

zooplus



3-Monthly Report

2017

Highlights of the first three months 2017

**Sales increase by 24 % to EUR 257 m
(Q1 2016: EUR 208 m)**

European market leadership in online retailing expands further

**Earnings before taxes (EBT) rise to EUR 3.4 m
(Q1 2016: EUR 2.9 m)**

Figures include costs for expansion of logistics infrastructure and set up of additional IT development capacity

**Company confirms sales and earnings targets
for the full year 2017**

Sales of at least EUR 1.125 bn and EBT in the range of EUR 17 m to EUR 22 m expected



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To the Shareholders

The zooplus AG share

Stock chart zooplus AG: January 2 to March 31, 2017



The share

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

At the beginning of the 2017 trading year, the leading indices in Germany continued their rise. Share price performance, however, continued to be influenced by political developments and central bank decisions as in the previous year. The SDAX index, which is the small cap index relevant for zooplus, increased in Xetra trading by

6.02% compared to the last closing price of 2016. This increase compared to the DAXsubsector All Retail Internet industry index, which rose by only 0.80%. zooplus shares were able to outperform both of these benchmark indices ending the quarter 13.29% higher at EUR 137.65 on March 31, 2017 compared to their closing price of EUR 121.50 on December 30, 2016. The shares reached a low in the quarter of EUR 121.50 on January 9, 2017 and on March 29, 2017 marked a high of EUR 143.05, just a week following the publication of the zooplus financial results for the 2016 financial year.

The company's market capitalization on the reporting date based on the outstanding number of shares on this date of 7,060,902 amounted to EUR 971.93 m.

Analyst coverage

Institution	Analyst	Date	Recommendation	Price target (EUR)
Baader Bank	Bosse, Volker	20 / 4 / 2017	Buy	150.00
Berenberg	Scheufler, Julia	29 / 3 / 2017	Hold	150.00
Commerzbank	Riemann, Andreas	20 / 4 / 2017	Buy	158.00
Deutsche Bank	Naizer, Nizla	23 / 3 / 2017	Hold	135.00
Hauck & Aufhäuser	Dannenberg, Lars	24 / 4 / 2017	Hold	145.00
Kepler Cheuvreux	Mauder, Nikolas	25 / 4 / 2017	Buy	191.00
Bankhaus Lampe	Schlienkamp, Christoph	20 / 4 / 2017	Hold	136.00
montega	Buss, Timo	24 / 3 / 2017	Buy	150.00
ODDO Securities	Decot, Martin	26 / 1 / 2017	Hold	137.00
quirin Bank	Marinoni, Ralf	12 / 1 / 2017	Sell	105.00
Warburg Research	Kleibauer, Thilo	20 / 4 / 2017	Hold	149.00

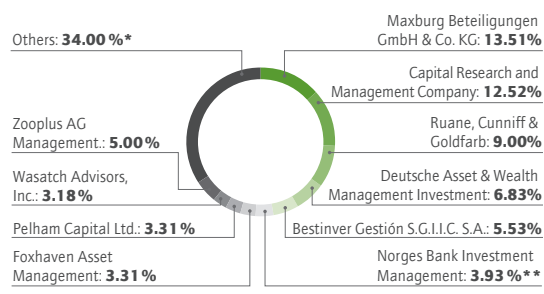
Key data

WKN	5111 70
ISIN	DE0005111702
Ticker symbol	Z01
Trading segment	Regulated market (Prime Standard)
Class of shares	No par-value ordinary bearer shares
Share capital in EUR as of December 31, 2016	7,060,902.00
Share capital in EUR as of March 31, 2017	7,060,902.00
Number of shares as of March 31, 2017	7,060,902
Initial listing	May 9, 2008
Initial issue price*	EUR 13.00
Share price as of December 30, 2016	EUR 121.50
Share price as of March 31, 2017	EUR 137.65
Percentage change (since December 30, 2016)	+13.29%
Period high	EUR 143.05
Period low	EUR 121.50

Closing prices in Deutsche Börse AG's Xetra trading system

*Taking into account capital increase from company resources in July 2011

Shareholder structure



As of May 2, 2017

Share ownership according to the published voting rights notifications

* Free float of 86.49% according to the definition of Deutsche Börse

** Including equity instruments

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

2017 financial calendar

May 31, 2017	2017 Ordinary Annual General Meeting
July 20, 2017	Preliminary sales figures for H1 2017
August 22, 2017	Publication of the 2017 Half-Year Report
October 19, 2017	Preliminary sales figures for Q3 2017
November 15, 2017	Publication of the 2017 9M Report

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Interim Group management report

Interim group management report as of March 31, 2017

1. Business report

A. Business performance and economic environment

a. Group structure and business activities

i. Business divisions

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

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

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

zooplus generates sales from selling products out of its central fulfillment centers located in Hörselgau, Germany; Tilburg, Netherlands; Wrocław, Poland; and Chalon-sur-Saône, France. In addition, a smaller fulfillment center in Strasbourg processes certain types of orders for the French and German markets. The Group began operating a fulfillment center in Antwerp, Belgium, in the fourth quarter of 2016 and a smaller fulfillment center in Coventry, Great Britain, in the first quarter of 2017. This expansion in capacity provides zooplus a logistical infrastructure it needs to achieve its planned future growth.

