zooplus

# Semi-annual Report 2012

Market leader. International. Growth.

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# Highlights of H1 2012

## Strong growth in sales and total sales

by 30 % and 28 % respectively year-on-year during H1.
Significant acceleration in growth during the second quarter.

## Substantial earnings improvement

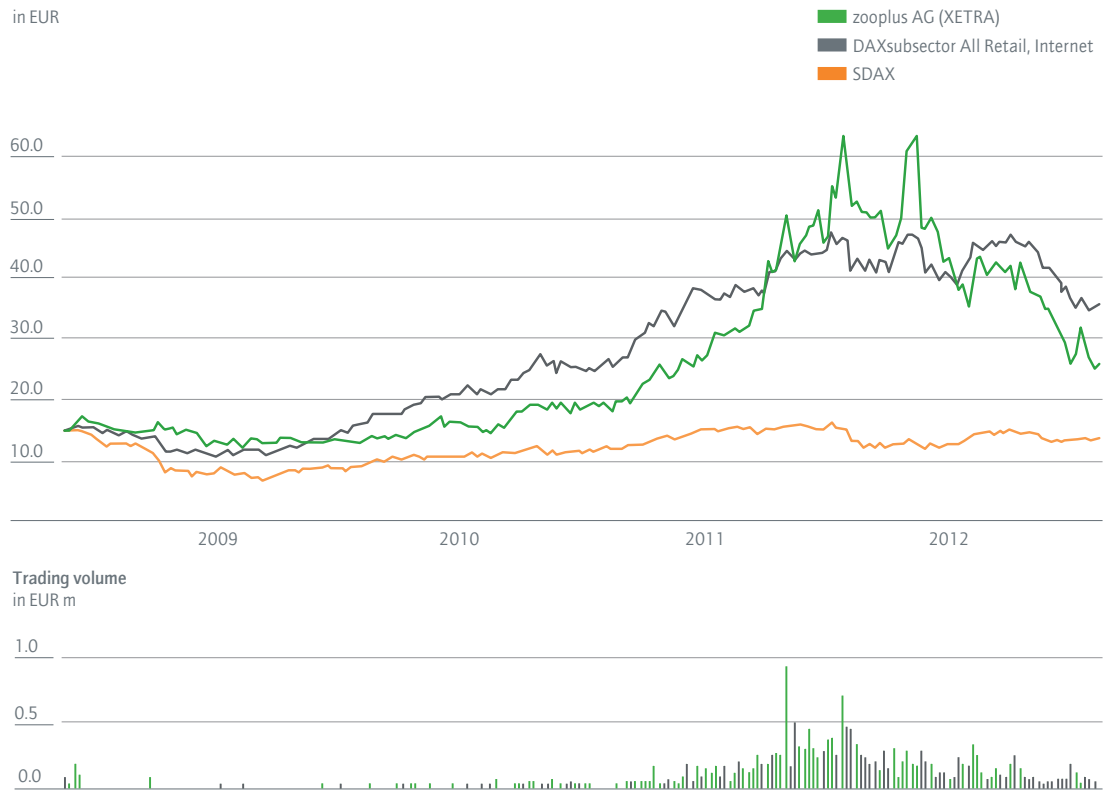
compared to the previous quarter during the company's traditionally most challenging second quarter.

## Equity ratio of 57 % is significantly above the 30 % - 40 % target corridor

and forms a strong basis for further growth.

# Share information

## Stock Chart zooplus AG: May 9, 2008 to August 6, 2012




## Overview

zooplus AG's shares were launched on 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 transferred onto the Prime Standard segment which requires the highest transparency and reporting standards in Germany. After a continuously positive development in market capitalization and trading volumes, the zooplus share ascended to the SDAX on June 29, 2011.

The zooplus share started 2012 at a price of EUR 45,115. As of the reporting date on June 30, 2012, the share was trading at EUR 25.80. This represents a decline of around 42.8 % compared to the start of the year. Overall, the share has recorded an around 98 % gain since its debut on the markets in May 2008. zooplus AG's market capitalization stood at around EUR 157 m on the balance sheet date, around EUR 78 m of which was attributed to the free float in accordance with Deutsche Börse AG's definition.

