself about the business and financial development of the company and its operating environment in the past financial year based on written and verbal reports by the Management Board. There was also constant contact between the Supervisory Board and Management Board outside these meetings, discussing issues relating to the company's strategic alignment, business development, risk management, various other subjects as well as key individual measures.

In addition to the ongoing business development of the company, the focus of the discussions included the annual and consolidated financial statements 2011, the preparations for the General Meeting, the expansion of the Supervisory Board and various changes to the articles of incorporation, structural changes within the group, particularly in IT, as well as the extension of the Management Board mandate of Ms. Andrea Skersies. In addition, the further international expansion of zooplus AG, which was accompanied with the foundation of further subsidiaries and the expansion of the logistics system, was also a key point of discussion. Moreover, the Supervisory Board assessed the annual planning for the financial year 2013 and approved it.

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

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

Corporate governance

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

Together with the Management Board, we issued a declaration of conformity pursuant to section 161 of the German Stock Corporation Act (AktG) in March 2013 which was made permanently accessible on zooplus AG's website (<http://investors.www.zooplus.com>). A separate report is provided on the implementation of the Corporate Governance Code as part of this annual report.

Personnel changes within the Supervisory Board and Management Board

The General Meeting on May 22, 2012 resolved to increase the number of members of the Supervisory Board from three to six members. Dr. Jörg Lübcke, Dr. Rolf-Christian Wentz and Stefan Winners were therefore elected to the Supervisory Board.

The Supervisory Board approved the resignation from office of Mr. Bienhaus as a member of the Management Board as of July 31, 2012, as well as noted and approved the organizational change in the IT department. The Supervisory Board would like to extend its thanks to Mr. Bienhaus, who had been on the Management Board since 2007 and whose work contributed to the success and development of zooplus.

Ms. Skersies was reappointed as the Management Board member responsible for marketing.

Annual and consolidated financial statements as of December 31, 2012

During the Supervisory Board's meeting to discuss the annual financial statements on March 18, 2013, the Supervisory Board dealt in depth with the documents for the annual financial statements and auditor's report, in particular the annual financial statements prepared according to German accounting standards (HGB) and the consolidated financial statements prepared according to IFRS, each as of December 31, 2012, and the company's management report and Group management report for the financial year 2012. The auditor's report, the financial statements prepared by the Management Board and the report on the situation of zooplus AG and the Group were presented to us in good time, which gave us sufficient opportunity to review these.

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

Representatives from the firm of auditors were present during the discussions on the single and consolidated financial statements and reported on key findings of the audit and were also available to provide the Supervisory Board with additional information. Upon thorough examination of the annual financial statements and the management report, the Supervisory Board concurred with the auditor's report. No objections were raised. The Supervisory Board therefore approved the annual financial statements and consolidated financial statements in its meeting on March 18, 2013. The annual financial statements of zooplus AG are therefore fully adopted. The Supervisory Board also approved the management report, the Group management report and the judgments made regarding the further development of the company.

Dependency report

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

The auditor reviewed the dependency report and provided the following unqualified opinion: "After our mandatory review and opinion, we confirm that the actual information provided by the report is correct."

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

On behalf of the Supervisory Board, I would like to thank the Management Board and all employees for their hard work and dedication in 2012.

Munich, March 2013

On behalf of the Supervisory Board



Michael Rohowski
Chairman of the Supervisory Board

Corporate Governance Report

The Management Board and Supervisory Board report on the corporate governance of the company on an annual basis in the annual report in line with the guidelines of the German Corporate Governance Code.

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

The Management and Supervisory Boards of zooplus AG declare that they have corresponded with the recommendations of the Government Commission German Corporate Governance Code (in the version dated May 15, 2012) announced by the Federal Ministry of Justice in the official section of the electronic federal gazette since the last declaration of conformity on March 15, 2012, with the following exceptions:

Item 2.3.3 sentence 2: The company is not providing the option allowed by the articles of incorporation of postal voting for the General Meeting. Postal voting does not offer shareholders any additional convenience in their personal realization of their rights compared to the voting rights representation offered by zooplus AG in writing up to the day of the General Meeting.

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

Item 4.2.5 paragraph 1 in connection with Item 4.2.4: The company does not provide individualized information on the remuneration of specific members of the Management Board as a result of the resolution by the General Meeting on May 22, 2012. In all other respects, a remuneration report is prepared according to the recommendations of Item 4.2.5.

Item 5.1.2, 5.4.1: There is no age limit for members of the Management and Supervisory Boards. Membership of the Management and Supervisory Board should be based on the professional qualifications and experience of the candidate and their individual ability to perform, irrespective of a fixed age limit.

Item 5.3: The Supervisory Board did not form any committees. zooplus AG is of the opinion that forming committees does not lead to increased efficiency. The entire board is responsible for ensuring that tasks are performed responsibly.

Item 5.4.3 sentence 2: Proposed candidates for Supervisory Board chairmanship are not announced to shareholders in accordance with Section 107 of the German Stock Corporation Act (AktG). The Supervisory Board selects a Chairman and Deputy Chairman from within its ranks at the first meeting after its election by the General Meeting.

Item 5.4.6: The Deputy Chairman of the Supervisory Board is not taken into account in the remuneration structure of Supervisory Board members as the workload of the Deputy Chairman is not significantly different to that of the other Supervisory Board members. Members of the Supervisory Board do not receive any performance-related remuneration in addition to their fixed remuneration. The company believes that this would not provide any additional incentive for proper fulfillment of the Supervisory Board's monitoring and consulting tasks. The remuneration for the Supervisory Board for fiscal year 2012 is shown in the corporate governance report.

Item 6.6: In addition, zooplus AG publishes the interests of Management Board and Supervisory Board members in zooplus AG in line with legal requirements, if the legal reporting levels pursuant to Section 21 of the German Securities Trading Act are exceeded or undercut, as well as all "Director's dealings" among this group of people in line with Section 15a of the German Securities Trading Act. The Management and Supervisory Boards believe that this information, which fulfills the legal obligations, is sufficient for investors and the general public.

Item 7.1.2 sentence 4: The interim reports are each published at the latest two months after the end of the reporting period, and therefore within the two-month period required by the Frankfurt Stock Exchange's regulations for listing in the Prime Standard. zooplus AG believes that this deadline is sufficient to ensure proper accounting. As it believes that sales are a key indicator of the company's success, the company will publish its preliminary sales as soon as possible after the end of the respective reporting period in the future.

Item 7.1.3 in connection with Item 4.2.5: The annual report includes more detailed information on zooplus AG's share option program. The Management and Supervisory Boards believe that this information is sufficient for investors and the general public.

The Management and Supervisory Boards of zooplus AG declare that they will in future correspond with the recommendations of the Government Commission German Corporate Governance Code (in the version dated May 15, 2012) announced by the Federal Ministry of Justice in the official section of the electronic federal gazette with the previous and following exceptions:

Item 4.2.3 paragraph 3 sentence 3: In the case of new appointments of Management Board members or extensions of existing Management Board contracts, a retroactive adjustment of the comparison parameters is possible in the organization of variable remuneration components under precisely defined conditions. In the future, the focus will be on granting a long-term incentive program in the form of a share price-based performance share plan in annual tranches. With every tranche, the members of the Management Board of the company will be allocated a number of virtual shares in the company depending on EBT target achievement. These shares are subject to a waiting period of three years and can lead to a cash payout to Management Board members of the company after the waiting period expires. The program provides for the opportunity to adjust the EBT target figure of the respective current financial year and future financial years if considerable changes are to be expected due to transactions and the company and the entitled parties agree to such adjustments in writing during the financial year in question or before the start of the financial year. A change is considered considerable if the EBT target figure changes by more than 5% compared to the existing EBT target figure for the financial year in question due to a transaction (purchase of companies or interests). An entitlement to an adjustment is excluded. The regulation serves to ensure the fair calculation of the EBT target figure for both sides given the case that companies or interests are acquired.

Item 4.2.3 paragraph 4 sentence 3: In the case of the premature termination of a contract in the Management Board, the calculation of the severance payment cap is not based on the total compensation of the previous year and the expected total compensation of the current financial year. New Management Board contracts provide for a limit to the severance payment cap at two annual remunerations for the case of premature termination of contract. The recommendation of the Code that the severance payment cap shall be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current

financial year is not seen as being necessary due to the long-standing service to the company of the Management Board members. In addition, such an agreement, which calculates the severance payment cap on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year, is unable to sufficiently take into account the concrete conditions which may later lead to a premature termination of a Management Board contract and the other factors in the individual case at the time of the termination.

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

Munich, March 18, 2013

On behalf of the Supervisory Board

On behalf of the Management Board



Michael Rohowski
Chairman of the Supervisory Board



Dr. Cornelius Patt
CEO

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

Corporate governance

The German Corporate Governance Code aims to create transparent general conditions for company management and control. zooplus considers good corporate governance to be an important measure to increase trust on the part of shareholders, employees and customers, and it is committed to checking this aspect of its business continuously.

Management and control structure

As a German public limited company (Aktiengesellschaft, AG), zooplus is subject to the German Stock Corporation Act and has a dual-pronged management and control structure. The tasks contained within this structure are performed by members of the Management and Supervisory Boards.

Management Board

zooplus AG's Management Board is responsible for managing the company in line with the provisions of the German Stock Corporation Act, the company's rules of procedure, as well as its organizational chart outlining areas of responsibilities. The Management Board devises the strategic plans for the company, agrees these plans with the Supervisory Board and, having done so, ensures their implementation.

The Management Board currently consists of three members – Dr. Cornelius Patt (CEO), Florian Seubert and Andrea Skersies. Effective from July 31, 2012, Guido Bienhaus left the Management Board of zooplus AG.

The members of the Management Board have clearly defined and separate tasks. As set out in the respective applicable schedule of responsibilities for the Management Board and Management Board resolutions, each Management Board member is solely responsible for his or her own specific area. In the interests of the company, members of the Management Board, as the top management body, are also jointly responsible for the overall management of the company.

Supervisory Board

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

The General Meeting on May 22, 2012 increased the size of the Supervisory Board from three to six members and elected three further members. In addition to Michael Rohowski (Chairman), Frank Seehaus (deputy chairman) and Dr. Norbert Stoeck, the Supervisory Board of zooplus AG now also includes Dr. Jörg Lübcke, Dr. Rolf-Christian Wentz and Stefan Winners. The periods of office are the same for all members and end at the Ordinary General Meeting 2016.

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

The Supervisory Board of zooplus AG has not formed any committees. The entire board is responsible for ensuring that tasks are performed responsibly.

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

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

The Supervisory Board reviewed the efficiency of its activities in 2012. The efficiency review particularly focused on process flows within the Supervisory Board and the flow of information between members.

On March 18, 2013 the Supervisory Board has set itself the following targets for its composition with regard to item 5.4.1 of the German Corporate Governance Kodex and thus complemented last year's resolution:

- **Professional qualifications:** Professional qualifications and personal skills are an important prerequisite for operating as a member of the Supervisory Board. When examining the candidates proposed for election to the Supervisory Board, the focus is placed on their knowledge, abilities and professional experience, as well as their ability to perform the duties of a member of the Supervisory Board in an international company and to uphold the zooplus Group's image in public.
- **Internationality:** Moreover, in view of the company's international orientation, it should also be ensured that the Supervisory Board includes a sufficient number of members with long-standing experience in international business.
- **Diversity:** Overall, the aim of the composition of the Supervisory Board is to allow its members to optimally execute their monitoring and advisory functions through diversity. In preparation of its election proposals, the Supervisory Board should also include qualified women in the selection process. These female candidates are to be taken reasonably into account in election proposals.
- **Avoiding potential conflicts of interest / number of independent members:** The Supervisory Board shall consist of an adequate number of independent members defined by the German Corporate Governance Kodex. The Supervisory Board considers the appointment of at least two independent members as adequate. Material and non-temporary conflicts of interest, for example from positions in executive bodies or consulting roles with key competitors to zooplus AG should be avoided. In addition, the members of the Supervisory Board should have sufficient time available to carry out their duties, ensuring that they can perform these with the due care and regularity required.
- **Age limit:** Membership of the Supervisory Board should be based on the professional qualifications and experience of the candidate and their individual ability to perform, irrespective of a fixed age limit.

The aims relating to "Professional qualifications", "Internationality" and "Avoiding potential conflicts of interest" have already been implemented. In the Supervisory Board's opinion two members of the Supervisory Board are considered to be independent within the meaning of the Corporate Governance Kodex, so the independency of the Supervisory Board is adequately ensured. The "Diversity" aim was also taken into account when searching for a suitable candidate for the Supervisory Board. Although female candidates were included in the selection process beforehand of the Board's proposal to the Annual General Meeting on May 22, 2012 for the election and appointment of new members, both skills and qualification have taken the precedence for the Board's proposal. The Supervisory Board has made it an objective to continue to search for suitable female candidates for a position on the Supervisory Board.

Cooperation between the Management and Supervisory Boards

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

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

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

Remuneration

The Supervisory Board is responsible for setting the remuneration system as well as the individual remuneration of members of the Management Board. It regularly reviews the remuneration structure to ensure its appropriateness. The company does not provide individualized information on the remuneration of specific members of the Management Board as a result of the resolution by the General Meeting on May 22, 2012. Moreover, a compensation report is produced as part of the Group management report.

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

Shareholders and the General Meeting

The shareholders are able to exercise their rights and vote at the General Meeting. Each share grants one vote. No shares with multiple voting rights, preferential voting rights or maximum voting rights exist.

The Management Board presents the General Meeting with the annual financial statements and consolidated financial statements. The General Meeting decides upon the appropriate use of any net retained profits and exonerates the members of both the Management Board and the Supervisory Board from their responsibilities. Moreover, the General Meeting is empowered to make changes to the company's articles of incorporation, elect members of the Supervisory Board and select the auditors. During the year under review, the General Meeting also resolved upon the creation of new authorized capital and the authorization to set up a stock option program together with the creation of new conditional capital.

The General Meeting takes place annually. The Management and Supervisory Board give account of the preceding financial year. At the General Meeting, shareholders can either exercise their voting rights in person, be represented by an authorized proxy of their choice or by a proxy appointed by the company and obliged to vote.

The Chairman of the Meeting ensures that the General Meeting proceeds in a timely manner. The Management Board is responsible for preparing and publishing the legally required reports and documents presented at the General Meeting, including the annual report. These documents, along with the Meeting's agenda, are readily accessible on the company's website.

Transparency

The Management Board and public relations personnel ensure that shareholders, financial analysts, potential investors, the capital market and interested general public receive open and prompt information on the company's situation and any major occurrences for the company. The aim is to further expand the trust in the value potential of zooplus AG among investors.

The company keeps stakeholders continually informed about relevant events in a timely and reliable manner. Insider information directly affecting the company is published immediately by zooplus, even outside the regular reporting schedule. The company enjoys regular discussions with private and institutional investors at its General Meeting as well as at capital market events, such as roadshows and conferences. In an effort to ensure that shareholders receive comprehensive information, zooplus also uses the internet. Interested parties can find information on the Group, the share and company releases on the company's investor relations page at <http://investors.zooplus.com>.

In accordance with the provisions of Section 15a of the German Securities Trading Act (WpHG), zooplus discloses securities transactions promptly upon receiving the corresponding information (Directors' Dealings). In addition, zooplus AG publishes the interests of Management Board and Supervisory Board members in zooplus AG in line with legal requirements, if the legal reporting levels pursuant to Section 21 of the German Securities Trading Act are exceeded or undercut. Transactions which have been reported in line with Section 15a of the German Securities Trading Act are listed on our website at <http://investors.zooplus.com>.

Accounting and Auditing

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

The Management Board prepares the consolidated financial statements and these are examined by the auditor and the Supervisory Board. PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch office, was selected as auditor by the General Meeting 2012. On March 18, 2013, the auditor attended the Supervisory Board's discussion of the 2012 annual financial statements and consolidated financial statements. At this meeting, the auditor reported to the Supervisory Board on the results of the audit of the annual financial statements, the zooplus AG management report as of December 31, 2012 (German Commercial Code – HGB) as well as the consolidated financial statements and zooplus Group management report as of December 31, 2012 (IFRS).