The locations of the central warehouses enable the company to ensure fast and efficient deliveries and maintain a high degree of general product availability for its customers across Europe. "Final-mile" deliveries to end customers are made using national and international parcel service providers.

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

ii. Markets

zooplus operates in 30 countries across Europe through a variety of localized and cross-national online shops. The company estimates that the gross total market volume in the European pet supplies segment in 2016 was roughly EUR 26 bn. According to the company's proprietary estimates, zooplus AG is the clear online market leader in terms of sales and active customer base by a wide margin in both the European high-volume markets of Germany, France, the Netherlands, Spain and Italy and across Europe as a whole. The company also estimates that it is the fastest growing company in its sector.

As of May 2017, zooplus operated a total of 25 localized online shops. In addition to the five high-volume markets mentioned above, the company also operates online shops in the United Kingdom, Belgium, Denmark, Finland, Ireland, Croatia, Austria, Poland, Romania, Slovakia, Switzerland, Slovenia, Sweden, the Czech Republic, Hungary, Portugal, Bulgaria, Norway, Greece and Turkey. This effectively makes zooplus the sector's dominant provider in the online segment across Europe by a substantial margin compared to smaller local and national competitors.

Next to its zooplus brand, the Group also operates under its bitiba brand, which is a discount concept with a limited range of products already available in 14 countries.

iii. Key influential factors

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

Evolution of the European pet supplies market

According to the German Pet Trade & Industry Association (Zentralverband zoologischer Fachbetriebe Deutschland e.V.), the European pet supplies market currently equals a total gross market volume of approximately EUR 26 bn. The high-volume markets of Germany, France, the United Kingdom, Spain, the Netherlands and Italy alone account for some EUR 18 bn of this total.

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

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

For 2017, zooplus forecasts market growth of roughly 2 % to 3 % in Europe. In Germany, around one-third of all households own one or more pets. zooplus assumes that the other key high-volume European markets are at a similar level. Changes in the market are brought about by changes in the animal population, the shift in sales

towards higher value products and categories within the food and accessories segments ("premiumization") and the increasing "humanization" of pets.

Thanks to recurring patterns of demand, especially in the pet food segment, the pet supplies market has very low seasonality. For example, around 84 % of the total demand at zooplus relates to pet food itself, which means the Group enjoys exceptionally stable medium to long-term demand.

Development of online retailing

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

Over the past several years, e-commerce has continued to gain significance as an ever more important distribution channel for retailers. According to publications by the German Retail Federation (Handelsverband Deutschland), B2C e-commerce sales in Germany will amount to roughly EUR 49 bn in 2017, corresponding to a year-on-year increase of 11 %. Further growth in European online retailing appears more than likely, particularly given the inherent advantages of online retailing compared to existing bricks-and-mortar retail concepts such as a broader product range and more convenient shopping. In addition, logistics service providers and parcel services are making a significant

effort to make their services more flexible and further improve their quality of service for end customers, which will also provide an added boost to the online market's growth momentum. Based on these trends, independent market observers such as Statista expect online retailing to continue to enjoy annual double-digit percentage growth rates in the years to come.

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

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

iv. Competitive position

Advantage over online competitors

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

In contrast to both of these groups, zooplus has the advantage that its size and market leadership in Europe give it the structural capacity to reap crucial benefits from higher efficiency and economies of scale that are not equally available to smaller providers. This structural advantage in areas such as purchasing, private label

development, logistics, technology, customer service and marketing is the basis for zooplus's confidence in its competitive position. Other relative advantages such as brand recognition and the Group's financial strength also play a role.

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

Advantages over bricks-and-mortar competitors

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

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

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

v. Group structure

As of March 31, 2017, the Group's scope of fully consolidated companies included zooplus AG, Munich, and the following subsidiaries:

Subsidiary	Interest in share capital	Business activity
MATINA GmbH, Munich, Germany	100 %	Private label business
BITIBA GmbH, Munich, Germany	100 %	Secondary brand business
zooplus services Ltd., Oxford, Great Britain	100 %	Service company for Great Britain
zooplus italia s.r.l., Genoa, Italy	100 %	Service company for Italy
zooplus polska Sp. z o.o., Krakow, Poland	100 %	Service company for Poland
zooplus services ESP S.L., Madrid, Spain	100 %	Service company for Spain
zooplus france s.a.r.l., Strasbourg, France	100 %	Service company for France
zooplus Nederland B.V., Tilburg, the Netherlands	100 %	Service company for the Netherlands
zooplus Pet Supplies Import and Trade Ltd., Istanbul, Turkey	100 %	Sales company for Turkey