As part of the successfully implemented capital increase carried out in December 2011, 469,261 new no-par-value bearer shares with a notional interest of EUR 1.00 per share in the share capital were issued. The new shares were offered to the shareholders of zooplus AG as part of their direct subscription right at a ratio of 10:1 and a subscription price of EUR 42.00.

The capital increase was entered into the commercial register on January 9, 2012. The company's share capital consequently increased by EUR 469,261.00 from EUR 5,631,138.00 to EUR 6,100,399.00. Following the exercising of employee options, the share capital increased again as of June 30, 2012 by EUR 240 to EUR 6,100,639.00.

## General Meeting 2012

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 represented. The attendees concurred with the Management Board's report regarding business development in 2011 as well as the outlook for the current financial year. The draft resolutions, including the election of three new Supervisory Board members and the creation of a new authorized capital of EUR 3,050,199.00, were approved by a large majority of the voting rights.

### Key data

| | |
|---|---|
| WKN | 511170 |
| ISIN | DE0005111702 |
| Stock exchange 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 June 30, 2012 | 6,100,639.00 |
| Initial listing | 09.05.2008 |
| Initial issuing price* | EUR 13.00[1] |
| Share price at the start of the financial year* | EUR 45.115 |
| Share price as of June 30, 2012* | EUR 25.80 |
| Percentage change | -42.81 % |
| Period high* | EUR 48.975 |
| Period low* | EUR 24.995 |

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

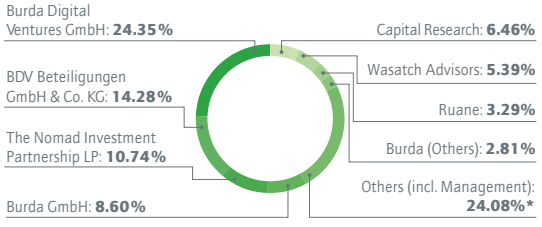
### Analysts

| Institution | Analyst | Date | Recommendation | Target price (EUR) |
|---|---|---|---|---|
| Berenberg | Alexandra Schlegel, Gunnar Cohrs | 03.08.2012 | Hold | 27.00 |
| Commerzbank | Dennis Schmitt, Florian Treisch | 20.07.2012 | Buy | 55.00 |
| Close Brothers Seydler | Martin Decot | 21.05.2012 | Buy | 45.00 |
| Citigroup | Erofili Tziveli, Lambros Papadopoulos | 25.04.2012 | Neutral | - |
| Viscardi | Robert Willis | 05.01.2012 | Sell | 25.00 |
| Hauck & Aufhäuser | Sascha Berresch | 25.11.2011 | Hold | 46.00 |
| Numis Securities | Andrew Wade | 18.11.2011 | Buy | 60.00 |