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

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

zooplus AG's business model

Business model

In terms of sales and total sales, zooplus AG is Europe's largest online retailer for pet products and the clear market segment leader by a considerable margin over its competitors. Within a European market of around EUR 22 bn in sales during 2011, the company currently operates as an exclusively Internet-based B2C retailer across 23 countries. Its product range, which features over 8,000 SKUs, includes pet food and accessories across all major pet supplies segments.

Track record

Since its foundation in June 1999, the company has successfully been employing the Internet as a sales platform for products within the pet supplies segment. Its business activities have been continuously expanded in recent years. The extension of the product portfolio, the penetration of new European markets through a focused international expansion, as well as the company's IPO in 2008 and the subsequent uplisting to the SDAX are just some of the key milestones on zooplus' continuing dynamic growth track.

International presence

Since 2005, the company has been pursuing a strongly growth-oriented internationalization strategy. This approach allows the company to firmly establish itself and achieve critical size in the German-speaking domestic market as well as in France, Italy, Spain, the

Netherlands and Great Britain. These countries are the six largest European markets in terms of volume and are therefore of key importance to zooplus. The company has succeeded in positioning itself as online market leader in all of these markets. In addition, zooplus AG is active in 17 other European markets, where it also enjoys a market leadership position within the pet supplies segment.

Shipments to customers are by way of two central logistics hubs: Eisenach-Hörselgau / Thuringia (Germany) and Tilburg (the Netherlands). Together, these centers represent a total logistics capacity of around EUR 400 m in sales. Thanks to a state-of-the-art Europe-wide logistics and fulfillment structure, international markets can be served quickly and efficiently: The goods are often delivered to the customer on the following working day after an order has been placed.

Past experience has taught us the importance of country-specific and localized offerings and sites – our customers clearly expect this. That is why zooplus AG already operates local language websites in 20 markets, through which the company attempts to offer a large number of specific regional pet products.

zooplus offers its customers an unbeatable mix of attractive prices, huge product selection and convenient home-delivery. In combination with its high-performance infrastructure, zooplus has become the clear number 1 in its segment.

zooplus' European market presence



zooplus' value chain



Country-specific websites

As of the end of 2011	New for 2012
Germany	Switzerland
Great Britain	Hungary
The Netherlands	Sweden
France	Romania
Italy	Slovenia
Spain	
Poland	New for 2013
Belgium	Turkey
Ireland	
Finland	
Denmark	
Czech Republic	
Slovakia	
Austria	

In Portugal, Liechtenstein and Luxembourg, zooplus is currently available via its English website zooplus.com. Customers in Austria are served via the German website zooplus.de.

While zooplus AG continues to post stable double-digit sales growth in the domestic German market, the international markets present substantially higher growth potential. This is not least due to a lower comparative market share versus Germany. As a result, in addition to the geographical expansion into currently

untapped regions, the systematic penetration of existing international markets is a focus of the company's growth strategy.

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

Creating flexible, high-performance operating structures was and still is a key objective in developing the zooplus business model. These considerations are continuously taken into account by zooplus AG across all core business areas.

zooplus product portfolio

	Dogs	Cats	Small animals	Fish	Birds	Reptiles	Horses
Canned food	● ●	● ●				●	
Dry food	● ●	● ●	● ●	●	● ●	●	●
Food supplements	●	●	●	●	●	●	●
Snacks and treats	● ●	● ●					●
Accessoires	●	● ●	●	●	●	●	●

● zooplus private label
 ● Other branded products

Purchasing and product range

The company pursues an international purchasing strategy resulting in a wide product selection. Overall, zooplus AG offers an extensive and unique product range spanning all pet types and product categories from a customer's perspective. The company also covers special local products across its European markets. Whether specialist foods or large-dimension aquariums, zooplus offers around 8,000 food and accessory products for dogs, cats, small animals, birds, reptiles, fish and horses – resulting in a unique selection for customers to choose from. This broad range of brands and products includes everyday staples such as recognizable branded food ranges generally available in specialist stores, as well as own label and high-margin specialty articles such as care products, litter, toys and other accessories.

It is essential to maintain a continuously close relationship with our key suppliers and manufacturers to provide this type of product range. zooplus AG procures all of its products directly, i.e. without involving wholesalers or other intermediaries. zooplus purchases its products from a range of more than 100 international suppliers. This strategy is supplemented by our continually developed private label strategy within key product areas. In this context, the company fields a diverse and exclusive brand range, which has been developed in house and has

already established itself as an outstanding offering for our customers. This includes dry and wet foods for dogs and cats under the Rocco, Cosma and Smilla brands, as well as additional proprietary brands (Lukullus, Catessy, Tigerino, among others). In strategic terms, the company attaches particular importance to consistently differentiating products within its existing proprietary labels around a strong brand core. The products and brands that have been launched so far generally enjoy a high level of acceptance among our customers.

Private label brands already play a prominent role in our overall strategy. A constantly increasing customer base and a correspondingly higher sales volume mean that over time the company will be able to realize substantially better contribution margins. On the one hand, this leads to more attractive product margins, while on the other the zooplus-exclusive nature of its own private label range should contribute further towards intensifying existing customer loyalty levels. Over the coming years, the company is planning to increase the proportion of own brands as a percentage of sales to at least 20%. In the financial year 2012, this proportion stood at around 8%.

Logistics and information technology

- National and international logistics

zooplus AG currently operates two central logistics centers – in Hörselgau, Germany, and Tilburg, the Netherlands. Both locations are operated together with an international logistics partner, which is responsible for the operational handling of fulfillment. In order to continue to drive the company's dynamic growth in future, both logistics centers closely synchronize their production.

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

In contrast to online retailers from other segments, returns are hardly an issue for zooplus AG. In particular, size demands or individual tastes of customers play a

secondary role – the customers know what they want. As a result, the return rate stands at a very low level of less than 3%. Due to the high reusability of the articles – around 80% of returns can be sold again – the cost impact of this aspect of business is low.

- Technology infrastructure

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

zooplus AG is a technology-driven online retailer. New and follow-on developments of core processes and other important systems within the business model are almost exclusively initiated in house and implemented either internally or in cooperation with external teams. This allows tailored and highly flexible solutions for a scalable business model. To complement the internal

zooplus' private label brand Rocco



know-how and implementation capacities, external partners are called on when internal know-how is not or insufficiently available. In the past few years, highly-specific software solutions within all key areas have proved decisive building blocks in zooplus AG's success, and will also remain mission critical for delivering on the company's future targets. Business areas in which these highly specialized systems play a role include:

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

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

Marketing and customer acquisition

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

On the back of these measures, the company was able to acquire around 1.6 million new customer accounts during 2012. The aim is to maintain a high level of new customer acquisition in future in order to realize our planned growth. In addition, retaining and optimally supporting existing and recurring customers is also decisive. Ultimately, zooplus AG's business success is based on converting new customers into repeat



customers and establishing itself as their primary pet supplies provider. In particular, stable and attractive repeat purchasing frequencies among zooplus' loyal customer base – driven by a regular demand for food – are the main source of the company's long-term business success. The activities outlined above serve to realize this, as do regular special offers, customer loyalty programs, reactivation programs for dormant customer accounts and a constantly attractive pricing structure, as well as an outstanding product and service range.

Outstanding customer satisfaction

The company aims to rank as the clear quality and service leader among its industry competitors. According to a high-profile study by Cologne-based ECommerce-Center (ECC), zooplus ranked third in customer satisfaction behind online retailer Amazon and a musical equipment supplier. As part of the study, the assessment factors were website design, user-friendliness, product range, customer service, payment options, shipping and delivery. According to the customer survey "Kundenmonitor Deutschland 2012", zooplus AG is also delivering on its aspiration and claim: In the pet supplies segment, zooplus earned a mark of 1.78 which is substantially ahead of the industry average of 2.08, and still up on the leading bricks-and-mortar competitors. The company also improved slightly compared over the previous year (1.81). "Kundenmonitor" is a cross-industry benchmarking study for customer service. Around 2,000 telephone interviews were carried out for the latest 2012 survey. Global satisfaction describes the satisfaction of customers with the services provided overall.

Conclusion

Over the last decade, zooplus has established itself as the clear leader in European online pet supplies. Due to this position, customers benefit from a significant value added built into the business model – such as attractive prices as well as rapid and generally free delivery. For zooplus AG, the business model pays off in view of high levels of customer loyalty and repurchasing rates. Our aim is to further expand our unique market positioning and reputation as part of a dynamic growth strategy and thereby continue our success story. By doing so, the company should enjoy lasting benefits from what we believe will be a significant growth of online retailing in the future.

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

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

From the customer's point of view, shopping at zooplus couldn't be easier – another reason why the company is successfully positioned: After making an online choice from over 8,000 products and having put these

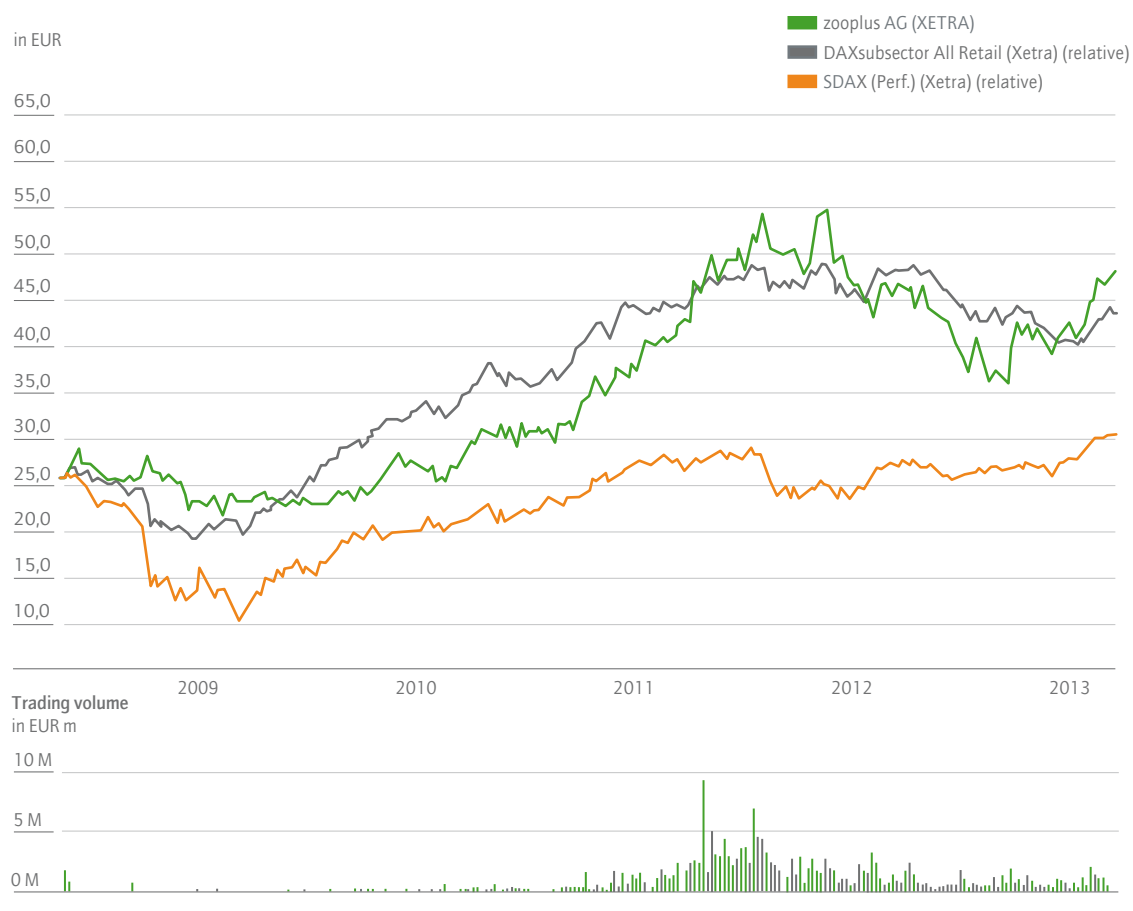
into their virtual shopping baskets, customers can pay by invoice, direct debit, credit card or other payment methods depending on their respective country of residence. The customer's order is then transferred directly to the zooplus distribution center, where it is usually packed and dispatched within a few hours. Delivery by parcel service is usually effected within one working day – a truly unique offering. Time-consuming shopping at bricks-and-mortar retailers is no longer required, neither is the tiring transport of heavy bags of feed or litter after shopping. An increasing number of pet owners all across Europe are discovering the advantages of online shopping for themselves and their pets as a result – a trend that zooplus AG will continue to benefit from considerably over the coming years. From a customers' perspective, zooplus above all stands for:

- Convenience due to simple ordering and rapid doorstep delivery
- Huge product selection with more than 8,000 products
- Highly attractive pricing across all food and accessories ranges
- Excellent customer service and after-sales support

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

The zooplus AG share

Stock Chart zooplus AG: May 9, 2008 to February 27, 2013



Overview

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

The zooplus share started the financial year 2012 at a price of EUR 45.12. After recording a fall of around 29% compared to the start of the year, the share closed the past financial year on the final day of trading (December 28, 2012) at EUR 31.95. Development compared to the initial listing price in 2008 is substantially more positive, with an increase of around 145%. The share also substantially outperformed the relevant benchmark index SDAX during this period.

At the beginning of the 2013 year, the zooplus share showed a significantly improved performance, which led to a closing price of EUR 45.55 as of February 27.

zooplus AG's market capitalization amounted to EUR 278 m as of February 27, 2013. Around EUR 139 m of this amount was attributed to free float in accordance with Deutsche Börse AG's definition.

Investor relations

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

Both the Investor Relations department and the Management Board are continually available as a point of contact for interested parties. In addition, the company offers telephone conferences and webcasts as an information service parallel to the publishing of the final annual and semi-annual results.

In 2012, the Management Board of zooplus AG took part in twelve roadshows as well as four capital market conferences both in Germany and abroad. In addition, the Management Board and IR department was available for personal discussions with investors and analysts. zooplus AG is currently being followed regularly by nine analysts, four of which currently recommend buying the share.

Institution	Analyst	Date	Recommendation	Target price (EUR)
Deutsche Bank	Benjamin Kohnke, Uwe Schupp	31.01.2013	Buy	48.00
Hauck & Aufhäuser	Sascha Berresch	31.01.2013	Hold	41.00
Bankhaus Lampe	Christoph Schlienkamp	30.01.2013	Buy	40.50
Close Brothers Seydler	Martin Decot	30.01.2013	Buy	45.00
Berenberg	Alexandra Schlegel, Gunnar Cohrs	30.01.2013	Sell	29.50
Commerzbank	Dennis Schmitt, Florian Treisch	25.01.2013	Buy	50.00
Numis Securities	Andrew Wade	05.11.2012	Add	32.00
Viscardi	Robert Willis	23.07.2012	Hold	25.00
Citigroup	Erofilis Tzivelis, Lambros Papadopoulos	25.04.2012	Neutral	-

Based on analyst reports available until February 27, 2013

General Meeting

The Ordinary General Meeting took place on May 22, 2012 in Munich, Germany. A total of 75,98 % of the capital and voting rights were present at the event. The Management Board of zooplus AG reported to the shareholders present on business development in 2011 and outlined the outlook for the ongoing financial year. The draft resolutions presented were all approved with a majority by the voting rights present. This included the resolution on the expansion of the Supervisory Board from three to six members as well as the election of new Supervisory Board members.

zooplus has positioned itself as a clear-cut capital markets growth story right from the beginning. The future will be all about realizing zooplus' full potential.