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

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

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

zooplus AG was managed by the following Management Board members during the 2017 financial year and as of March 31, 2017:

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

The Management Board is advised and controlled by the Supervisory Board. During the 2017 financial year and as of March 31, 2017, the Supervisory Board consisted of the following members:

- Christian Stahl (Chairman of the Supervisory Board), freelance entrepreneur in the investment business, London, United Kingdom
- Moritz Greve, Partner and Managing Director of Maxburg Capital Partners GmbH, Munich, Germany (Deputy Chairman)
- Dr. Norbert Stoeck, freelance corporate consultant, Munich, Germany
- Henrik Persson, founder and manager of Sprints Capital Management Ltd., London, United Kingdom
- Karl-Heinz Holland, freelance business consultant, Oberstenfeld, Germany
- Ulric Jerome, Director of MatchesFashion Limited (MatchesFashion.com), London, United Kingdom

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

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

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

- Continuing sales growth in all European markets
- Further penetrating existing regional markets
- Defending and expanding market leadership
- Expanding the customer base and securing high customer loyalty in all European markets
- Further improving the total cost ratio

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

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

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

c. Technology and development

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

In the past, proprietary systems and highly specialized software solutions in all key company segments have played a decisive role in the success of zooplus AG and the zooplus Group. From today's perspective, these systems and solutions will remain a fundamental building block to reaching the company's goals. The existing proprietary systems will be enhanced using standardized systems to meet the Group's specific requirements at all times.

B. Net assets, financial position and results of operations

a. Financial and non-financial performance indicators

i. Financial performance indicators

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

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

The performance indicator for the financial position is the equity ratio. The key ratios are calculated at the Group level in accordance with IFRS.

ii. Non-financial performance indicators

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

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

b. Business performance Q1 2017

i. The economy and overall market

There continues to be a risk that the euro debt crisis and currency exchange risks within and outside of Europe will have a considerable adverse impact on Europe's real economy. It is also not yet clear what the additional risks and consequences might be from the Brexit vote and its aftermath. Although the German economy has largely been able to decouple from the rest of the eurozone, it cannot be ruled out that negative economic developments may have an impact on zooplus AG's

business in the future. It is also not yet clear how protectionist tendencies will affect the international trade in goods and, consequently, overall economic growth and consumer purchasing power. The management believes that the development of the specific industry and online retailing environment in the respective individual markets will still have a much stronger influence on zooplus AG than the general economic environment described above.

ii. Performance of the zooplus Group in the reporting period

The Management Board is pleased with the ongoing positive performance of the zooplus Group in the first three months of 2017 and expects the Group to achieve its 2017 financial year targets for sales and earnings before taxes (EBT) set out at the beginning of the year. The Group continued further on its growth path achieving 24% higher sales in the first three months of 2017 compared to the previous year. The Group was also able to gain market share versus its competitors.

After the first three months of 2017, the Management Board confirms its forecast for sales of at least EUR 1,125 m and earnings before taxes (EBT) in the range of EUR 17 to 22 m.

zooplus was also able to maintain a very high level of customer loyalty in the first three months of 2017. The ratio for measuring customer loyalty remained at the level of the previous year. Reductions in expenses for logistics and fulfillment, marketing, payment transactions, as well as in other costs, were also achieved as a result of efficiency gains and economies of scale. In addition, zooplus was able to generate an improvement in other operating income in the form of higher refunds for marketing. As a result of these effects, zooplus generated earnings before taxes (EBT) of EUR 3.4 m in the first three months of 2017 (Q1 2016: EUR 2.9 m), which is equivalent to a year-on-year increase of EUR 0.5 m.

c. Results of operations

i. Development of sales and other operating income

As the European market leader according to the company's own assessment, zooplus was able to continue to increase its sales in the first three months of 2017 by 23.6% to a total of EUR 256.9 m compared to EUR 207.8 m in the same period in 2016.

The drivers of this development were primarily the continued expansion in the customer base in all of the Group's geographic regions and the high level of customer loyalty (sales retention rate for existing customers). zooplus generated higher sales both in its business with existing customers and new customers. Both trends highlight and provide evidence of the sustainability of the company's business model.

The share of sales generated abroad amounts to 73%.

Other operating income in the first three months of 2017 increased to EUR 11.6 m compared to EUR 8.9 m in the same period of the previous year and represented a share of sales of 4.5% compared to 4.3% in the first three months of 2016. Sales consist solely of merchandise sales, whereas other operating income consists mainly of customary industry refunds for marketing and other compensation.

Sales of pet supplies are largely immune to seasonal fluctuations.