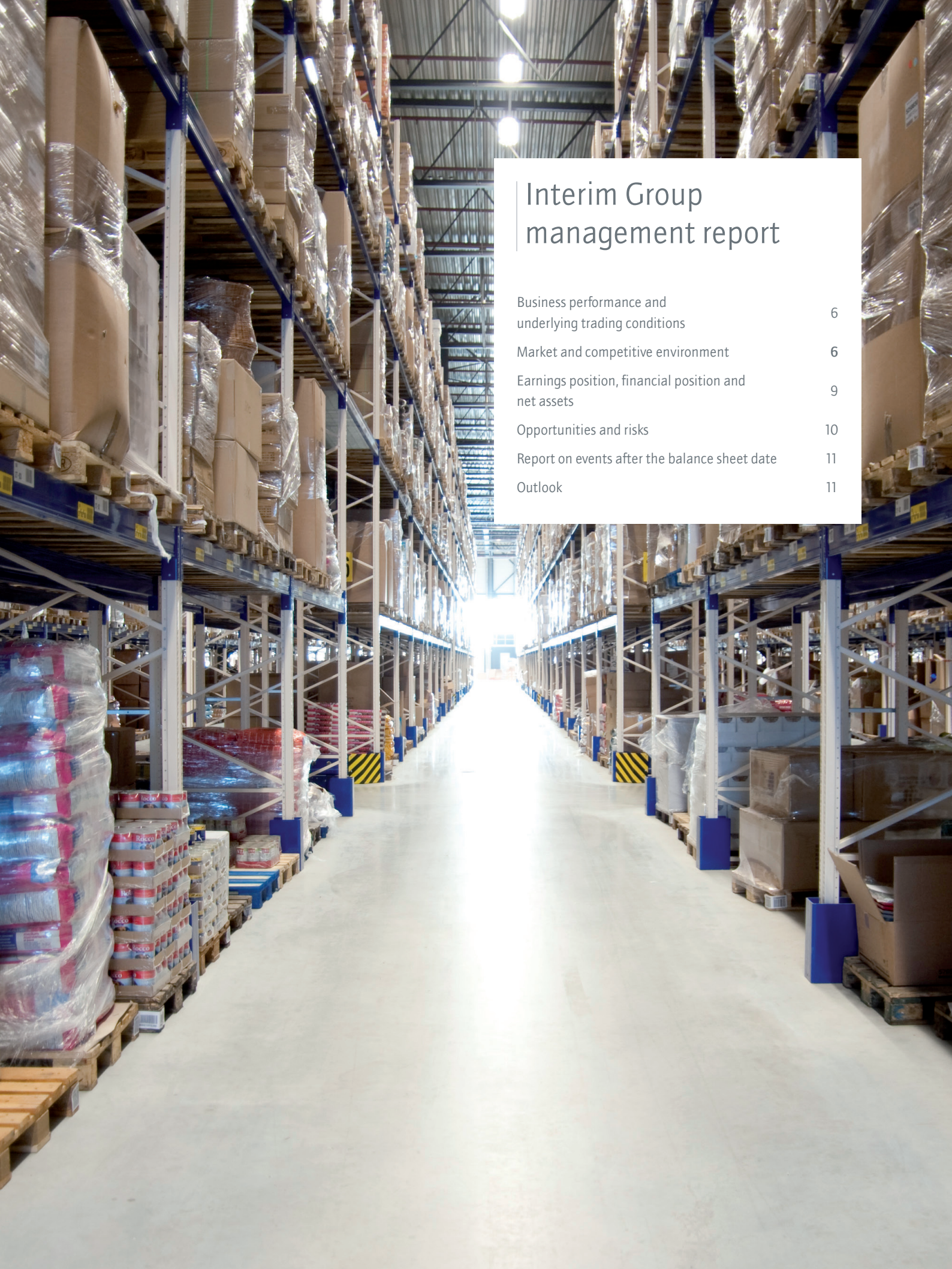
### Financial calendar 2012

| | |
|---|---|
| October 22, 2012 | Preliminary sales figures for Q3 2012 |
| November 12, 2012 | Publication of 9M Report 2012 |
| November 12 - 14, 2012 | German Equity Forum |

### Shareholder structure




* According to Deutsche Börse the freefloat amounts to 49.96 % As of August 20, 2012; according to the published voting rights notification and investor information



# Interim Group management report

# Interim Group management report of zooplus AG

## Business performance and underlying trading conditions

### Divisions

zooplus AG is an e-commerce operator focusing on business-to-consumer pet supplies retail. By a considerable margin, the zooplus Group is the leading company in this sector in Europe in terms of sales and active customer base.

The overriding company 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 items of food and accessories 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 AG's 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, uniform quality deliveries with a high level of general product availability to its customers throughout Europe. As part of this, the new logistics center in Hörselgau/Eisenach, which was opened in the first half of 2011, has a key role to play in future. In addition, zooplus realizes a smaller share of its sales with its so-called "direct line business", in which zooplus directly sells and ships products from selected suppliers from its warehouses to 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's business model is based on a broad product range coupled with efficient supply and delivery processes, as well as easy-to-use and convenient user interfaces from the customers' perspective.