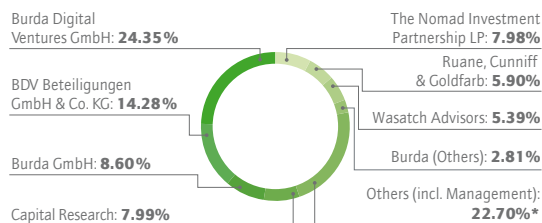
Key data

WKN	5111 70
ISIN	DE0005111 702
Ticker symbol	Z01
Trading segment	Regulated market (Prime Standard)
Type of shares	No-par-value ordinary bearer shares
Share capital in EUR as of December 31, 2011	5,631,138.00
Share capital in EUR as of December 31, 2012	6,100,639.00
Number of shares as of December 31, 2012	6,100,639
Initial listing	09.05.2008
Initial issuing price*	EUR 13.00
Share price as of January 2, 2012	EUR 45.12
Share price as of February 27, 2013	EUR 45.55
Percentage change	+0,1 %
Period high	EUR 48.98
Period low	EUR 24.79

Closing prices in the Xetra trading system from Deutsche Börse AG

*This takes into account the capital increase from company resources in July 2011

Shareholder structure



As of February 27, 2013

According to published voting rights

*According to the definition of the Deutsche Börse the free float amounts to 49.96 %

Financial calendar 2013

April 22, 2013	Preliminary sales figures for Q1 2013
May 21, 2013	Publication of the quarterly Q1 report 2013
June 5, 2013	Ordinary General Meeting 2013
July 22, 2013	Preliminary sales figures for H1 2013
August 19, 2013	Publication of the H1 semi-annual report 2013
October 21, 2013	Preliminary sales figures for Q3 2013
September 23-25, 2013	Berenberg Bank and Goldman Sachs Inaugural German Corporate Conference
November 11, 2013	Publication of the nine-month report 2013
November 11-13, 2013	German Equity Forum



Group management report

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Group management report of zooplus AG

Financial year 2012

1. Business performance and underlying trading conditions

a. Group structure and business activities

i. Divisions

The Group parent company zooplus AG was founded in Munich in 1999. This makes 2012 the company's fourteenth year in business. The Group operates in the field of eCommerce with web-based trading activities focusing on pet supplies for private customers. The zooplus Group is positioned as the clear online market leader in Europe in terms of sales and active customer base.

The overriding goal and prime focus of the business is sustained growth and the expansion of the company's online market leadership in Europe.

In this context, zooplus is continuously working to expand its technological infrastructure in an effort to remain the "state-of-the-art" technology leader within its segment.

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

zooplus generates the majority of its sales by selling its own goods from its central warehouses located in Germany and the Netherlands. This central warehousing approach enables the company to ensure rapid standardized quality deliveries with a high level of

general product availability to its customers across Europe. As part of this, the new German logistics center in Hörselgau / Eisenach, which was opened in the first half of 2011, has a key role to play. In addition, zooplus realizes a small portion of its sales with its so-called "direct line business", in which zooplus directly sells and ships products from selected suppliers from their respective warehouses to zooplus customers. Sales in this area are always generated through a zooplus-operated Internet platform. Shipments and final mile deliveries are generally made by national and international parcel service providers.

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

ii. Markets

zooplus maintains a pan-European presence in 23 countries, which together represent a total annual pet supplies market volume of around EUR 22 bn. The company operates a range of country-specific and international online shops. According to the company's own estimates, zooplus AG is the online market leader in terms of sales and active customer base in all of the high-volume European markets (Germany, France, United Kingdom, the Netherlands, Spain and Italy) and overall within the European Union by some distance. The Group also assumes that it is clearly the fastest-growing company in its sector.

As of March 2013, the zooplus Group operated a total of 20 country-specific online shops: In addition to the six high-volume markets stated above, the company also runs online shops in Belgium, Denmark, Finland, Ireland, Austria, Poland, Romania, Slovakia, Switzerland, Slovenia, Sweden, the Czech Republic and Hungary. In January 2013, the Group launched the country-specific

online shop for Turkey. zooplus also serves Liechtenstein, Luxembourg and Portugal via the multinational English language pages at zooplus.com.

The company is therefore effectively the dominant provider in the online segment across Europe by a substantial margin compared to smaller local and national competitors.

iii. Key influencing factors

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

Development of the European pet supplies market

The European pet supplies market within the countries of the European Union had an annual market volume of approx. EUR 22 bn in 2011 (according to www.zzf.de). The six high-volume markets in Germany, France, the United Kingdom, Spain, the Netherlands and Italy alone make up around EUR 17 bn of this total.

The primary retail channels for pet supplies in all of the EU countries are predominantly bricks-and-mortar pet stores, garden centers and DIY stores, as well as supermarkets and discounters. The main differences between the individual bricks-and-mortar retail concepts within the pet supplies segment are the product range and product positioning: Conventional supermarkets and discounters generally limit themselves to a basic, high-turnover product range of around 150 to 200 products within low and medium-priced food ranges, while larger pet store chains usually offer a comprehensive product range from foods (entry-level prices through to premium) to accessories (including toys, hygiene products, pet furniture and equipment). zooplus has identified its relevant market segment as conventional specialist retailers as well as related specialist product areas of the core supermarket

segment. The company estimates that this represents around a EUR 11 - 12 bn portion of the overall market, not to mention the more attractive area in terms of customer quality, margins and long-term growth potential.

Overall, zooplus is forecasting a stable to slightly increasing total pet supplies market volume for the coming years. The company is anticipating market growth of around 2% - 3% for 2013 within the European Union. In Germany for instance, around one third of all households have one or more pets. zooplus assumes that the other key high-volume European markets present similar levels. The changes in the market are due to changes in the animal population, as well as a shift in sales towards higher value products and categories within the food and accessories sector ("premiumization").

Overall, the pet supplies market enjoys a very low degree of seasonality as a result of repeat demand patterns, particularly within its food segments. Around 75% of total demand in Germany is generated by pet food itself, which means that, from the Group's perspective, the medium to long-term demand structures enjoy above-average stability.

Development of online retailing

The growth of the Internet as a new sales and distribution channel for pet products is of key importance to the Group. This development is determined by three major factors, only one of which the Group is able to influence directly.

A fundamental requirement for successful European online retailing is fast and reliable Internet access for large sections of the population. This development is being primarily driven by the availability of high speed fixed and increasingly also mobile Internet access. As a result, the total number of Internet users has risen sharply in recent years. This, in turn, is leading to a substantial increase in general online activities and Internet shopping, in particular in conjunction with an increased day-to-day use of search engines and other Internet platforms such as price information services and product comparison sites, which again support the general interest and activities in online shopping.

eCommerce is an increasingly important sales channel within most retail sectors. According to publications from the Bundesverbands des Deutschen Versandhandels (bvh - German eCommerce and Distance Selling Trade Association), eCommerce in Germany in 2012 is currently expected to have generated almost EUR 28 bn in sales, which represents a 27 % increase year-on-year. Further growth in European online retailing seems probable, particularly given the inherent advantages which online retailing offers compared to existing bricks-and-mortar retail concepts – most notably the more extensive product ranges and greater shopping convenience. Independent market observers, such as Forrester Research, therefore anticipate that online retailing will continue to enjoy double-digit percentage annual growth rates over the coming years.

With regards to pet supplies, the share of products sold via the Internet is still relatively low compared to other consumer product categories, and is significantly driven by the sales zooplus itself generates across Europe. According to internal calculations, the company believes that only around 2 % to 3 % of the total European pet market has migrated online to date.

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

iv. Competitive position

Advantages over online competitors

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

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

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

Advantages over bricks-and-mortar competitors

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

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

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

v. Group structure

As of December 31, 2012, the scope of fully consolidated members of the Group included zooplus AG, Munich, as well as the following subsidiaries:

Share capital		
matina GmbH, Munich	100%	(private label business)
bitiba GmbH, Munich	100%	(second-brand business)
zooplus service Ltd., Oxford, UK	100%	(service company for the UK)
logistik service center s.r.o., Mimon, Czech Republic	100%	(online pharmacy)
zooplus italia s.r.l., Genoa, Italy	100%	(service company for Italy)
zooplus polska sp. z.o.o., Cracow, Poland	100%	(service company for Poland)
zooplus services ESP S.L., Madrid, Spain	100%	(service company for Spain)
zooplus Pet Supplies Import and Trade Ltd., Istanbul, Turkey	100%	(sales for Turkey)

The consolidated financial statements do not include:

- the wholly-owned subsidiary zooplus EE TOV, Kiev, Ukraine with equity of kEUR 10 and founded in the second quarter 2011
- the wholly-owned subsidiary zooplus france s.a.r.l., Strasbourg, France, with equity of kEUR 50 and founded in December 2012
- the wholly-owned subsidiary zooplus Nederland B.V., Rotterdam, the Netherlands, which was founded in November 2012. The equity of kEUR 10 has not yet been paid in.

These three companies did not conduct any business activities during the financial year and are therefore not included in the consolidated financial statements due to their lack of importance. zooplus france s.a.r.l. launched its business activities as a service company for France at the start of the 2013 financial year.

At the conclusion of the financial year 2012, logistik service center s.r.o. was in liquidation. The company is due to be completely liquidated as planned in the financial year 2013.

zooplus AG was led by a three-strong Management Board during the financial year 2012 and as of December 31, 2012:

- Dr. Cornelius Patt, CEO (company management, IT & operations)
- Florian Seubert (finance, legal and controlling)
- Andrea Skersies (sales & marketing)

The former Management Board member responsible for IT, Guido Bienhaus, stepped down from the Management Board as of July 31, 2012.

The Management Board is advised and controlled by the Supervisory Board. In the financial year under review, this body was made up of the following members:

- Michael Rohowski (Chairman)
- Frank Seehaus (Deputy chairman)
- Dr. Jörg Lübcke (since May 2012)
- Dr. Norbert Stoeck
- Dr. Rolf-Christian Wentz (since May 2012)
- Stefan Winners (since May 2012)

In the financial year 2012, zooplus employed an average of 217 people (2011: 191 employees).

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

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

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

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

- Expanding and increasing our customer base in all major European markets

- Tapping and penetrating further European markets (incl. Eastern Europe and Scandinavia)
- Boosting revenues and contribution margin per customer / year
- Defending and expanding our market leadership

The Management Board views the following key figures as good yardsticks for measuring success:

- The Group's total sales and sales as an indicator of success in the market
- EBITDA before one-off items and market development costs as a yardstick for operating performance
- After-tax profit as the key financial figure

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

In an effort to achieve its targets, the company utilizes a wide range of financial and non-financial indicators and steering tools, focusing on the following areas:

- Pricing and product range
- New customer acquisition and existing customer management
- Logistics and distribution management
- HR management and leadership
- Cost management in all fixed and variable areas
- Working capital management and payment transactions

The top priority is achieving maximum possible growth in connection with the sustained achievement of operating profitability and its continuous increase. Against the backdrop of great expansion opportunities across Europe and wide-ranging untapped potential for boosting earnings, the Group believes this to be the most sensible strategy for long-term growth in the company's value over the coming quarters.

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

c. Technology and development

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

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

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

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

d. Business development 2012

i. *The economy and overall retailing market*

There is still a risk that the effects of the Euro debt crisis could have a significant impact on the real European economy. Although the German economy has been able to largely set itself apart from the rest of the Eurozone up to now, economic uncertainties exist which could influence zooplus' business in the future. The management believes that a key influence on zooplus compared to the general economic overview provided above still remains the development of the specific industry and online retailing environment in the respective individual markets.

ii. *Performance of the zooplus Group*

From the point of view of the Management Board, the zooplus Group recorded overall positive development during the financial year 2012. This is primarily reflected in the growth of total sales, which were up around 30% compared to the previous year. In the final quarter of the financial year 2012, total sales increased by a disproportionately high 36% year-on-year to EUR 97.8 m. This makes total sales per quarter of EUR 100 m a tangible possibility. The financial year 2012 was a year of further internationalization. zooplus already generates around 60% of its sales outside of the domestic German market, compared with 53% in the financial year 2011. In addition, during the financial year 2012, the company already completed the groundwork for the roll-out in Turkey to begin at the start of 2013.

In the period under review, zooplus was able to achieve significant economies of scale in all key operating areas and substantially improve with regards to the earnings situation in 2012. In the final quarter of the financial year 2012, zooplus generated positive earnings before interest, tax, depreciation and amortization (EBITDA) of EUR 0.3 m.

Given today's situation, zooplus believes that the European pet supplies market will remain relatively stable in 2013, with estimates suggesting overall market growth of 2 % to 3 %. In view of this strong positive trend in the online segment, as well as the high proportion of zooplus-specific sales derived from repeat and recurring demands for pet food, we believe that zooplus is well positioned to successfully master the current financial year 2013.

With regards to online pet supplies in general, zooplus anticipates that substantial growth will continue across all of Europe's high-volume markets.

2. Earnings position, financial position and net assets

a. Earnings position

i. Sales development

zooplus, which considers itself the European online market leader, was able to significantly increase its sales and total sales during the past financial year. Total sales (consisting of sales and other income) were up by 30.5 % year-on-year from EUR 257.1 m to EUR 335.6 m.

This growth was largely due to the significant expansion in the customer base in all of the Group's geographic markets, as well as the high level of customer loyalty and repeat purchase rates among existing customers. Both of these trends underscore and prove the sustainability of our business model.

Broken down individually, sales increased from EUR 244.8 m in 2011 to EUR 319.2 m in 2012. At the same time, other income rose from EUR 12.3 m to EUR 16.3 m in the period under review. Sales solely reflect the sale of goods. Other income primarily contains standard industry advertising income and other payments.

Pet supplies retailing is mostly unaffected by seasonal fluctuations.

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

ii. Expense items

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

Cost of materials

The company's cost of materials increased at a slightly higher rate than in the previous year. The cost of materials to total sales ratio of 63.8 % achieved in 2012 was 2.7 percentage points up on the previous year's mark (61.1 %). In turn, this also caused the company's net product margin to fall from 38.9 % in 2011 to 36.2 % in 2012. zooplus has positioned itself in the reporting period with substantially more attractive prices, which contributed to a significant acceleration in growth. At the same time, the direct expenses for advertising and customer acquisition were reduced considerably in relation to total sales compared to the previous year, which partially offset this effect. From the Group's point of view, striking a balance between generally attractive pricing and specific customer acquisition expenses is decisive to successful long-term growth.

Personnel costs

Personnel costs rose from EUR 12.3 m in 2011 to EUR 14.9 m in 2012. This represents a personnel expense ratio of 4.5 % (in relation to total sales) and a reduction of 0.3 percentage points compared to the previous year.

In the financial year 2012, zooplus employed an average of 217 people (191 employees during the financial year 2011).

Depreciation

Scheduled depreciation and amortization costs fell slightly from EUR 0.8 m in 2011 to EUR 0.7 m in the financial year 2012.

Other expenses

During the period under review, other expenses increased from EUR 94.5 m to EUR 108.2 m compared to the same period in the previous year. Other expenses is largely made up of costs of logistics & fulfillment, advertising costs and payment transaction costs. However, its percentage share in terms of the company's total sales fell substantially from 36.8 % to 32.3 %. This change is explained by significant efficiency increases in the field of logistics as well as the discontinuation of one-off logistics expenses from the previous year.

Logistics and fulfillment expenses

zooplus' business model requires the warehousing, stock picking and shipping of products sold to our customers. Additional expenses arise in areas such as the processing of returns, storage and other costs of logistics and distribution. These activities are, in essence, the zooplus equivalent to outlet and other high street costs within offline retailing.

Expenses on logistics reached a level of 22.9 % in relation to total sales compared to 24.7 % in the previous year. The total expenses for logistics and fulfillment are mostly attributable to distribution

(e.g. package service providers), packaging as well as variable and fixed costs for the distribution centers, and are therefore mostly variable to the Group's sales.

Marketing expenses

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

In total, expenses for customer acquisition and marketing increased only marginally by EUR 0.5 m to EUR 15.3 m on the back of substantially increased new customer acquisition performance, sales and total sales overall. This was made possible by specific efficiency improvements coupled with an optimized and growth-oriented pan-European pricing policy. The target for 2013 is to tap other key European markets, as well as to cement and expand our market leadership in existing markets in terms of sales and customer base. The company believes that this contributes fundamentally towards sustainably increasing the company value in the long term.

Payment transaction costs

Total payment transaction costs amounted to EUR 4.8 m compared to EUR 4.2 m in the previous year. The Group was also able to achieve structural improvements year-on-year in this area during the past financial year.

Other expenses

Other expenses, in addition to logistics and fulfillment, marketing and payment transactions described above included customer care and services, office rental, general administrative expenses, technology as well as other minor expenses incurred as part of our ordinary operating activities during the year under review.

Financial expenses

In order to finance its working capital, zooplus has access to credit lines from its major bank. This financing facility totals EUR 17.0 m, of which EUR 2 m was utilized at year-end. This also largely explains the company's financial expenses (interest expenses).

iii. Earnings development

Earnings before interest, taxes, depreciation and amortization

In the financial year 2012, zooplus was able to generate earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR -1.8 m and therefore substantially improved on the previous year figure (EUR -6.8 m). Driven by economies of scale and substantial increases in efficiency in the areas of marketing and pricing policy, a positive EBITDA of EUR 0.3 m was achieved in the final quarter of 2012.