The trend in sales and other operating income clearly shows that zooplus, as the market leader, is profiting disproportionately more from the continuous migration of demand from the traditional bricks-and-mortar sales channels to online retailing. The company's continued double-digit growth in all regional markets has further solidified its strategic market position.

ii. Expense items

Expense items are shown in relation to sales, which is the company's key performance indicator.

Cost of materials

The company's cost of materials in the reporting period increased only slightly compared to the previous year. In the first three months of the 2017 financial year, the cost of materials ratio of 74.7% increased by 0.3 percentage points year-on-year (Q1 2016: 74.4%). This in turn resulted in a gross margin (sales less cost of materials) for the company of 25.3% in the first three months of 2017 compared to 25.6% in the same period in 2016. The development of the gross margin was caused by the continued rise in the share of the lower margin pet food business versus total sales and persistent intense competition in the field of e-commerce. The decline in the gross margin was fully offset by an improvement in other operating income from higher refunds for marketing and a decline in operating expense items within other expenses.

Personnel costs

Personnel costs in the first three months of 2017 increased to EUR 9.0 m compared to EUR 6.7 m in the same period of 2016. This rise resulted in an increase in the personnel cost ratio of 0.3 percentage points to 3.5% (in relation to sales). This increase resulted from the expansion in proprietary IT development capacity, which mainly occurred in the second half of 2016. The rise in personnel costs was also a result of higher non-cash expenses related to the 2016 stock option program.

Depreciation and amortization

Scheduled depreciation / amortization in the first three months of 2017 increased to EUR 1.0 m compared to EUR 0.2 m in the same period of 2016. This rise resulted from the scheduled amortization for modules of the new ERP system that were brought into operation at the start of the financial year, as well as depreciation caused by the capitalization of property, plant and equipment resulting from a finance lease.

Other expenses

During the reporting period, other expenses increased year-on-year from EUR 52.1 m to EUR 63.3 m. Other expenses mostly consist of logistics/fulfillment, marketing and payment transaction costs. Their percentage share of sales in the first three months of 2017 declined to 24.6% compared to 25.1% in the first three months of financial year 2016. This change is largely due to the efficiency gains and economies of scale achieved in the areas of logistics, marketing, customer acquisition, payment transactions and other costs.

Logistics and fulfillment costs

Logistics and fulfillment costs in the first three months of 2017 reached a level of 19.5% based on sales compared to 19.6% in the same period of the previous year. Thus, the company achieved an improvement in this cost ratio despite opening a new fulfillment center in Coventry, Great Britain, in the first quarter of 2017 and the continuation of the start-up phase of the fulfillment center opened in Antwerp, Belgium, in the fourth quarter of 2016. zooplus was also able to continue improving the efficiency of the existing logistics centers, including enhancements throughout the entire logistics network.

Marketing expenses

Despite a year-on-year rise in sales of 23.6% in the first quarter, expenses related to customer acquisition and marketing declined to 1.4% of sales in the first three months of 2017 compared to 1.6% in the same period in the prior year. The company was able to increase its sales in its business with existing as well as new customers. This is further confirmation of the high effectiveness of the company's marketing efforts.

Payment transaction expenses

Total payment transaction expenses in the first three months totaled EUR 2.5 m compared to EUR 2.2 m in the same period of the prior year, which equals a ratio to sales of 1.0% and is slightly below the previous year's level of 1.1%.

Others expenses

In addition to the expenses for logistics and fulfillment, marketing and payment transactions described above, other expenses in the reporting period included customer relationship service, office rentals, general administrative expenses, technology and other expenses incurred as part of the ordinary operating activities. Other expenses as a percentage of sales in the first three months of 2017 were 2.7% compared to 2.8% in the same period of 2016.

iii. Earnings development

In the first three months of 2017, zooplus generated earnings before taxes (EBT) of EUR 3.4 m (Q1 2016: EUR 2.9 m) by a year-on-year increase of EUR 0.5 m. The solid earnings performance was driven primarily by operating efficiency improvements, the continued effectiveness of the marketing strategy, ongoing strong sales growth and the rise in other operating income described above.

The consolidated net profit in the first three months of 2017 amounted to EUR 2.0 m (Q1 2016: EUR 1.8 m). Total comprehensive income amounted to EUR 1.1 m (Q1 2016: EUR 2.6 m) and differed from the consolidated net profit due to the hedge reserve of EUR –0.8 m and currency translation differences of EUR –0.1 m.

d. Net assets

Non-current assets as of March 31, 2017 amounted to a total of EUR 24.5 m compared to EUR 25.0 m as of December 31, 2016. The main components of this item are property, plant and equipment of EUR 15.4 m and intangible assets of EUR 9.1 m. Property, plant and equipment contains non-current assets resulting from the finance lease in the fulfillment center in Wrocław, Poland.