Earnings before interest and taxes

Earnings before interest and taxes totaled EUR -2.6 m in the period under review compared to EUR -7.6 m in 2011.

Consolidated net result / Comprehensive income

In the financial year 2012, the Group generated a consolidated net result of EUR -2.1 m (previous year: EUR -6.0 m). The comprehensive income amounts to EUR -2.3 m (previous year: EUR -0.6 m) and differs from the net consolidated income due to the hedge reserve of kEUR -145 and the differences from currency conversion kEUR 6.

b. Net assets

Non-current assets totaled EUR 11.1 m at the end of 2012, compared to EUR 8.9 m at the end of 2011. Of this total, around EUR 8.2 m (previous year: EUR 7.6 m) was due to deferred tax assets. In addition, the increase is largely due to the procurement of software licenses (EUR +1.6 m).

Within current assets, inventories rose from EUR 25.5 m at the end of 2011 to EUR 32.3 m as of December 31, 2012. In particular with regards to general product availability, direct import products and private label development, with the latter being subject to longer procurement cycles, sufficient inventory levels and therefore high product availability are key drivers of sales per individual customer account.

In addition, cash and cash equivalents recorded a significant fall of EUR 20.5 m due to the repayment of current financial liabilities.

Trade receivables totaled EUR 9.3 m at the end of 2012 (previous year: EUR 6.4 m). In the financial year 2012, trade receivables with a net value of EUR 1.6 m were written off (previous year: EUR 1.3 m).

Equity totaled EUR 33.9 m at the end of 2012 compared to EUR 35.5 m at the end of the financial year 2011. As of December 31, 2012, the equity ratio therefore totaled 51.9% and improved compared to the end of 2011 by almost 5 percentage points.

During the reporting period, financial liabilities fell from EUR 16.0 m at the end of 2011 to EUR 2.0 m as of December 31, 2012.

Trade payables totaled EUR 16.8 m on December 31, 2012 compared to EUR 11.4 m at the end of 2011. zooplus does not generally make use of the maximum payment periods available. This makes business sense in view of the company's readily available financing options. zooplus will continue to utilize possible discounts and early payment options as far as possible in the future in an effort to maximize margins and potential income.

Most of the company's liabilities are denominated in Euros. At times, there are also other liabilities – mostly six-digit – denominated in British pounds (GBP) and US dollars (USD). The former is due to the company's VAT obligations and procurement in the United Kingdom and the latter is used for the purchase of products from Asia (primarily merchandise).

Since the financial year 2012, the company has been using derivative financial instruments in the form of forward exchange transactions for hedging the foreign currencies GBP and USD. No off-balance sheet financial instruments are used.

Other liabilities fell during the year under review from EUR 9.4 m as of the end of 2011 to EUR 9.1 m on December 31, 2012.

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

Provisions and deferred items increased during the year under review from EUR 2.5 m as of the end of 2011 to EUR 3.1 m on December 31, 2012.

The company's total assets were therefore reported at EUR 65.4 m at the end of the financial year under review, compared to EUR 75.1 m on December 31, 2011.

c. Cash flow, cash and cash equivalents and financing

The negative cash flow from operating activities totaled EUR -5.7 m in 2012 compared to EUR -11.6 m in 2011. This change was largely attributable to the substantially improved operating result for the year as a whole as well as the development of working capital.

The negative cash flow from investment activities (EUR -0.6 m in 2012 compared to EUR -0.6 m in 2011) remained relatively unchanged year-on-year. The procurement of software licenses totaling EUR 1.6 m at the end of 2012 only became a cash item at the start of 2013.

The negative cash flow from financing activities (EUR -14.1 m in 2012 compared to EUR 24.8 m in 2011) reflects the repayment of financial liabilities in 2012 using the cash inflow from the capital increase in 2011.

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

The overall changes in cash and cash equivalents during the course of the year were largely due to the company's strong growth. The negative operating cash flow was largely impacted by the overall result as well as the overall growth of the company.

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

The Group has flexible lines of credit totaling EUR 17.0 m. During the past financial year, the use of these lines of credit ranged between EUR 2.0 m at the end of the year and EUR 16.0 at the start of the year. Some of these lines of credit are secured with inventories and receivables, and are subject to standard industry equity covenants. On the whole, it must be noted that zooplus is not subject to any particular restrictions that could impact the availability of financing, with the exception of the necessary fulfillment of the financing covenants. The Group believes that it will also be possible to obey these covenants in the coming years.

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

Overall, given its strong equity base, its dynamic growth, the significant improvement in results in Q4 2012 and the existing stable financing facilities, the Group believes that it is well equipped to support strong future growth again in the coming year, as well as the related effects on the working capital (mostly inventories and receivables from customers).

d. Summary statement on zooplus' financial position

With growth in total sales of around 31 % to EUR 335.6 m as well as continuous improvements to earnings throughout the year, in combination with a positive operating result in the final quarter, 2012 can be seen as highly positive financial year overall.

e. Report on events after the balance sheet date

With the conclusion of the financial year 2012, logistik service center s.r.o. Mimon, Czech Republic, entered liquidation. The company is due to be completely liquidated as planned in the financial year 2013.

At the start of the financial year 2013, zooplus concluded a new warehouse logistics agreement with a service provider. In future, primarily customers in Eastern and Central Europe will be served from Wrocław.

3. Report on risks

In line with Section 91 (2) of the German Stock Corporation Act (AktG), the Group operates the required risk early recognition system. The aim of the risk management system is to recognize the risks and opportunities in good time that occur from both the company's operating activities as well as the environment which the company is unable to influence.

The risks are identified and, if required, the necessary countermeasures are pinpointed in discussions between risk managers and management personnel. A summary of the risk reporting is presented to the Management Board on a quarterly basis, with the exception of ad hoc risk releases.

i. Strategic risks

zooplus' success depends to a critical extent on the continued acceptance of the Internet as a channel for purchasing pet supplies.

If the growth in online retailing slows or even falls overall, this would directly affect the zooplus business model. However, from the current perspective, all of the indicators suggest that acceptance of the Internet as a sales channel will continue to rise, and this is underlined by current growth rates.

Average order sizes and repeat purchase behavior could be subject to negative changes in more difficult economic periods:

During a recession, existing and newly acquired customers' purchasing behavior could change to the company's detriment. If customers stop buying non-food products that are not seen as a necessity, or if they switch to lower-priced alternative products or alternative suppliers, this could have a negative impact on zooplus overall. However, the fact that zooplus was still able to increase its total sales by 50% during the worst annual recession (2009) and acquire significant customers

in all of the key European markets is a testament to the attractiveness of the business model, even in more difficult economic periods.

New competitors could establish a successful online presence and negatively impact zooplus' market opportunities:

zooplus is currently the clear market leader in Germany and Europe. Should this positioning change after new competitors enter the market, this would have a significantly negative impact on zooplus' sales and operating margins. From the current perspective, zooplus believes that the level of competition will increase over the medium term, as large bricks-and-mortar providers are increasingly establishing online shops and selling their product range via the Internet. However, this will take place within an eCommerce market that is continuing to see strong growth and this therefore only represents a limited risk.

ii. Operating risks

Unforeseen events could endanger the stability of key business systems for IT and logistics:

The company's operations are based on the constant availability of all of its technical systems. If this is jeopardized, for example by force majeure or other system problems, this would have a substantial negative impact on zooplus as a whole. However, zooplus believes that this risk is manageable in view of the fact that the business systems have proved stable for the past 10 years. The agreements for both logistics centers have only been concluded with one contractual partner. The risk of being dependent on specific suppliers is reduced through long-term agreements and sufficient controlling tools. zooplus usually relies on the cooperation with reliable partners of good business standing, which in turn should reduce risks significantly.

The loss of key employees could jeopardize the company's long term success:

In managing its employees and departments, zooplus places its trust in several key employees, who would not be easy to replace. If these employees were to leave the company, this could have a negative impact, at least in the short term, on the company's success.

Forecasting demand incorrectly could result in overstocks along the supply chain and in the logistics system:

As a rule, material planning errors could result in overstocks in the warehouses. If it is difficult to sell these goods, or if they cannot be sold, this could result in significant damage. As a result of the low seasonality, and the relatively strong ability to predict customer-based sales structures, the Group believes that these risks can be controlled. This is coupled with the fact that the average shelf-life of typical zooplus food products is around 1 to 2 years, which would also make it significantly easier to sell slow-moving products if this was necessary.

iii. Financial risks

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

a. Currency risk

The Group operates internationally and is therefore subject to currency risks based on changes in the exchange rate of various foreign currencies, mainly the US dollar, British pound, Czech koruna, Polish zloty and Swiss franc. Currency risks occur from expected future transactions, recognized assets and liabilities. As a result, the management has enacted a guideline defining how the currency risk should be effectively managed in relation to the functional currency. To hedge foreign currency risks from expected future transactions as well as recognized assets and liabilities, the Group uses forward exchange transactions which are concluded by the Group's finance department. The Group is increasingly attempting to limit these currency risks by buying products locally in foreign currency zones. Exchange-rate risks occur if future business activities or recognized assets or liabilities are recorded in a different currency than the Group's functional currency. The Group's risk management policy plans hedging of between 0% and 60% of the expected transactions within the next twelve months (mainly export sales and purchases of inventory) in the currencies GBP and USD. The expected sales and purchases which are to be carried out using hedging instruments correspond with the hedge accounting criteria of the "highly probable" forecast transaction.

b. Credit risk

Credit risk is defined as the risk that a business partner will not be able to fulfill its obligations which in turn leads to a financial loss for the Group.

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

Credit limits are set for all customers based on internal risk classification characteristics. Outstanding receivables from customers are monitored regularly. In

order to reduce credit risk, lump-sum adjustments to individual values are made based on past experience. In addition, receivables are sold after the collection procedure has been completed. Receivables are written down when a debt collection agency has proved unable to collect the debt, or a customer has applied for individual insolvency, or as a result of the statute of limitations.

For the Group's other financial assets such as cash or cash equivalents, the maximum credit risk corresponds to the carrying amount of an asset in the case of a default by the debtor concerned. This could result in sustained risks for zooplus' business model. In the past, total receivables defaults were around 1 % of overall sales. From the current perspective, we do not anticipate any deterioration in this regard, thanks to the company's strict credit check system and the growing proportion of business with existing customers.

c. Financing risk

Although zooplus is not currently subject to any borrowing restrictions, it could become restricted as a result of further banking and / or financial crises. However, from the current perspective, zooplus does not believe that this will be the case in the short or medium term. zooplus currently has access to potential credit of EUR 17 m with a reputable German credit institution. As of the balance sheet date December 31, 2012, the Group had used EUR 2.0 m of this credit line. The aim is to reduce the risk of reliability on only one credit institution and implement a two-bank strategy in the field of third party financing for the Group in the following year.

The Group does not currently use any specific tools to hedge the interest rates. The most important line of financing is indexed to the Euribor. A general increase in interest rates, including in inter-bank business, could lead to a significant rise in financing costs.

4. Report on opportunities

i. Market opportunities

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

zooplus is offered further opportunities by the trend towards humanizing pets. This trend is boosted by developments such as the ongoing increase in single households and the fall in birth rates in general.

ii. Development of the eCommerce market

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

iii. Employees and know-how potential

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

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

iv. Overall statement on the risk and opportunity situation

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

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

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

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

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

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

An appropriate internal risk management system has been implemented. The accounting data is reviewed regularly to ensure that it is correct and complete using random samples and plausibility checks carried out through manual checks as well as with the software employed at the company. The key processes that are

relevant for the company's accounting are subject to regular analyses. The existing risk management system is constantly being adjusted in response to current developments and its functionality reviewed.

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

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

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

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

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

The clear organizational, corporate control and monitoring structures, as well as the fact that the accounting department is sufficiently staffed and has sufficient materials available, form the foundations

for the departments and employees involved in the (Group) accounting process to work efficiently. Clear guidelines and instructions, stemming from both legal requirements and from within the company, ensure that the accounting process is uniform and correct. The clearly defined review mechanisms within departments which participate in the accounting system, as well as the review by internal controlling and early recognition of risks by risk management, ensure error-free (Group) accounting.

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

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

6. Outlook

The underlying economic conditions are expected to improve slightly in 2013 and 2014 according to the latest forecasts. We are therefore expecting a slight increase in overall sales in our sector over this period of time.

Irrespective of this, however, we anticipate that online shopping will continue to grow in importance as a sales channel in the coming years. zooplus will benefit substantially from these developments.

Overall, we are expecting the following results for zooplus on the back of these two trends for 2013:

- Growth in total sales to at least EUR 400 m
- Positive earnings before interest, taxes, depreciation and amortization (EBITDA) overall in the lower single-digit million euro range

For the following year 2014 we are expecting:

- Further growth in total sales to at least EUR 500 m
- Positive earnings before interest, taxes, depreciation and amortization (EBITDA) overall in the mid-single-digit million euro range

The following key sales and expense factors will drive this anticipated development:

- We are expecting a further rise in overall sales across all European markets based on a substantial increase in the number of active customers (new and existing) for the coming years.
- We are anticipating a stable gross product margin for both 2013 and 2014 in relation to sales.
- We also anticipate that the logistics costs will fall in relation to sales in 2013 due to increased efficiency and economies of scale.
- As a result of the further planned increase in new customer accounts, we are forecasting slightly falling marketing costs compared to total sales in 2013.

- We expect a slower rise in costs from HR, technology and other operating expenses on the back of the anticipated economies of scale.

As in previous years, the prime focus for 2013 and 2014 will be on the company's growth. From the Group's perspective, it is critical for zooplus to maintain and further expand its European market leadership in online pet supplies. In addition, sustainably boosting earnings from year to year is also an important element of our strategy.

From the Management Board's point of view, zooplus has the necessary operating and financial resources to maintain its high growth rate and realize the planned increases in earnings – we are aiming to increase penetration in our active markets while establishing new markets, working more efficiently and achieving economies of scale in all core areas. This is our utmost priority in both the current financial year 2013 and in the coming financial year 2014.

Given this objective, we have outlined the additional medium-term goals of the company as follows:

In the next three years (2013 – 2015) we are aiming to:

- grow total sales to between EUR 600 m and EUR 700 m
- significantly and disproportionately increase the profitable operating earnings from year to year

7. Remuneration report

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

- Non-performance related salary paid monthly: Fixed remuneration consists of a contractually agreed non-performance related annual salary which is paid in twelve installments of equal amount.
- Performance-related salary components: The variable salary component remunerates the performance of the Management Board in line with company development for the past financial year and is linked to the sales and earnings achieved in the financial year.
- Variable components with a long-term incentive: In line with company planning, the long-term performance of the Management Board is remunerated with the issuing of share options in zooplus AG.

The Management Board's total remuneration (all three components) totaled kEUR 1,225 in the financial year 2012. Of this total, the non-performance related basic remuneration accounted for around 67%. The performance-related components for all Management Board members are dependent upon the respective annual increases in the company's operating income and total sales. No performance-related compensation was paid out to the Management Board in the financial year 2012. Components with a long term incentive are stock option programs. This remuneration component made up around 33% of total expenses in 2012.

In 2012, the members of the Management Board also received advance payments for travel expenses.

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

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

8. Information under takeover law (Section 315 (4) of the HGB)

As of December 31, 2012, the subscribed capital comprised 6,100,639 no-par value registered shares, each with a proportionate interest of EUR 1.00 in the company's share capital.

Restrictions affecting voting rights or the transfer of shares

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

Equity participations exceeding 10% of voting rights

As of December 31, 2012, the following shareholders held more than 10% of voting rights:

- Burda Digital Ventures GmbH, Offenburg, Germany
- BDV Beteiligungen GmbH & Co. KG, Munich, Germany

The equity participations held by Burda Digital Ventures GmbH and BDV Beteiligungen GmbH & Co. KG are attributable to Prof. Dr. Hubert Burda, Hubert Burda Media Holding Kommanditgesellschaft, Offenburg, as well as Burda Gesellschaft mit beschränkter Haftung,

Offenburg, respectively pursuant to Section 22 (1), sentence 1, no. 1 of the German Securities Trading Act (WpHG).

Shares with special rights / control of voting rights

There are no shares with special rights, and employees do not participate in equity such that they cannot directly exercise their controlling rights.

Appointment and dismissal of members of the Management Board, changes to the articles of incorporation

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

Requirements for amendments to the articles of incorporation are primarily stipulated in sections 179 to 181 of the AktG. Amendments to the articles of incorporation require a resolution from the General Meeting pursuant to section 179 of the AktG. Pursuant to section 24 of the articles of incorporation, the Supervisory Board of zooplus AG is authorized to make changes to the articles of incorporation, to the extent that these changes only affect their wording.

Authorization for the Management Board to issue shares

As a result of the resolution by the General Meeting on May 22, 2012, the Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital on one or several occasions during the period until May 21, 2017 by up to a total

of EUR 3,050,199.00 (in words: three million fifty thousand one hundred and ninety nine euros) by issuing new shares (approved capital 2012). The number of shares has to increase at the same ratio as the share capital. The capital increases can be made against cash or non-cash contributions. As a rule, shareholders are entitled to subscription rights. The new shares can also be taken over by one or more credit institutions or one or more similar institutions with the obligation to offer them to the shareholders for subscription (indirect subscription right).

In addition, the Management Board is authorized to exclude the subscription rights of the shareholders on one or more occasions, each time with the approval of the Supervisory Board,

- to the extent that it is required to avoid any possible fractional amounts from the subscription rights;
- to the extent it is required in order to grant bearers of option rights and / or conversion rights, or option obligations and / or conversion obligations from bonds with option rights and / or conversion rights, or option obligations and / or conversion obligations issued by the company or a company in which the company holds a direct or indirect majority shareholding, a subscription right or conversion option for new shares in the amount due to them after exercising option rights and / or conversion rights or fulfilling option obligations and / or conversion obligations as a shareholder;
- to the extent that the new shares are issued against contributions in kind, particularly in the form of companies, parts of companies, shareholdings in companies or other assets;
- to the extent that the new shares are issued against cash contributions and that the issue price of the newly issued shares is not significantly below the market price of the already listed shares of the company of the same class at the time of the final

determination of the issue price and the shares to be issued, under exclusion of the subscription right, in their proportionate amount attributable in total to the issued shares do not exceed 10 % of the share capital existing on the first exercise of the authorization and at the time when this authorization becomes effective. The proportionate amount of the share capital of the company which is attributable to shares issued or sold during the period of this authorization, excluding the subscription right in direct, corresponding or mutatis mutandis application of Section 186 (3) Sentence 4 AktG, is credited against this maximum amount, as is the proportionate amount of the share capital attributable to the shares which are issued or to be issued to serve the option rights and / or conversion rights or to fulfill the option obligations and / or conversion obligations from bonds, to the extent that the bonds were issued during the period of this authorization, excluding the subscription right in corresponding application of Section 186 (3) Sentence 4 AktG.

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

The Management Board is authorized to finalize further details regarding the capital increase and the conditions of the issuing of shares in conjunction with the Supervisory Board. The Supervisory Board is authorized to adjust the wording of the articles of incorporation to the amount of a capital increased from authorized capital 2012.

The authorized capital 2008 / I totaling EUR 507,715.00 was revoked following a resolution by the General Meeting on May 22, 2012.

Authorization for the Management Board to buy back shares

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

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

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

If the shares are acquired via the stock exchange, the compensation paid by the company per no-par value share (without incidental acquisition costs) may not be

more than five percent higher or lower than the volume-weighted average of the closing prices for shares of the company in Xetra trading (or a functionally comparable successor system) on the Frankfurt Stock Exchange on the last five stock market days prior to the date on which the undertaking to acquire the shares was entered into.

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

At the end of the year under review, the conditional capital to serve subscription rights under the stock option program amounted to EUR 529,700.00.

Material agreements of the company that are subject to a change of control upon a takeover bid

The Management Board contracts of employment contain the special right to termination for Management Board members in the case that a qualified majority of at least 75 % of the company's existing voting rights are purchased by a shareholder and that their role as Management Board members is significantly impacted by this or they are subsequently dismissed.

Compensation agreements of the parent company for the case that members of the Management Board or employees are impacted by a takeover

In the case that an employment relationship is terminated following the exercising of the special right to termination or an amicable agreement following the purchase of a qualified majority, the Management Board is entitled to a compensation payment, except in the case that its members received a severance payment from a third party as part of the termination of an employment relationship.

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

"In the financial year, no reportable affairs took place in connection with the controlling company or its affiliates."

10. Other

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

11. Overall outlook

The European online pet market will continue to enjoy sustained growth and become more attractive overall. zooplus is excellently positioned to enjoy significant benefits from these developments. As a result, the Management Board is expecting favorable business development for the company in 2013 and 2014.

The Management Board

Dr. Cornelius Patt Andrea Skersies Florian Seubert

Munich, March 18, 2013

Consolidated financial statement and Notes

Consolidated financial statement

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Consolidated balance sheet as of December 31, 2012 according to IFRS

Assets

in EUR	Note No.	31.12.2012	31.12.2011
A. NON-CURRENT ASSETS			
I. Property, plant and equipment	5	680,352.01	812,784.57
II. Intangible assets	6	2,138,421.69	513,602.44
III. Financial assets	7	70,000.00	20,000.00
IV. Deferred tax assets	8	8,200,532.38	7,550,264.69
Total non-current assets		11,089,306.08	8,896,651.70
B. CURRENT ASSETS			
I. Inventories	9	32,285,324.82	25,534,581.18
II. Advance payments	10	599,920.95	816,740.70
III. Trade receivables	11	9,298,986.64	6,357,964.30
IV. Other current assets	12	9,021,766.86	10,021,265.91
V. Derivative financial instruments	13	77,791.23	0.00
VI. Cash and cash equivalents	14	2,979,781.66	23,466,124.34
Total current assets		54,263,572.16	66,196,676.43
		65,352,878.24	75,093,328.13

Equity and Liabilities

in EUR	Note No.	31.12.2012	31.12.2011
A. EQUITY			
I. Capital subscribed	15	6,100,639.00	5,631,138.00
II. Capital reserves	15, 16	49,389,582.73	29,565,812.12
III. Contributions made for corporate actions		0.00	19,670,996.19
IV. Other reserves	15, 13	-127,444.67	11,245.94
V. Profit and Loss carried forward	15	-21,468,773.85	-19,356,695.11
Total equity		33,894,003.21	35,522,497.14
B. NON-CURRENT LIABILITIES			
Deferred tax liabilities		18,362.99	59,909.67
C. CURRENT LIABILITIES			
I. Trade payables	17	16,847,306.43	11,386,286.16
II. Financial liabilities	18	2,000,000.00	16,000,000.00
III. Derivative financial instruments	13	293,674.05	0.00
IV. Other current liabilities	19	9,089,735.97	9,433,650.62
V. Tax liabilities		66,958.32	212,611.02
VI. Provisions	20	2,229,619.78	1,967,738.52
VII. Deferred income	21	913,217.49	510,635.00
Total current liabilities		31,440,512.04	39,510,921.32
		65,352,878.24	75,093,328.13

Consolidated statement of comprehensive income January 1 to December 31, 2012 according to IFRS

in EUR	Note No.	2012	2011
Sales	22	319,235,707.94	244,795,664.40
Other income	23	16,316,212.52	12,264,554.68
Total sales		335,551,920.46	257,060,219.08
Cost of materials		-214,208,611.76	-157,045,847.24
Personnel costs	24	-14,943,686.99	-12,255,050.75
of which cash		(-14,321,651.57)	(-11,665,581.91)
of which non-cash	16	(-622,035.42)	(-589,468.84)
Depreciation	5, 6	-718,770.02	-773,463.15
Other expenses	25	-108,241,944.64	-94,549,497.40
of which logistics / fulfillment		(-76,798,549.68)	(-63,454,207.31)
of which marketing		(-15,290,656.52)	(-14,835,819.75)
of which payment		(-4,820,291.82)	(-4,219,035.51)
Earnings before interest and taxes (EBIT)		-2,561,092.95	-7,563,639.46
Financial income	26	72,614.00	2,761.05
Financial expenses	26	-67,974.77	-912,953.42
Earnings before taxes (EBT)		-2,556,453.72	-8,473,831.83
Taxes on income	8	444,374.98	2,489,294.77
Consolidated net result		-2,112,078.74	-5,984,537.06
Differences from currency translation		6,004.85	11,301.49
Hedge reserve	15, 13	-144,695.46	0.00
Comprehensive income		-2,250,769.35	-5,973,235.57
Earnings per share			
basic (EUR / share)	27	-0.35	-1.07
diluted (EUR / share)	27	-0.35	-1.07

Group cash flow statement January 1 to December 31, 2012 according to IFRS

in EUR	Note No.	2012	2011
Cash flows from operating activities			
Earnings before taxes		-2,556,453.72	-8,473,831.83
Allowances for:			
Depreciation	5, 6	718,770.02	773,463.15
Non-cash personnel costs	16	622,035.42	589,468.84
Other non-cash expenses / income	5	-1,593,995.15	11,301.49
Financial expenses	26	67,974.77	912,953.42
Financial income	26	-72,614.00	-2,761.05
Changes in:			
Inventories	9	-6,750,743.64	-4,657,158.31
Advance Payments	10	216,819.75	2,049,113.11
Trade receivables	11	-2,941,022.34	-62,559.16
Other current assets	12	999,499.05	1,472,906.93
Trade payables	17	5,461,020.27	-1,197,181.60
Other liabilities	19	-343,914.65	-3,386,355.29
Provisions	20	261,881.26	371,626.95
Deferred income	21	402,582.49	0.00
Taxes on income	8	-311,878.65	0.00
Interest received	26	72,614.00	2,761.05
Cash flows from operating activities		-5,747,425.12	-11,596,252.30
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment / Intangible assets	5, 6	121,512.59	394.87
Acquisition after deduction of acquired cash and cash equivalents		0.00	106,323.40
Payments for financial investments	12	-63,000.00	-20,000.00
Payments for property, plant and equipment / intangible assets	5, 6	-692,866.44	-723,804.20
Cash flows from investing activities		-634,353.85	-637,085.93
Cash flows from financing activities			
Payment from capital increase	15	240.00	19,721,522.00
Cash-inflow from bank loans	18	2,000,000.00	6,000,000.00
Cash-outflow from bank loans	18	-16,000,000.00	0.00
Interest paid	26	-67,974.77	-912,953.42
Cash flows from financing activities		-14,067,734.77	24,808,568.58

(Continued on the next page)

in EUR	Note No.	2012	2011
Influence from currency effects on cash and cash equivalents		-36,828.94	-66,890.14
Cash flows from financing activities		-20,486,342.68	12,508,340.21
Cash and cash equivalents at the beginning of the period		23,466,124.34	10,957,784.13
Cash and cash equivalents at the end of the period		2,979,781.66	23,466,124.34
Composition of funds balance at the end of the period			
Cash on hand, bank deposits, cheques		2,979,781.66	23,466,124.34
Overdraft balances		0.00	0.00
		2,979,781.66	23,466,124.34

Group statement of changes in equity as of December 31, 2012 according to IFRS

in EUR	Capital subscribed	Capital reserves	Contributions made for corporate actions	Other reserves	Profit or loss carried forward	Total
As of January 1, 2012	5,631,138.00	29,565,812.12	19,670,996.19	11,245.94	-19,356,695.11	35,522,497.14
Additions from stock options	240.00	622,035.42	0.00	0.00	0.00	622,275.42
Currency translation differences	0.00	0.00	0.00	6,004.85	0.00	6,004.85
Net result 2012	0.00	0.00	0.00	0.00	-2,112,078.74	-2,112,078.74
Hedge Reserve	0.00	0.00	0.00	-144,695.46	0.00	-144,695.46
Capital increase from authorized capital 2011	469,261.00	19,201,735.19	-19,670,996.19	0.00	0.00	0.00
As of December 31, 2012	6,100,639.00	49,389,582.73	0.00	-127,444.67	-21,468,773.85	33,894,003.21
As of January 1, 2011	2,593,190.00	22,960,449.80	9,041,281.48	-55.55	-13,372,158.05	21,222,707.68
Additions from stock options	12,560.00	589,468.84	0.00	0.00	0.00	602,028.84
Currency translation differences	0.00	0.00	0.00	11,301.49	0.00	11,301.49
Net result 2011	0.00	0.00	0.00	0.00	-5,984,537.06	-5,984,537.06
Capital increase from authorized capital 2010	216,099.00	8,825,182.48	-9,041,281.48	0.00	0.00	0.00
Capital increase from authorized capital 2011	0.00	0.00	19,670,996.19	0.00	0.00	19,670,996.19
Capital increase from company funds	2,809,289.00	-2,809,289.00	0.00	0.00	0.00	0.00
As of December 31, 2011	5,631,138.00	29,565,812.12	19,670,996.19	11,245.94	-19,356,695.11	35,522,497.14

Notes

to the consolidated financial statements as of December 31, 2012 according to the International Financial Reporting Standards (IFRS)

1. Reporting principles

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

zooplus AG and its subsidiaries are active in the online retailing of pet supplies in Germany and other European countries. Pet supplies are generally understood to be foods and accessories. The company's retail operations are carried out via the company's websites.

The consolidated financial statements and Group management report as of December 31, 2012 were prepared in accordance with Section 31 5a (1) HGB and are to be submitted to the electronic federal gazette and published there.

2. Summary of key accounting and measurement methods

2.1 Basis of preparation

zooplus AG is a parent company within the meaning of Section 290 HGB. As a result of issuing equity securities on the capital market, in accordance with Section 31 5a Para. 1 HGB in connection with Article 4 of the Regulation of the European Parliament from July 19, 2002, zooplus AG is obligated to prepare the consolidated financial statements of the company according to the International Financial Reporting Standards (EU-IFRS) adopted by the EU. These consolidated financial statements for the financial year 2012 have been prepared in accordance with these IFRS.

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

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

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

The Management Board prepared the consolidated financial statements as of March 18, 2013 and therefore approved them for publication within the meaning of IAS 10. The company's General Meeting has the possibility of changing the consolidated financial statements.

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

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

2.1.1 Amendments to the accounting and measurement methods and disclosures

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

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

Standard	Interpretation	Mandatory application	Foreseeable effects
IFRS 7	Financial Instruments: Disclosures - Transfer of financial assets	01.07.2011	none
IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	01.07.2011	none
IAS 12	Income taxes: Deferred taxes - Realizing underlying assets	01.01.2012	none
IAS 1	Presentation of Financial Statements	01.07.2012	no material effects

New standards and interpretation which will only come into force in later reporting periods were not applied by zooplus AG ahead of time. Published standards and interpretations only applicable for financial years commencing after January 1, 2013:

Standard	Interpretation	Mandatory application	Foreseeable effects
IFRS 10	Consolidated Financial Statements	01.01.2013	no material effects
IFRS 11	Joint Arrangements	01.01.2013	none
IFRS 12	Disclosures of Interests in Other Entities	01.01.2013	no material effects
IFRS 13	Fair Value Measurement	01.01.2013	no material effects
IAS 19	Employee benefits	01.01.2013	none
IAS 27	Separate Financial Statements	01.01.2013	none
IAS 28	Investments in Associates	01.01.2013	none
	Improvements to IFRS - minor amendments to a number of standards (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34)	01.01.2013	no material effects
IAS 32	Financial Instruments: Presentation - Offsetting a financial asset and a financial liability	01.01.2014	none
IFRS 9	Financial Instruments	01.01.2015	no material effects

2.2 Scope of consolidation

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

	Equity share	Share of equity interest (IFRS) in kEUR	
matina GmbH, Munich	100%	155	(private label business)
bitiba GmbH, Munich	100%	209	(second-brand business)
zooplus service Ltd., Oxford, England	100%	428	(service company for the UK)
logistik service center s.r.o., Mimon, Czech Republic	100%	-24	(online pharmacy)
zooplus italia s.r.l., Genoa, Italy	100%	10	(service company for Italy)
zooplus polska sp. z.o.o., Cracow, Poland	100%	29	(service company for Poland)
zooplus services ESP S.L., Madrid, Spain	100%	5	(service company for Spain)
zooplus Pet Supplies Import and Trade Ltd., Istanbul, Turkey	100%	-55	(sales company for Turkey)

At the start of the financial year 2013, logistik service center s.r.o., Mimon, Czech Republic, was in liquidation. The company is due to be completely liquidated as planned in the financial year 2013.