Current assets as of the March 31, 2017 reporting date amounted to EUR 181.4 m compared to EUR 182.6 m at the end of 2016. This change is mainly the result of the combination of the significant rise in cash and cash equivalents from EUR 54.9 m to EUR 70.5 million, the increase in advance payments from EUR 1.6 m to EUR 4.6 m and the rise in accounts receivable from EUR 19.2 m to EUR 19.6 m. This rise was partially offset by the decline in other current assets from EUR 25.6 m to EUR 14.6 m, the drop in inventory from EUR 78.8 m to EUR 70.7 m and the decline in derivative financial instruments from EUR 2.5 m to EUR 1.4 m.

Equity as of March 31, 2017 was higher than the level as of the December 31, 2016 reporting date and amounted to EUR 109.4 m. This resulted in an equity ratio of 53 % as of March 31, 2017, which was higher than the level at the end of 2016.

Accounts payable were lower as of March 31, 2017 declining to EUR 42.1 m compared to EUR 47.0 m at the end of 2016. Other liabilities increased from EUR 22.9 m to EUR 25.8 m and mainly consist of VAT liabilities.

Provisions as of March 31, 2017 were close to their level in the previous year and mainly consisted of provisions for bonus points from the customer loyalty program that were issued but not yet redeemed as well as from provisions for outstanding invoices and employee bonuses. One provision in the amount of EUR 1.7 m is long-term in nature.

Finance lease liabilities totaling EUR 12.6 m are related to future lease payments for leased items at the fulfillment center in Wrocław, Poland. A total of EUR 10.4 m of these liabilities is long-term in nature.

As in the previous year, financial liabilities did not exist as of March 31, 2017. The company continues to have access to flexible credit lines totaling EUR 40.0 m. zooplus AG is not required to provide any collateral for these credit lines.

Total assets as of March 31, 2017 totaled EUR 205.9 m and were slightly lower than their level of EUR 207.6 m as of December 31, 2016, allowing the company to maintain solid balance sheet ratios despite the growth in sales.

e. Financial position

Cash flows from operating activities in the reporting period reached a level of EUR 16.8 m compared to EUR 11.4 m in the first three months of 2016. Operating cash flow was mainly affected by earnings before taxes in the reporting period and the changes in working capital. Cash flows from investing activities amounted to EUR –0.5 m in the first three months of 2017 compared to EUR –1.1 m in the comparable period in 2016.

Free cash flow in the first three months of 2017 reached EUR 16.2 m compared to EUR 10.4 m in the same period in 2016.

A total of EUR –0.6 m in cash flows from financing activities was generated in the reporting period and was mainly the result of repayments of finance lease liabilities.

As a retail company, zooplus is subject to a considerable volatility when it comes to balance sheet and cash flow related items such as inventories, liabilities and VAT. This fact results in a much higher natural fluctuation in these figures throughout the year compared to the earnings figures presented.

f. Overall statement on the financial situation

With sales growth of 24 % to EUR 257 m in the reporting period coupled with a year-on-year improvement in earnings before taxes of EUR 0.5 m to EUR 3.4 m, the performance in the first three months of 2017 can be considered as very positive. It is also important to point out that the equity ratio as of the March 31, 2017 reporting date was at a level of 53 %.

2. Subsequent events

After the end of the first three months of 2017, no events of particular importance occurred that impact the net assets, financial position and results of operations.

3. Report on outlook, risks and opportunities

A. Outlook

In view of the latest forecasts, the underlying economic conditions are not expected to change materially in 2017. It remains to be seen what impact the Brexit decision will have on the EU member states and companies operating across Europe. Furthermore, it is impossible at this time to foresee the effect of protectionist tendencies on international trade in goods and therefore on overall economic growth and the purchasing power of consumers.

Irrespective of these factors, the company anticipates that the Internet will continue to grow in its importance as a sales channel (e-commerce) in the years ahead and expand at a faster rate than the market overall. zooplus will benefit substantially from these trends. The expectation for our pet supply segment is for slightly higher sales overall in 2017.

In summary, the company expects to achieve the following financial targets in the 2017 financial year:

- An increase in sales growth up to a level of at least EUR 1.125 bn
- Earnings before taxes (EBT) in a range of EUR 17 m to EUR 22 m

zooplus expects the following in terms of the year-on-year development of the key factors influencing the net assets, financial position and results of operations:

- a slight decline in the 2017 gross margin (in relation to sales)
- logistics and fulfillment costs as a percentage of sales in 2017 to remain at the prior year's level
- marketing expenses related to customer acquisitions remain stable in 2017 as a percentage of sales
- an equity ratio of between 40 % and 60 %
- another year in which the company maintains its leading market position in the online retailing of pet supplies
- a stable sales retention rate.

As in previous years, growth will be the priority in 2017. Sustainable positive earnings development will also remain a key element of the Group's strategy.

B. Risk report

The risk outlook for zooplus AG has not changed materially from the outlook described in the 2016 Annual Report (pages 61 to 66).

C. Opportunity report

The opportunities outlook for zooplus AG has not changed materially from the outlook described in the 2016 Annual Report (pages 66 to 67).