The following subsidiaries have been included in the consolidated annual financial statements:

- the wholly owned subsidiary zooplus EE TOV, Kiev, Ukraine with equity of kEUR 10 and founded in the second quarter 2011.
- the wholly owned subsidiary zooplus france s.a.r.l., Strasbourg, France, with equity of kEUR 50 and founded in December 2012.
- the wholly owned subsidiary zooplus Nederland B.V., Rotterdam, the Netherlands, which was founded in November 2012. The equity of kEUR 10 has not yet been paid in.

These three companies did not conduct any business activities during the financial year 2012 and are therefore not included in the scope of consolidation due to their lack of importance. zooplus france s.a.r.l. launched its business activities at the start of the financial year 2013.

2.3 Consolidation

Subsidiaries are all companies over which the Group exercises control of financial and business policies. This usually corresponds with holding 50% or more of the voting rights in the company. The assessment of whether a controlling position exists takes into account the existence and impact of potential voting rights which are currently exercisable or convertible. The Group also checks if a controlling situation exists if the parent company holds less than 50% of the voting rights, but has the opportunity to control the business and financial policies due to a de-facto controlling position. A de-facto controlling position can for instance exist through voting rights agreements or increased minority rights. Subsidiaries are included in the consolidated financial statements (full consolidation) as of the point in time

control has been transferred to the Group. They are then excluded from the scope of consolidation at the point in time when this control ends. The successful exclusion from the scope of consolidation is correspondingly disclosed in the consolidated statement of comprehensive income.

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

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

Any contingent consideration is valued at the fair value on the acquisition date. Subsequent changes to the fair value of a contingent consideration, which is deemed to be an asset or liability, will be recognized in accordance with IAS 39, and the resultant profit or loss either recorded in profit and loss or in other comprehensive income.

A contingent consideration which is recognized in equity is not remeasured and its subsequent settlement shall be accounted for within equity.

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

No subsidiaries were purchased in the financial year 2012. The company exclusively undertook founding procedures.

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

2.4 Segment reporting

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

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

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

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

2.5 Foreign currency conversion

2.5.1 Functional currency and reporting currency

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

2.5.2 Transactions and balances

Foreign currency transactions are converted using the exchange rates at the time of the transaction or at the time of valuation for revaluations in the functional currency. Profits and losses resulting from the execution of such transactions as well as from the translation of foreign currency denominated monetary assets and liabilities, are recorded in the income statement unless they are to be recorded in equity as qualified cash flow hedges and qualified net investment hedges. There were no net investment hedges in the financial year 2012.

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

2.5.3 Group companies

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

- Assets and liabilities are translated using the exchange rate on the reporting date for every balance sheet date.
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effects of the rates prevailing on the transaction dates in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognized as a separate item within other reserves in equity.

- Goodwill and adjustments to fair value arising from the acquisition of foreign companies are treated as assets and liabilities of the foreign company and translated at the exchange rate on the balance sheet date. All resulting exchange differences are recognized in equity.

2.6 Property, plant and equipment

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

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

Cost does not include any borrowing costs, as no borrowing costs were incurred. Advance payments made for property, plant and equipment not yet supplied or taken delivery of are recognized under property, plant and equipment.

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

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

Both residual carrying amounts and useful lives are reviewed on every balance sheet date and adjusted as necessary. The carrying amount of an asset is immediately written off as soon as it is above the recoverable amount of the asset.

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

2.7 Intangible assets

2.7.1 Goodwill

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

Goodwill is allocated to the cash-generating units (CGU) as part of the impairment test. It is allocated to the CGUs or groups of CGUs that are expected to benefit from the business combination which created the goodwill in line with the identified business segments. Every unit or group of units which has goodwill allocated to it represents the lowest level within the company at which the goodwill can be monitored for internal management purposes.

The goodwill is monitored on the level of the business segments.

Annual checks are made of whether an impairment in the goodwill has occurred. If there is an indication that an impairment may be possible, impairment tests are conducted more regularly. The carrying amount of the goodwill is compared with the recoverable amount, i.e. with the higher of the fair value less costs to sell and the value in use. An impairment is recognized as an expense immediately and not reversed in subsequent reporting periods. The original goodwill originally created as part of the company acquisition of logistic service center s.r.o. was written down to the tune of kEUR 21 in the financial year 2012 due to the planned abandonment of the business activities and the company's entry into liquidation at the end of 2012. Detailed explanations of this are provided in Note 6.

2.7.2 Software licenses

Purchased software licenses are capitalized based on the costs incurred on purchase as well as for the preparation of the software for its intended use. These costs are amortized over the estimated useful life of 3 to 5 years.

2.7.3 Software developed in-house

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

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

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

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

Capitalized development costs for software are amortized over their estimated useful life (maximum of three years).

2.8 Impairment of non-monetary assets

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

2.9 Financial assets

2.9.1 Classification

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

2.9.1.1 Financial assets valued at fair value through profit or loss

Financial assets valued at fair value through profit or loss are financial assets held for trading purposes. A financial asset is allocated to this category if it was primarily purchased with the purpose of selling it in the short term. Derivatives are also classified in this category, unless they qualify as hedges. Assets in this category are reported as current assets if the realization of the asset is expected within twelve months. All other assets are classified as non-current. In the financial years 2011 and 2012, there were no financial assets of the category.

2.9.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or ascertainable payments that are not traded in an active market. They are classified as current assets if their maturity does not exceed twelve months after the balance sheet date. If the latter is the case, they are recognized as non-current assets. The loans and receivables of the Group are reported in the balance sheet under "Accounts receivable and other receivables" and "Cash and cash equivalents" (Notes 2.14 and 2.15).

2.9.1.3 Available-for-sale financial assets

Financial assets available for sale are non-derivative financial assets which are allocated to this category or none of the other categories presented. They are classified as non-current assets if the management does not have the intention of selling them within twelve months of the balance sheet date and the asset does not mature within this period. In the financial years 2011 and 2012, other non-current financial assets were allocated to this category.

2.9.2 Recognition and measurement

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

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

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

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

Interest received from the application of the effective interest method for securities in the category "Available for sale" is recorded in the income statement under "Other income". Dividends on equity instruments available for sale are recognized through profit and loss in the income statement under "Other income" when the rights of the Group become valid on payment.

2.10 Offsetting of financial instruments

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

2.11 Impairment of financial instruments

2.11.1 Assets valued at amortized cost

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

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

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

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

2.11.2 Assets which are classified as available for sale

On every balance sheet date, the company assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of debt instruments, criteria from "(2.11.1)" are used. In the case of equity instruments which are classified as financial assets available for sale, a substantial or continuous fall in the fair value below the acquisition cost of these equity instruments is seen as an indicator that the equity instruments are impaired. If an indication of this type exists for assets available for sale, the accumulated loss - measured as the

difference between the acquisition costs and the current fair value less impairment losses previously recorded for the financial asset in question - is derecognized from equity and recognized in the income statement. Impairment losses on equity instruments once recognized in the income statement are not reversed in profit or loss. If in a subsequent period, the fair value of a debt instrument, which was classified as a financial asset available for sale, increases and this increase results from circumstances which have occurred after the initial recognition of the impairment, the write-up is recognized in profit or loss.

2.12 Derivative financial instruments and hedging

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

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

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

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

The fair value of derivative financial instruments designated as hedging instruments is disclosed as a non-current asset or non-current liability, to the extent that the remaining term of the hedged underlying transaction exceeds 12 months after the balance sheet date, or as current asset or liability if the remaining term is shorter. Derivative financial instruments held for trading purposes are disclosed as current assets or liabilities.

Cash flow hedges

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

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

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

2.13 Inventories

Raw materials, consumables and operational supplies as well as items for resale are measured at the lower of costs of purchase and net realizable value. Costs of purchase are the purchase price plus incidental acquisition costs less reductions to the acquisition price, and do not contain any borrowing costs. The net realizable value is the estimated selling price in the ordinary course of business less the variable costs necessary to make the sale. The cost for inventories also contains profits or losses from qualified cash flow hedges transferred from equity and relating to the purchase of raw materials. Because of the high stock turnover and the corresponding short time items for resale are held in stock, these are effectively measured according to FIFO (first in first out).

2.14 Accounts receivable

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

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

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

2.15 Cash and cash equivalents

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

2.16 Equity

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

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

Convertible preferred shares are broken down into debt and equity components based on the contractual conditions. For issues of convertible preferred shares, the fair value of the debt component is determined using a market interest rate for comparable non-convertible bonds. This amount is recorded as a financial liability measured at amortized cost (less transaction costs) until it is derecognized as a result of conversion or a buy-back. The amount of the proceeds from the issue in excess of this amount is recorded under equity as a conversion option after the deduction of transaction costs. The carrying amount of the conversion option remains unchanged in following years.

2.17 Trade payables and other liabilities

Trade payables are payment obligations for goods and services purchased as part of the normal course of business. The liabilities are classified as current liabilities if the payment obligation is due within one year or less. Otherwise they are recognized as non-current liabilities.

Trade payables and other liabilities are measured at fair value on initial recognition. Subsequent measurement is made at amortized cost by applying the effective interest method. Financial liabilities are divided into the following categories.

- Financial assets valued at fair value through profit or loss
- Liabilities valued at amortized cost
- Other liabilities

The category "Derivatives designated as hedge transactions and effective as such" is also used.

2.18 Financial debt

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

2.19 Borrowing costs

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

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

No capitalized borrowing costs currently exist.

2.20 Current and deferred taxes

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

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

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

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

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

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

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

2.21 Employee benefits

2.21.1 Termination benefits

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

2.21.2 Bonus plans

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

2.21.3 Share-based remuneration

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

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

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

2.22 Provisions

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

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

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

2.23 Revenue recognition / Recognition of income

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

When goods are sold, sales are recognized if the delivery was performed and the risks have been transferred to the purchaser. Sales arising from the sale of goods are recognized at net value, i.e. after the deduction of VAT, returns, early payment and volume discounts and rebates. It is common Group business practice that the purchaser has the right to return the goods. Goods returned by customers after the reporting date are entered so as to reduce sales. Provisions are formed for any outstanding or uncertain returns.

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

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

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

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

2.24 Financial income

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

2.25 Leases

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

Finance leases, for which all general property-based risks and opportunities connected with respect to the transferred asset are assigned to the Group, did not exist during 2012, with the result that no finance leases had to be capitalized.

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

2.26 Business transactions after the balance sheet date

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

3. Financial risk management

3.1 Financial risk factors

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

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

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

3.1.1 Market risk

3.1.1.1 Currency risk

The group operates internationally and as a result it is subject to currency risks based on changes in the exchange rate of various foreign currencies, mainly the US dollar, British pound, Czech koruna, Polish zloty and Swiss franc. Currency risks occur from expected future transactions, recognized assets and liabilities. The management has enacted a guideline which stipulates how the currency risk should be managed in relation to the functional currency. To hedge foreign currency risks from expected future transactions as well as recognized assets and liabilities, the Group uses forward exchange transactions which are concluded by the Group's finance department. The Group is increasingly attempting to limit these currency risks by buying products locally in foreign currency zones. Exchange-rate risks occur if future business activities or recognized assets or liabilities are recorded in a different currency than the company's functional currency. The group's risk management policy plans hedging of between 0% and 60% of the expected transactions within the next twelve months (mainly export sales and purchases of inventory) in the currencies GBP and USD. The expected sales and purchases which are to be carried out using hedging instruments correspond with the hedge accounting criteria of the "highly probable" forecast transaction.

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

Currency	1 MU FC = EUR Exchange rate as of December 31, 2012	Effect on consolidated net result for -10 % (in kEUR)	Effect on consolidated net result for +10 % (in kEUR)	Effect on other reserves for -10 % (in kEUR)	Effect on other reserves for +10 % (in kEUR)
USD	0.7567	2,270	-2,270	576	-472
GBP	1.2220	-1,405	1,405	-838	686
PLN	0.2452	-1,216	1,216	0	0
CZK	0.0398	-917	917	0	0
DKK	0.1340	-718	718	0	0
CHF	0.8280	-353	353	0	0

3.1.1.2 Interest rate risks

The Group currently only uses overdrafts and current money-market loans. Interest rate risks exist if the current level of interest rates increases. No hedges have been put in place for the interest rate risk, as the impact is regarded as minor. If interest rates were to rise by 100 basis points, this would result in additional expenses of kEUR 53, while a fall in interest rates by 100 basis points would result in additional income of kEUR 53.

3.1.1.3 Credit risk

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

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

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

3.1.1.4 Liquidity risk

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

The Group aims to preserve a balance between constantly covering its liquidity requirements and ensuring flexibility through the use of overdrafts and loans. Sometimes, zooplus employs cross-national cash pooling techniques for effective liquidity management within the Group. Where appropriate, remaining short-term liquidity peaks are balanced by the use of overdrafts. On the date that these consolidated financial statements were prepared, unused lines of credit worth EUR 15 m were available. As a result, the Group does not currently have any liquidity risks.

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

in kEUR	Up to 3 months	3 months up to 1 year	Over 1 year
As of December 31, 2012			
Financial debt	2,000	0	0
Trade payables	16,847	0	0
Other liabilities	2,643	0	0
Derivative financial instruments	152	141	0
As of December 31, 2011			
Financial debt	16,000	0	0
Trade payables	11,386	0	0
Other liabilities	2,413	0	0
Derivative financial instruments	0	0	0

3.2 Capital management

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

The company is not subject to any statutory capital requirements. External minimum capital requirements exist in line with Section 92 AktG, adherence to which is checked as part of the preparation of the annual and interim financial statements and which were fulfilled in the financial year 2012.

The Group controls its capital structure based on the equity ratio and undertakes the relevant adjustments if deemed necessary, taking the change in the underlying economic conditions into account. Unchanged from 2011, the Group's strategy in 2012 was to maintain the equity ratio at least 25%. In 2012, the Group's equity ratio totaled 52% compared to 47% in the previous year.

in kEUR	2012	2011
Equity	33,894	35,522
Total capital	65,353	75,093
Equity ratio in %	52 %	47 %

3.3 Determining fair value

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

- Level 1: The market prices (unadjusted) used on an active market for identical assets and liabilities
- Level 2: Including data, excluding the market prices stated in level 1, which is either directly or indirectly observable (i.e. can be derived from the price) for the assets and liabilities
- Level 3: Data for the assets and liabilities is not exclusively derived from market data

The following table shows the assets and liabilities that are measured at fair value as of December 31, 2012.

in kEUR	Level 1	Level 2	Level 3
Assets			
Derivative financial instruments as hedging instruments	0	78	0
Liabilities			
Derivative financial instruments as hedging instruments	0	294	0

As of December 31, 2011, there were no assets and liabilities which were measured at fair value.

The fair value of financial instruments which are traded on the active market is based on the market price trading on the balance sheet date. A market is regarded as active when listed market prices are easily and regularly available on the stock market, from a trader, broker, an industry group, a pricing service or a supervisory body and these market prices correspond to current and regular transactions between third parties. For assets held by the Group, the appropriate quoted market price corresponds with the buying price offered by the buyer. These instruments are contained in level 1 and largely consist of investments, classified as securities or assets available for sale, from the DAX, FTSE-100 and Dow Jones.

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

Specific measurement methods used for the measurement of financial instruments include:

- the market or trading prices of the same instruments used on an active market;
- the market value of interest rate swaps calculated using observable return curves with the anticipated present value of the future cash flows;
- the market value of forward exchange transactions is calculated with the forward exchange rate of the balance sheet date and the result is then reported at the discounted present value and other measurement methods as well as the discounted cash flow analysis are used for the remaining financial instruments.

4. Significant estimates and discretionary decisions

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

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

Accounts receivable

The company applies age structure time bands to determine specific valuation allowances on accounts receivable. The overdue time bands are impaired by a percentage based on past empirical data. As of December 31, 2012 and 2011, the impairment for accounts receivable totaled EUR 3.7 m and EUR 3.9 m respectively.

Loyalty program

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

Share-based payments

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

Deferred tax

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

The Group has corporation tax losses carried forward totaling EUR 24.7 m (2011: EUR 22.5 m) as well as trade tax losses carried forward totaling EUR 24.1 m (2011: EUR 22.5 m). These are exclusively at zooplus AG, which recorded positive earnings in 2007, 2008 and 2010. As a result of the consolidated net profit in the past as well as the future corporate forecast and the existing opportunities to carry forward losses, the Management Board believes that it will be possible to use these losses carried forward in full. If actual results differ from the Management Board's expectations, this could have a negative impact on the net assets, financing position and results of operations. Further details on deferred taxes can be found in Note 8.

5. Property, plant and equipment

	in kEUR
Cost as of January 1, 2011	2,038
Additions	764
Additions from initial consolidation	28
Foreign currency valuation	-1
Disposals	-253
as of December 31, 2011	2,576
Accumulated depreciation as of January 1, 2011	1,335
Additions	428
Foreign currency valuation	0
Disposals	0
as of December 31, 2011	1,763
Carrying amount as of December 31, 2011	813

	in kEUR
Cost as of January 1, 2012	2,576
Additions	348
Foreign currency valuation	0
Disposals	-98
As of December 31, 2012	2,826
Accumulated depreciation as of January 1, 2012	1,763
Additions	399
Foreign currency valuation	0
Disposals	-16
As of December 31, 2012	2,146
Carrying amount as of December 31, 2012	680

Property, plant and equipment consists exclusively of fixtures, fittings and equipment at the company's premises. The company does not have any finance leases. There were no signs of impairment on the reporting date.

6. Intangible assets

in kEUR	Software developed in-house	Software / licenses	Goodwill	Advance payments	Total
Cost as of January 1, 2011	535	835	0	0	1,370
Additions	0	212	0	0	212
Additions from initial consolidation	0	9	21	0	30
Foreign currency valuation	0	0	0	0	0
Disposals	0	0	0	0	0
as of December 31, 2011	535	1,056	21	0	1,612
Accumulated depreciation as of January 1, 2011	175	578	0	0	753
Additions	178	168	0	0	346
Foreign currency valuation	0	0	0	0	0
Disposals	0	0	0	0	0
as of December 31, 2011	353	746	0	0	1,099
Carrying amount as of December 31, 2011	182	310	21	0	513

in kEUR	Software developed in-house	Software / licenses	Goodwill	Advance payments	Total
Cost as of January 1, 2012	535	1,056	21	0	1,612
Additions	0	1,695	0	250	1,945
Foreign currency valuation	0	0	0	0	0
Disposals	0	0	0	0	0
As of December 31, 2012	535	2,751	21	250	3,557
Accumulated depreciation as of January 1, 2012	353	746	0	0	1,099
Additions	126	172	0	0	298
Foreign currency valuation	0	1	0	0	1
Goodwill impairment	0	0	21	0	21
Disposals	0	0	0	0	0
As of December 31, 2012	479	919	21	0	1,419
Carrying amount as of December 31, 2012	56	1,832	0	250	2,138

Intangible assets solely comprise goodwill, concessions, industrial property rights and similar rights and licenses to such rights of which the remaining useful life is up to three years. Amortization on development costs recorded as expenses in the income statement during the financial year totaled kEUR 126 (2011: kEUR 178). There were no further development costs. No research costs are incurred.

The significant rise in software / licenses resulted from the purchase of licenses for a new transaction system for shop, order management and finance management. There are no restrictions to the rights of disposal for the intangible assets. Furthermore no material intangible assets have been pledged as collateral for debts.

The goodwill totaling kEUR 21 resulted from the initial consolidation of logistic service center s.r.o. in the financial year 2011 and it was written down in the financial year 2012. Logistik service center s.r.o. entered liquidation at the start of the financial year 2013 and this process will be completed in the financial year 2013.

There were no further signs of impairment on the reporting date.

7. Other financial assets

in kEUR	2012	2011
Interests in associated companies	70	20
Total	70	20

The interests in associated companies encompass

- the wholly owned subsidiary zooplus EE TOV, Kiev, Ukraine with equity of kEUR 10 and founded in the second quarter 2011.
- the wholly owned subsidiary zooplus france s.a.r.l., Strasbourg, France, with equity of kEUR 50 and founded in December 2012.
- the wholly owned subsidiary zooplus Nederland B.V., Rotterdam, the Netherlands, which was founded in November 2012. The equity of kEUR 10 has not yet been paid in.

These three companies did not conduct any business activities during the financial year 2012 and are therefore not included in the consolidated financial statements due to their lack of importance. zooplus france s.a.r.l. launched its business activities at the start of the financial year 2013.

In accordance with IAS 39, the interests are classed as an available-for-sale financial asset and recognized on the balance sheet at the cost of purchase, as no market prices exist for a publicly accessible market in this case. There is no intention of selling the interests.

8. Taxes on income

The significant components of income tax expense for the financial years 2012 and 2011 are as follows:

in kEUR	2012	2011
Actual taxes on income		
Current taxes on income	-176	-118
Deferred taxes on income		
from temporary differences	39	66
from losses carried forward	581	2,541
Total	444	2,489

In order to identify current taxes in Germany, a uniform corporation tax rate of 15 % (previous year: 15 %) is applied with a solidarity surcharge of 5.5 % (previous year: 5.5 %) to distributed and retained profits. In addition to corporation tax, trade tax was charged for the profits generated in Germany. Taking into account the possibility of deducting the trade tax as an operating expense, there is an average trade tax rate of 17.15 %. This results in a total tax rate in

Germany of approx. 33 %. When calculating the deferred tax assets and liabilities, the tax rates are used that apply on the date the asset is realized or the liability is fulfilled. Deferred tax assets and liabilities are measured using the total tax rate of 33 %.

The calculation for converting the income tax to the product of the profit / loss for the reporting period and the Group tax rate for the financial years 2012 and 2011 is as follows:

in kEUR	2012	2011
Pre-tax profit	-2,556	-8,474
Anticipated income tax expenses (32.98 %)	843	2,794
Deviation owing to the tax base used for trade tax	-46	68
Deviation from the expected tax rate	20	18
Losses carried forward without applying capitalized deferred taxes and impairments	-139	-65
Non-deductible expenses from stock options	-205	-194
Other non-deductible operating expenses	-150	-14
Permanent differences	129	5
Income taxes relating to other periods	-4	-118
Other deviations	-4	-5
Effective income tax expenses	444	2,489

Deferred tax on the balance sheet date had the following structure:

in kEUR	2012	2011
Deferred tax assets		
Intangible assets	0	2
Derivative financial instruments	71	0
Inventories	80	81
Losses carried forward	8,049	7,467
	8,200	7,550
Deferred tax liabilities		
Internally generated intangible assets	18	60

For 2012, deferred taxes as assets on losses carried forward and temporary differences were formed totaling EUR 8.2 m (previous year: EUR 7.5 m), although the respective company generated a tax loss in the current year or in the previous year, as the Group anticipates tax gains in future. Overall within the Group, domestic corporation tax losses carried forward

totalled EUR 24.7 m (previous year: EUR 22.5 m), domestic trade tax losses carried forward came in at EUR 24.1 m (previous year: EUR 22.5 m) while foreign trade tax losses carried forward totalled EUR 0.7 m (previous year: EUR 0.5 m). No deferred tax assets were formed on foreign losses carried forward totaling EUR 0.7 m (previous year: EUR 0.5 m).

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

9. Inventories

in kEUR	2012	2011
Raw materials, consumables and supplies	755	800
Merchandise	31,530	24,735
Total	32,285	25,535

Raw materials, consumables and supplies consist in general of packaging for the mail order trade. As of the balance sheet date, the inventories were impaired by kEUR 225. The company's inventories are used as security for securing the loans received.

10. Advance payments

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

11. Accounts receivable

All accounts receivable have a remaining term of up to one year and are not subject to interest. As a rule they are due within 30 days. There are no restrictions on the rights to dispose over them. The company's accounts receivable are used as security for securing the loans received.

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

in kEUR	Carrying amount	Not due and not impaired	Overdue and not impaired			Overdue and impaired
			< 30 days	30 - 90 days	> 90 days	
2012	12,953	6,832	1,421	362	197	4,141
2011	10,226	4,226	1,080	303	215	4,402

As of December 31, 2012, receivables totaling kEUR 3,655 (previous year: kEUR 3,868) were impaired. The company applies age structure time bands to determine impairments on accounts receivable. The overdue time bands are impaired by a percentage based on past empirical data. With regard to overdue but non-impaired receivables, there are no indications that the debtors will not fulfill their payment obligations.

The impairment account changed as follows:

in kEUR	2012	2011
Balance on January 1	3,868	3,741
Additions	1,423	1,425
Utilization	-1,636	-1,298
Balance on December 31	3,655	3,868

12. Other current assets

in kEUR	2012	2011
Creditors with net debit balance	6,301	3,803
VAT receivable	1,936	4,673
Advance payments	0	600
Others	784	945
Others	9,021	10,021

Creditors with net debit balance refers to claims against suppliers due to advertising and marketing campaigns as well as volume discounts carried out in the financial year. All other current assets have a term of up to one year.

13. Derivative financial instruments

in kEUR	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Forward exchange transactions – cash flow hedges	78	294	0	0

The derivative financial instruments held in hedge accounting are classified as current assets or liabilities, as the hedging horizon is less than one year. The derivative financial instruments refer to cash flow hedges for hedging the risk of foreign currency fluctuations in USD and GBP. The hedges use forward exchange transactions. No inefficiencies were detected in the hedging as of December 31, 2012.

The nominal amounts of outstanding forward exchange contracts totaled EUR 13.1 m as of December 31, 2012. The transactions hedged by the hedging activities in foreign currencies with a high probability of occurrence are expected to be realized at various points during the next nine months. Profits and losses of future agreements in foreign currencies as of December 31, 2012, which are reported in the hedging reserve in equity, are recorded in the income statement in the period in which the hedged, planned transaction becomes effective in the income statement. In general, this will occur in the next nine months.

As of December 31, 2012, the hedging reserve includes the change of the fair value totaling kEUR -216 plus deferred tax effects totaling kEUR 71, which corresponds to a total of kEUR -145.

14. Cash and cash equivalents

in kEUR	2012	2011
Bank balances	2,977	23,463
Cash on hand	3	3
Total	2,980	23,466

Bank balances are subject to variable interest for demand deposits.

In the previous year, the level of funds used to support the consolidated cash flow comprised the above-mentioned cash and cash equivalents less current overdraft liabilities. Cash flows from operating activities were prepared according to the indirect method.

15. Equity

Subscribed capital

The subscribed capital corresponds to zooplus AG's share capital and totals EUR 6,100,639.00 (previous year: EUR 5,631,138.00) It has been fully paid and comprises no-par bearer shares, each with a theoretical interest of EUR 1.00 in the share capital.

In the financial year 2012, zooplus AG's subscribed capital increased as a result of the subscribing of a total of 469,261 shares as part of a capital increase from subscribed capital as well as the allocation of a total of 240 shares from the conditional capital 2007 / I from EUR 5,631,138.00 by a total of EUR 469,501.00 to EUR 6,100,639.00.

Approved capital

As a result of the resolution by the General Meeting on May 22, 2012, the Management Board is authorized, with the approval of the Supervisory Board, to increase the company's share capital on one or several occasions during the period until May 21, 2017 against cash or non-cash capital contributions by up to a total of EUR 3,050,19.00 by issuing new, no-par value bearer shares with a notional interest in the share capital of EUR 1.00 per share (Approved Capital 2012).

The Management Board is authorized, with the approval of the Supervisory Board, to remove shareholders' statutory subscription rights in the following cases: (1) For fractional amounts; (2) In order to place the new shares on an organized market in connection with the admission of all of the company's shares; (3) When the capital is increased against cash capital contributions and the total pro rata amount of share capital represented by the new shares in respect of which the shareholders' subscription rights are excluded does not exceed 10% of the company's share capital existing either at the time the authorization is entered in the commercial register or at the time the new shares are issued and the issue price of the new shares is not substantially (within the meaning of section 203 [1] and [2] and section 186 [3] sentence 4 AktG) below the trading price of listed shares of the same class carrying the same rights at the time when the Management Board finally determines the issue price; for the purpose of calculating the 10% threshold, the pro rata amount of share capital represented by any new or repurchased shares that were issued or sold after April 25, 2008 subject to the simplified exclusion of shareholders' subscription rights pursuant to or in accordance with section 186 (3) sentence 4 AktG and the pro rata amount of share capital to which any conversion or option rights or obligations relate under bonds that were issued on or after April 25, 2008 by applying section 186 (3) sentence 4 AktG mutatis mutandis must be deducted; (4) Insofar as it is necessary to exclude subscription rights in order to grant bearers of convertible bonds or warrants issued by zooplus AG or its subsidiaries subscription rights to new shares to the extent that they would be entitled after exercising their warrants or conversion rights or after fulfilling conversion obligations; (5) For capital increases against non-cash capital contributions to grant shares as part of business mergers and for the purpose of acquiring companies, parts of companies or equity interests in companies.

The Management Board is entitled to finalize further details regarding the execution of capital increases from Approved Capital 2012 in conjunction with the Supervisory Board.

With the approval of the Supervisory Board, the Management Board passed a resolution on November 17, 2011 to increase the company's share capital to a nominal EUR 469,261.00 through a partial utilization of the Approval Capital 2008 / I by issuing up to 469,261 new, no-par value bearer shares with a notional interest in the share capital of EUR 1.00 per share. The capital increase was registered on January 9, 2012. The remaining authorized capital 2008 / I totaling EUR 507,715.00 was revoked following a resolution by the General Meeting on May 22, 2012.

Conditional capital

After completing the share option program ESOP 2004 / 2005, Conditional Capital 2004 / I was no longer required to secure subscription rights and was therefore revoked following a resolution by the General Meeting on May 22, 2012.

The company's share capital was conditionally increased by EUR 9,700.00 (Conditional Capital 2007 / I) after being adjusted to the capital increase from company resources on the balance sheet date. Conditional Capital 2007 / I currently backs rights for the subscription of up to 9,700 no-par value bearer shares and serves to secure subscription rights from stock options for the company's employees. The conditional capital increase is only to be executed to the extent that the holders of the subscription rights issued as a result of the authorization resolution by the Annual General Meeting on April 27, 2007 in the version dated July 20, 2007 as part of the 2007 / I stock option program exercise their subscription rights for shares of the company and the company does not grant its own shares to satisfy the subscription rights.

The company's share capital was conditionally increased by a further EUR 420,000.00 (Conditional Capital 2010 / I) after being adjusted to the capital increase from company resources on the balance sheet date. Conditional Capital 2010 / I currently backs rights for the subscription of up to 420,000 no-par value bearer shares.

Conditional Capital 2010 / I serves to secure subscription rights from stock options for employees and members of the company's Management Board. The conditional capital increase is only to be executed to the extent that the holders of the subscription rights issued as a result of the authorization resolution by the Annual General Meeting on May 27, 2010 as part of the 2010 / I stock option program exercise their subscription rights for shares of the company and the company does not grant its own shares to satisfy the subscription rights.