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Consolidated interim financial statements

Consolidated balance sheet as of March 31, 2017 according to IFRS

Assets

in EUR	31 / 03 / 2017	31 / 12 / 2016
A. NON-CURRENT ASSETS		
I. Property, plant and equipment	15,435,031.70	15,908,695.76
II. Intangible assets	9,053,677.05	9,026,342.57
III. Other financial assets	37,708.71	37,708.71
Non-current assets, total	24,526,417.46	24,972,747.04
B. CURRENT ASSETS		
I. Inventories	70,724,602.04	78,781,088.50
II. Advance payments	4,594,816.36	1,622,257.78
III. Accounts receivable	19,569,228.62	19,177,730.94
IV. Other current assets	14,577,849.15	25,642,573.18
V. Derivative financial instruments	1,366,921.10	2,455,023.80
VI. Cash and cash equivalents	70,537,145.60	54,923,661.37
Current assets, total	181,370,562.87	182,602,335.57
	205,896,980.33	207,575,082.61

Equity and liabilities

in EUR	31 / 03 / 2017	31 / 12 / 2016
A. EQUITY		
I. Subscribed capital	7,060,902.00	7,060,902.00
II. Capital reserves	95,218,755.39	94,810,944.46
III. Other reserves	269,459.04	1,147,161.06
IV. Profit for the period and profit carried forward	6,832,470.33	4,851,179.83
Equity, total	109,381,586.76	107,870,187.35
B. NON-CURRENT LIABILITIES		
I. Provisions	1,654,365.00	1,503,549.71
II. Deferred tax liabilities	167,909.36	689,068.25
III. Finance lease liabilities	10,398,242.19	10,948,431.91
Non-current liabilities, total	12,220,516.55	13,141,049.87
C. CURRENT LIABILITIES		
I. Accounts payable	42,093,776.61	46,987,788.05
II. Derivative financial instruments	33,257.80	0.00
III. Other current liabilities	25,807,685.69	22,861,443.11
IV. Tax liabilities	3,460,013.28	4,086,935.55
V. Finance lease liabilities	2,184,362.61	2,151,426.24
VI. Provisions	8,207,618.31	8,051,104.12
VII. Deferred income	2,508,162.72	2,425,148.32
Current liabilities, total	84,294,877.02	86,563,845.39
	205,896,980.33	207,575,082.61

Consolidated statement of comprehensive income from January 1 to March 31, 2017 according to IFRS

in EUR	Q1 2017	Q1 2016
Sales	256,909,147.22	207,792,298.24
Other income	11,649,147.56	8,928,006.56
Cost of materials	- 191,838,024.53	- 154,682,371.43
Personnel costs	- 8,996,993.39	- 6,740,978.61
of which cash	(- 8,589,182.46)	(- 6,597,488.57)
of which stock-based and non-cash	(- 407,810.93)	(- 143,490.04)
Depreciation and amortization	- 975,109.15	- 242,988.97
Other expenses	- 63,251,684.88	- 52,080,436.44
of which logistics / fulfillment expenses	(- 50,188,922.23)	(- 40,748,989.35)
of which marketing expenses	(- 3,515,673.42)	(- 3,322,046.46)
of which payment transaction expenses	(- 2,514,523.83)	(- 2,210,800.25)
of which other expenses	(- 7,032,565.40)	(- 5,798,600.38)
Earnings before interest and taxes	3,496,482.83	2,973,529.35
Financial income	14.25	158.25
Financial expenses	- 108,146.18	- 36,677.25
Earnings before taxes	3,388,350.90	2,937,010.35
Taxes on income	- 1,407,060.40	- 1,173,226.77
Consolidated net result	1,981,290.50	1,763,783.58
Other gains and losses (after taxes)		
Differences from currency translation	- 126,110.15	- 80,496.81
Hedge reserve	- 751,591.87	956,293.99
Items subsequently reclassified to profit or loss	- 877,702.02	875,797.18
Total comprehensive income	1,103,588.48	2,639,580.76
Earnings per share		
basic (EUR / share)	0.28	0.25
diluted (EUR / share)	0.28	0.25

Consolidated statement of cash flows from January 1 to March 31, 2017 according to IFRS