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

As of December 31, conditional capital after being adjusted to the capital increase from company resources was structured as follows:

in EUR	2012	2011
Conditional Capital 2004 / I or III*	0.00	2,920.00
Conditional Capital 2007 / I*	9,700.00	9,940.00
Conditional Capital 2010 / I*	420,000.00	420,000.00
Conditional Capital 2012 / I	100,000.00	0.00
Total	529,700.00	432,860.00

* After adjustment to the capital increase from company resources

Capital reserves

As of December 31, 2012, the capital reserves totaled EUR 49,389,582.73. The increase in the capital reserves came about from the initial entry of expenses in connection with the employee stock option plan (see further information under Note 16) and the premium from the conditional capital increase performed in the financial year from authorized capital and entered into the commercial register. On the balance sheet date these were structured as follows:

in kEUR	2012	2011
Capital reserves paid during financing rounds	43,031	23,828
Converted shareholder loans	4,820	4,820
Capital increase from company resources	-2,809	-2,809
Capital reserves from increases out of conditional capital	2,048	2,048
Debentures / employee share options	2,300	1,678
Total	49,390	29,565

Other reserves

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

in kEUR	2012	2011
Hedge reserve	-145	0
Currency adjustment items	18	11
Total	-127	11

Profit / loss for the period and losses carried forward

in kEUR	2012	2011
Losses carried forward as of January 1	-19,357	-13,372
Profit / loss for the period	-2,112	-5,985
Losses carried forward as of December 31	-21,469	-19,357

16. Share-based payments

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

in kEUR	2012	2011
Expenses for executives	409	409
Expenses for employees	213	180
Total costs	622	589

Employee stock option program

On the basis of the resolution of the Annual General Meeting of April 27, 2007, the Management Board passed a resolution on June 29, 2007 with the agreement of the Supervisory Board with regard to the employee Share Option Program 2007 / I and the corresponding granting of share options with a right to subscribe for shares of the company. Each option entitles the bearer to subscribe for ten zooplus AG bearer shares at a nominal value of EUR 1.00 per share. The subscription price is EUR 1.00 per share. According to the Share Option Program 2007 / I, certain employees of zooplus AG are authorized to purchase a total of up to 9,700 individual shares in the company. The options can only be converted to shares. The option rights can only be exercised two years after the options have been granted at the earliest. After this period has elapsed, 50 % of the rights can be exercised immediately in one tranche and the rest at

a rate of 1 / 24 after each further month has elapsed (waiting period). The options must be exercised seven years after their issue date at the latest. The subscription rights on share options can only be exercised if specific performance goals are achieved.

On the basis of the resolution of the Annual General Meeting on May 27, 2010, the Management Board passed a resolution on June 15, 2010 with the agreement of the Supervisory Board with regard to the employee Share Option Program 2010 / I and the corresponding granting of share options with a right to subscribe for shares of the company. According to the Share Option Program 2010 / I, the Management Board and Supervisory Board can authorize certain employees of zooplus AG to purchase a total of up to 170,000 individual shares in the company. The share options are issued in two tranches, with each linked to a different performance goal. Each option entitles the bearer to subscribe for two zooplus AG no-par value bearer shares at a nominal value of EUR 1.00 per share. The exercise price per share corresponds to the volume-weighted 1-month average price of the company share in Xetra trading (or a functionally comparable successor system) on the Frankfurt Stock Exchange before the issuing date of the share options less a reduction of 5%, however at least the highest exercise price of all share options already issued as part of the Share Option Program 2010 / I. The option rights can only be exercised four years after the options have been granted at the earliest. The subscription rights on share options can only be exercised if specific performance goals are achieved. It is possible to exercise the subscription rights within three years, starting with the expiry of the waiting period.

Option plan for executives

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

All options can only be converted into equity instruments.

The fair value of the granted share options is determined by applying the Black & Scholes model at the time they were granted and by taking the conditions under which the share options were granted into account. The following model parameters were used for the calculation:

	Stock option program (SOP)			
	2004 / 2005	2007 / I	2010 / I ¹⁾	2010 / I ²⁾
Average share price (EUR)	6.13	7.51	37.70	25.10
Expected volatility (%)	50	30	36	46
Risk-free interest rate (%)	4.0	4.5	2.2	1.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Anticipated maturity of the options (years)	3.0	3.5	5.5	5.5

¹⁾ 1st issue in 2010

²⁾ 2nd Issue in 2012

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

The stock options changed as follows:

	Stock option program (SOP)		
	2007 / I*	2010 / I**	2012 / I***
Outstanding at the beginning of the reporting period	324	169,000	0
Lapsed in the reporting period	0	-4,000	0
Exercised in the reporting period	-24	0	0
Granted in the reporting period	0	23,000	0
Outstanding at the end of the reporting period	300	188,000	0

* One option authorizes the purchase of 10 shares

** One option authorizes the purchase of 2 shares

*** One option authorizes the purchase of one share

The prices for exercising the options for the shares outstanding on December 31, 2012 were between EUR 1.00 and EUR 17.50 per share. The weighted average share price on the date the options were granted was EUR 30.00 (previous year: EUR 28.67).

At the end of the reporting period, 300 (previous year: 324) options can be exercised. The weighted average remaining contractual term for the stock options outstanding on December 31, 2012 was 1.68 years (previous year: 2.71 years).

17. Trade payables

Trade payables have a term of up to one year and are not subject to interest payments. Payment periods usually vary between 14 and 30 days.

18. Financial debt

in kEUR	2012	2011
Short-term bank loans	2,000	16,000
Total	2,000	16,000

The company has lines of credit totaling EUR 17.0 m with no definite maturity. As of the balance sheet date December 31, 2012, EUR 2.0 m of this total was drawn on (previous year: EUR 16.0 m). As part of this line of credit, the company was utilizing a one-month money market loan of EUR 2.0 m with an interest rate based on Euribor plus 250 basis points. The loans are collateralized according to standard banking practice using the overall transfer of inventories, global cessions for customer receivables and assignment of insurance claims for merchandise as well as several intangible assets. In addition, there is a covenant which includes a minimum equity ratio of 25 %.

19. Other current liabilities

in kEUR	2012	2011
Tax liabilities		
VAT	4,119	5,317
Salary and church taxes	237	144
Subtotal	4,356	5,461
Other sundry liabilities		
Debtors with net credit balance	2,545	2,206
Bonus payments, discounts	707	489
Outstanding invoices	735	389
Employee vacation obligations	319	255
Costs of preparing the annual financial statements and audit costs	55	73
Others	373	561
Subtotal	4,734	3,973
Total	9,090	9,434

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

20. Provisions

in kEUR	Loyalty rewards	International duties	Returns	Others	Total
as of January 1, 2011	1,913	0	144	50	2,107
Additions	987	777	201	2	1,967
Reversal	765	0	0	0	765
Utilization	1,148	0	144	50	1,342
as of December 31, 2011	987	777	201	2	1,967
as of January 1, 2012	987	777	201	2	1,967
Additions	1,722	0	369	138	2,229
Reversal	0	24	0	0	24
Utilization	987	753	201	2	1,943
as of December 31, 2012	1,722	0	369	138	2,229

Provisions for as yet unredeemed bonus points from the customer loyalty program totaled kEUR 1,722 as of December 31, 2012. To calculate these provisions, the redeemable bonus points according to the applicable participation conditions on the balance sheet date December 31, 2012 were determined and measured taking into account past redeeming rates as well as the fair value of a bonus point based on the sale prices of the products available in the loyalty program. The increase is largely based on the growth of the company.

In the previous year, saving plans purchased by customers but not yet used were reported within other provisions at kEUR 511. A change to accounting has been made in the financial year 2012. Saving plans already purchased but not yet used are reported within deferred items. To aid comparability, the previous year total of kEUR 511 was also reported in deferred items.

All provisions are current. A cash inflow during the current financial year 2013 is anticipated.

21. Deferred items

Deferred items contains saving plans already purchased by customers but not yet used totaling kEUR 913 (previous year: kEUR 511). In the previous year, this amount was reported under other provisions. To aid comparability, the previous year total of kEUR 511 was also reported in deferred items.

22. Sales

in kEUR	2012	2011
Germany	129,416	114,648
France	49,464	35,204
Netherlands	28,173	20,887
Great Britain	21,529	14,471
Italy	18,466	12,594
Spain	15,775	12,732
Austria	11,258	8,897
Poland	9,644	5,820
Belgium	8,175	4,665
Finland	6,838	4,506
Other countries	20,498	10,372
Total	319,236	244,796

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

66% of the sales were generated from the sale of feed. The remaining 34% is attributable to accessories.

23. Other income

in kEUR	2012	2011
Income from marketing services	14,356	9,573
Income from reminder charges	454	464
Compensation payments	0	875
Other income	1,506	1,353
Total	16,316	12,265

Other income includes income from the reversal of provisions and income from exchange rate differences.

24. Personnel Costs

in kEUR	2012	2011
Wages and salaries	12,524	10,536
Social security deductions and expenses for pension provisions and other benefits	2,420	1,719
Total	14,944	12,255

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

On average, 217 people were employed during the financial year (excl. Management Board; previous year: 191). Of this amount, 45 employees worked in Operations, 52 in IT, 87 in Sales and Marketing, and 33 in Administration.

25. Other expenses

in kEUR	2012	2011
Logistics & fulfillment	76,799	63,454
Advertising	15,291	14,836
Payment transaction costs	4,820	4,219
Legal and advisory costs	1,310	768
Other various operating expenses	10,021	11,272
Total	108,241	94,549

In the financial year under review, losses from currency conversion totaling kEUR 774 (previous year: kEUR 594) were recognized through profit or loss. The other various operating expenses include expenses for customer service, IT services, technology, room rental, insurance and other administrative expenses.

26. Financial income and expenses

in kEUR	2012	2011
Interest income and similar income	73	3
Interest expenses and similar expenses	-68	-913
Total	5	-910

27. Earnings per share

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

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

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

		2012	2011
Consolidated net result	EUR	-2,112,078.74	-5,984,537.06
Weighted ave. no. of ordinary shares in circulation	No. of shares	6,088,904	5,618,432
Dilution effect			
Share options	No. of shares	n / a ¹	n / a ¹
Weighted ave. no. of ordinary shares in circulation			
adjustment for the effects of dilution	No. of shares	n / a ¹	n / a ¹
Undiluted earnings per share	EUR / share	-0.35	-1.07
Diluted earnings per share	EUR / share	-0.35	-1.07

¹ No dilution due to loss situation

The capital increase carried out in December 2011 was entered into the commercial register on January 9, 2012. As part of this capital increase, 469,261 no-par bearer shares, each with a theoretical interest of EUR 1.00 in the share capital, were issued.

28. Other financial obligations and contingent liabilities

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

Leasing agreements for office rents:

Up to one year	kEUR	1,447
Longer than one year and up to five years	kEUR	1,553
Longer than five years	kEUR	0

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

Up to one year	kEUR	1,512
Longer than one year and up to five years	kEUR	924
Longer than five years	kEUR	0

Other agreements (logistics services):

Up to one year	kEUR	10,770
Longer than one year and up to five years	kEUR	41,747
Longer than five years	kEUR	20,621

The annual rental costs for the Group's business premises were around kEUR 1,667 in 2012 (previous year: kEUR 1,692).

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

The other agreements largely relate to warehouse logistics agreements at the Hörselgau, Tilburg and Wrocław sites.

In addition, as of December 31, 2012, capital commitments for investment spending on intangible assets, for which contractual obligations exist as of the balance sheet date but have not yet been incurred, totaled kEUR 700 (previous year: kEUR 0).

There was no material litigation on the balance sheet date. Contingent liabilities from guarantees totaled kEUR 65. No claims are currently expected.

29. Related party disclosures

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

A participation in zooplus AG is held by Burda GmbH, Burda Digital Ventures GmbH and BDV Beteiligungen GmbH & Co. KG. zooplus AG is therefore included in the subgroup financial statements of Burda GmbH, Offenburg, as well as the consolidated financial statements of Hubert Burda Media Holding Kommanditgesellschaft, Offenburg. The consolidated financial statements are submitted to the operator of the electronic Federal Gazette for publishing. In the financial year, no reportable affairs took place at zooplus AG Group companies in connection with the controlling company or its affiliates.

30. Securities

As of December 31, 2012 and December 31, 2011, the Group did not hold any securities.

31. Additional information on financial instruments

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

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

in kEUR	Measurement category	Carrying amount		Fair value	
		2012	2011	2012	2011
Financial assets					
Accounts receivable	LaR	9,299	6,358	9,299	6,358
Other financial assets	AfS	70	20	n / a	n / a
Other current assets	LaR	6,743	4,315	6,743	4,315
Derivative financial instruments	n / a	78	0	78	0
Cash and cash equivalents	LaR	2,980	23,466	2,980	23,466
Total		19,170	34,159	19,100	34,139
Financial liabilities					
Financial debt	FLaC	2,000	16,000	2,000	16,000
Trade payables	FLaC	16,847	11,386	16,847	11,386
Derivative financial instruments	n / a	294	0	294	0
Other current liabilities	FLaC	2,643	2,413	2,643	2,413
Total		21,784	29,799	21,784	29,799

LaR (Loans and Receivables)

AfS (Available for Sale)

FLaC (Financial Liability at Cost)

The market values of the cash and cash equivalents, accounts receivable, current assets, trade payables and other current payables as of December 31, 2012 and 2011 correspond to their carrying amounts. This is primarily due to these instruments' short terms.

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

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

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

in kEUR	Measurement category	Carrying amount		Fair value	
		2012	2011	2012	2011
Financial assets					
Loans and Receivables	LaR	19,022	34,139	19,022	34,139
Available for Sale	Afs	70	20	n/a	n/a
Financial liabilities					
Financial Liability at amortized Cost	FLaC	21,490	29,799	21,490	29,799

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

in kEUR	2012	2011
Loans and Receivables (Wertberichtigung)	-1,423	-1,425
Financial Liability at amortized Cost (Zinsen)	-66	-608
Total	-1,489	-2,033

32. Events after the balance sheet date

At the start of the financial year 2013, logistic service center s.r.o. Mimon, Czech Republic, entered liquidation. The company is due to be completely liquidated as planned in the financial year 2013.

At the start of the financial year 2013, zooplus concluded a new warehouse logistics agreement with a service provider. In future, primarily customers in Eastern and Central Europe will be served from Wrocław.

33. Executive bodies

Members of the Management Board:

- Dr. Cornelius Patt, CEO and Chairman
- Florian Seubert, CFO, Finance, legal and controlling
- Andrea Skersies, CMO, Marketing and sales
- Guido Bienhaus, CIO, IT (left the Management Board as of July 31, 2012)

The Management Board's emoluments in 2012 including all perquisites are all short-term and amounted to kEUR 1,225 (previous year: kEUR 1,424). In addition, zooplus AG granted the members of its Management Board a permanent advance payment (kEUR 41) to cover their expenses. The company does not provide individualized details of the Management Board's remuneration. The Management Board was exempted from the disclosures pursuant to Section 314 (1) no. 6a, sentences 5 - 8 of the German Commercial Code (HGB) by resolution of the General Meeting on May 22, 2012.

Members of the Supervisory Board:

During the entire 2012 financial year, the Supervisory Board consisted of the following members:

- Michael Rohowski, Managing Director of Burda Direkt Services GmbH, Offenburg
- Frank Seehaus, Managing Director of Acton Capital Partners GmbH, Munich (Deputy Chairman)
- Dr. Norbert Stoeck, Freelance corporate consultant

The General Meeting on May 22, 2012 resolved to increase the number of members of the Supervisory Board from three to six members, and elected the following additional members:

- Dr. Jörg Lübcke, Managing Director of Burda Digital GmbH, Munich,
- Dr. Rolf-Christian Wentz, Freelance corporate consultant, Bonn
- Stefan Winners, Management Board member of Hubert Burda Media Holding Kommanditgesellschaft, Munich.

In 2012, the Supervisory Board received remuneration of kEUR 102 (previous year: kEUR 20).

34. Auditors' fees

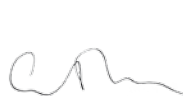
In the financial year under review, the auditor's fees for the Group and individual financial statements amounted to kEUR 130 (previous year: kEUR 115) and were recognized as expense.

35. Declaration with respect to corporate governance

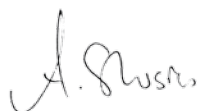
zooplus AG's corporate governance declaration based upon section 161 of the German Stock Corporation Act (AktG) and in accordance with the German Governance Code has been published and can be accessed online under <http://investors.zooplus.com/de/ir/cgk>.

Munich, March 18, 2012

Management Board



Dr. Cornelius Patt



Andrea Skersies



Florian Seubert

Declaration of the legal representatives

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

Munich, March 18, 2013



Dr. Cornelius Patt



Florian Seubert



Andrea Skersies

Auditors' opinion

We have audited the consolidated financial statements prepared by the zooplus AG, comprising the consolidated balance sheet, the consolidated statement of comprehensive income, the group cash flow statement, the group statement of changes in equity and the notes to the consolidated financial statements, together with the group management report for the business year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with the IFRSs, as adopted by the EU, and / or the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB ("Handelsgesetzbuch": German Commercial Code) is the responsibility of the parent Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

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

Our audit has not led to any reservations.

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

Munich, March 18, 2013

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Aktiengesellschaft
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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 41 to 43. We do not assume any obligation to update the forward-looking statements contained in this report.



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