in EUR	Q1 2017	Q1 2016
Cash flows from operating activities		
Earnings before taxes	3,388,350.90	2,937,010.35
Adjustments for:		
Depreciation and amortization	975,109.15	242,988.97
Non-cash personnel costs	407,810.93	143,490.04
Other non-cash business transactions	- 132,069.72	- 80,496.81
Interest and similar expenses	108,146.18	36,677.25
Interest and similar income	- 14.25	- 158.25
Changes in:		
Inventories	8,056,486.46	5,087,982.28
Advance payments	- 2,972,558.58	- 1,844,092.98
Accounts receivable	- 391,497.68	- 2,734,194.62
Other current assets	11,064,724.03	5,124,468.77
Accounts payable	- 4,894,011.44	2,295,768.40
Other liabilities	2,946,242.58	- 528,863.78
Provisions	156,514.19	858,176.31
Non-current liabilities	150,815.29	0.00
Deferred income	83,014.40	147,771.18
Income taxes paid	- 2,190,055.93	- 254,292.56
Interest received	14.25	158.25
Cash flows from operating activities	16,757,020.76	11,432,392.80
Cash flows from investing activities		
Payments for property, plant and equipment / intangible assets	- 528,240.46	- 1,065,789.71
Cash flows from investing activities	- 528,240.46	- 1,065,789.71
Cash flows from financing activities		
Payments for the redemption of finance lease liabilities	- 517,253.35	0.00
Interest paid	- 108,146.18	- 36,677.25
Cash flows from financing activities	- 625,399.53	- 36,677.25
Currency effects on cash and cash equivalents	10,103.46	18,223.08
Net change of cash and cash equivalents	15,613,484.23	10,348,148.92
Cash and cash equivalents at the beginning of the period	54,923,661.37	45,530,788.75
Cash and cash equivalents at the end of the period	70,537,145.60	55,878,937.67
Composition of cash and cash equivalents at the end of the period		
Cash on hand, bank deposits	70,537,145.60	55,878,937.67

Consolidated statement of changes in equity as of March 31, 2017 according to IFRS

in EUR	Subscribed capital	Capital reserves	Other reserves	Net profit / loss for the period and profit / loss carried forward	Total
As of January 1, 2017	7,060,902.00	94,810,944.46	1,147,161.06	4,851,179.83	107,870,187.35
Increase from stock options	0.00	407,810.93	0.00	0.00	407,810.93
Currency translation differences	0.00	0.00	- 126,110.15	0.00	- 126,110.15
Net profit for Q1 / 2017	0.00	0.00	0.00	1,981,290.50	1,981,290.50
Hedge reserve	0.00	0.00	- 751,591.87	0.00	- 751,591.87
As of March 31, 2017	7,060,902.00	95,218,755.39	269,459.04	6,832,470.33	109,381,586.76
As of January 1, 2016	6,995,182.00	92,769,312.66	5,868.77	- 6,543,888.23	93,226,475.20
Increase from stock options	0.00	143,490.04	0.00	0.00	143,490.04
Currency translation differences	0.00	0.00	- 80,496.81	0.00	- 80,496.81
Net profit for Q1 / 2016	0.00	0.00	0.00	1,763,783.58	1,763,783.58
Hedge reserve	0.00	0.00	956,293.99	0.00	956,293.99
As of March 31, 2016	6,995,182.00	92,912,802.70	881,665.95	- 4,780,104.65	96,009,546.00

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Notes

Notes to the consolidated financial statements

Notes and explanations to the interim consolidated financial statements

Accounting principles

This three-month financial report as of March 31, 2017, was prepared in accordance with International Financial Reporting Standards as applicable in the European Union (EU). These consolidated financial statements comply with IAS 34 "Interim Financial Reporting".

The same accounting policies were applied as those applied to the consolidated financial statements for the financial year ended December 31, 2016.

Fair value disclosures

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

The table below shows financial instruments measured at fair value broken down into the levels of the fair value hierarchy. The different levels are defined as follows:

- Level 1: Unadjusted quoted prices on active markets for identical assets and liabilities
- Level 2: Directly or indirectly observable inputs that are not allocated to Level 1
- Level 3: Unobservable inputs

The following table shows the assets and liabilities measured at fair value on March 31, 2017:

kEUR	Level 1	Level 2	Level 3
Assets			
Derivative financial instruments as hedging instruments	0	1,367	0
Liabilities			
Derivative financial instruments as hedging instruments	0	33	0

The following table shows the assets and liabilities measured at fair value on December 31, 2016:

kEUR	Level 1	Level 2	Level 3
Assets			
Derivative financial instruments as hedging instruments	0	2,455	0
Liabilities			
Derivative financial instruments as hedging instruments	0	0	0

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

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

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

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

Additional information on financial instruments

The following table shows the carrying amounts and fair values of all financial instruments recognized in the consolidated financial statements and the allocation of assets, liabilities and some of the balance sheet items to measurement categories in accordance with IAS 39:

KEUR	Measurement category	Carrying amount		Fair value	
		31 / 03 / 2017	31 / 12 / 2016	31 / 03 / 2017	31 / 12 / 2016
Financial assets					
Accounts receivable	LaR	19,569	19,178	19,569	19,178
Other financial assets	AfS	38	38	n / a	n / a
Other current assets of which financial instruments pursuant to IFRS 7	LaR	13,082	22,487	13,082	22,487
Derivative financial instruments	n / a	1,367	2,455	1,367	2,455
Cash and cash equivalents	LaR	70,537	54,924	70,537	54,924
Total		104,593	99,082	104,555	99,044
Financial liabilities					
Accounts payable	FLaC	42,094	46,988	42,094	46,988
Other liabilities of which financial liabilities pursuant to IFRS 7	FLaC	5,077	4,474	5,077	4,474
Finance lease liabilities	n / a	12,583	13,100	12,583	13,100
Derivative financial instruments	n / a	33	0	33	0
Total		59,787	64,562	59,787	64,562

LaR (Loans and Receivables)

AfS (Available for Sale)

FLaC (Financial Liability at amortized Cost)

The market values of the cash and cash equivalents, accounts receivable, current assets, accounts payable and other current liabilities reported as of March 31, 2017 and December 31, 2016, correspond to their carrying amounts. This is mainly due to the short-term maturities of such instruments.

The measurement of other financial assets (interests in non-consolidated Group companies) cannot be based on an active market or a quoted price, and the fair value cannot be determined by other means. Therefore, the disclosure of fair value has been omitted. The company does not intend to sell these instruments.

All of the Group's financial liabilities are of a short-term nature with maturities of up to one year. Existing financial liabilities are repaid out of operating cash flows.

Aggregated by IAS 39 measurement categories, the Group's financial assets and liabilities are as follows:

kEUR	Measurement category	Carrying amount		Fair value	
		31 / 03 / 2017	31 / 12 / 2016	31 / 03 / 2017	31 / 12 / 2016
Financial assets					
Loans and receivables	LaR	103,188	96,589	103,188	96,589
Available for sale	AfS	38	38	n / a	n / a
Financial liabilities					
Financial liability at amortized cost	FLaC	47,171	51,462	47,171	51,462

Scope of consolidation

As of March 31, 2017, the Group's scope of fully consolidated companies comprised zooplus AG, Munich, and the following subsidiaries:

Subsidiary	Interest in share capital	Business activity
MATINA GmbH, Munich, Germany	100 %	Private label business
BITIBA GmbH, Munich, Germany	100 %	Secondary brand business
zooplus services Ltd., Oxford, Great Britain	100 %	Service company for Great Britain
zooplus italia s.r.l., Genoa, Italy	100 %	Service company for Italy
zooplus polska Sp. z o.o., Krakow, Poland	100 %	Service company for Poland
zooplus services ESP S.L., Madrid, Spain	100 %	Service company for Spain
zooplus france s.a.r.l., Strasbourg, France	100 %	Service company for France
zooplus Nederland B.V., Tilburg, the Netherlands	100 %	Service company for the Netherlands
zooplus Pet Supplies Import and Trade Ltd., Istanbul, Turkey	100 %	Sales company for Turkey

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

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

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

Segment reporting

The zooplus Group operates in only one business segment – the distribution and sale of pet supplies in the EU and other European countries. The products sold by the company are homogeneous and cannot be sub-divided. As an online retailer, the company offers its products centrally from one location irrespective of the end customers' geographic location. Consequently, there are no geographical segments as defined by IFRS. There is also no internal reporting by segment at present and, for this reason, the Group does not prepare segment reporting.

Earnings per share

Basic earnings per share is computed using the net profit for the period attributable to parent company shareholders divided by the weighted average number of ordinary shares outstanding during the reporting period. Consolidated net profit for the first three months of 2017 amounted to EUR 2.0 m (Q1 2016: EUR 1.8 m). The average number of shares outstanding in the first three months of 2017 was 7,060,902, resulting in basic earnings per share of EUR 0.28 (Q1 2016: EUR 0.25).

Diluted earnings per share is computed using the net profit for the period attributable to parent company shareholders divided by the weighted average number of ordinary shares outstanding during the reporting period plus any share equivalents that could lead to dilution. This computation results in notional earnings per share of EUR 0.28 (Q1 2016: EUR 0.25).

Information in accordance with Section 37w (5) of the WpHG

As with all of the company's regular interim reports, these interim financial statements and the interim management report have not been reviewed by an auditor.

German Corporate Governance Code

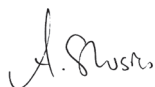
zooplus Aktiengesellschaft has submitted the declaration on the German Corporate Governance Code that is required under Section 161 of the German Stock Corporation Act (Aktiengesetz) and has made this declaration available to its shareholders on its website at <http://investors.zooplus.com/en/corporate-governance/corporategovernancestatement.html>.

Munich, May 18, 2017

The Management Board



Dr. Cornelius Patt



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The 3-Monthly report is also available in German. In case of discrepancies the German version prevails.

A digital version of this zooplus AG 3-Monthly report as well as the annual 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 for the realization of the future developments and results stated. The future developments and results are dependent on a wide range of factors. They encompass various risks and uncertainties, and are based upon assumptions as to future events that may not be accurate. Such factors include those discussed in the report on risks on page 14. We do not assume any obligation to update the forward-looking statements contained in this report.



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