## Market and competitive environment

*Economic environment*
There is still a risk that the negative effects of the Euro debt crisis could have a significant impact on the European economy. Although the German economy has been able to largely set itself apart from the rest of the Eurozone up to now, substantial economic uncertainties remain which could influence zooplus AG's business in the future. The management believes that the key influencing factor with respect to zooplus AG's development – and outside the general economic overview provided above – still remains the development of the specific industry and online retailing environment in the company's individual markets.

*E-commerce and online pet supplies*
zooplus maintains a pan-European presence in 22 countries, which together represent a total annual pet supplies market volume of around EUR 19 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 customer base in all of the high-volume European markets (Germany, France, United Kingdom, the Netherlands, Spain and Italy).

As of July 2012, zooplus operates a total of 19 country-specific online shops: In addition to the six high-volume markets stated above, the company also operates online

shops in Austria, Belgium, Denmark, Ireland, Finland, the Czech Republic, Slovakia, Switzerland, Poland, Hungary, Slovenia, Sweden and Romania. zooplus also serves Luxembourg, Liechtenstein 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 over smaller local and national competitors.

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 consumer behavior of web users. Overall, zooplus is forecasting a stable to slightly increasing overall market volume (< 3 % p.a.) on the back of stronger specific growth within the online segment (> 20 % p.a.) of the market.

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 70 % of total demand in Germany is generated with pet food itself, which means that, from the company's perspective, the medium to long-term demand structures enjoy above-average stability.

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.

## Group structure

The zooplus Group comprises five wholly-owned subsidiaries that are fully included in the consolidated financial statements.

zooplus AG, Munich, Germany

- bitiba GmbH, Munich, Germany
  (second-brand business)
- matina GmbH, Munich, Germany
  (private label business)
- zooplus services ltd, Oxford, UK
  (international business development and UK)
- logistik service center s.r.o., Mimon, Czech Republic
  (trading in prescription-free OTC and care products for pets)
- zooplus italia s.r.l., Genoa, Italy
  (service company for Italy)

Furthermore, zooplus AG founded the wholly-owned subsidiary zooplus polska sp. z.o.o., Krakow, Poland in the first quarter 2012. The wholly-owned subsidiary zooplus Eastern Europe TOV, Kiev, Ukraine, founded in the second quarter 2011, was also yet to conduct business activities by June 30, 2012 as is the case with zooplus polska. Both companies were of minor significance as of the balance sheet date and have therefore not yet been included in zooplus AG's consolidated financial statements.

## Corporate strategy

The company 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 overall. The company is therefore now aiming to position itself in such a way to 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
- Opening up further European markets (incl. Eastern Europe and Scandinavia)
- Boosting sales and contribution margin per customer/year
- Defending and expanding our market leadership

The Management Board considers the following key performance indicators as suitable yardsticks in measuring success:

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

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
- Cost management in all fixed and variable areas
- Working capital management and payment transaction optimization

Achieving maximum possible sustainable growth has top priority. Against the backdrop of outstanding opportunities for expansion in Europe, the management believes this to be the most sensible strategy for long-term growth in the company's value over the coming quarters. It is therefore prepared to accept some additional volatility and possible earnings impacts.

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

## Performance of the zooplus Group in the period under review

zooplus AG has performed well overall in the period under review in the view of the Management Board. This is primarily reflected in 30 % growth in sales and 28 % growth in total sales compared to the same period in the previous year. The company was able to significantly reaccelerate its growth rate in the second quarter 2012 and recorded a rise in sales and total sales compared to the previous year quarter of 34 % and 36 % respectively. The asset and finance situation remains positive. Highly substantial earning improvements compared to the previous year quarter were also achieved in the second quarter, which is considered a traditionally difficult quarter earnings-wise.

zooplus will continue to systematically focus on growth and internationalization in the current financial year. In this respect, an important milestone in the first half of 2012 was the entering of new markets in Romania, Hungary and Slovenia. In the second half of the year, further markets will follow as part of the company's expansion efforts.

## Earnings position, financial position and net assets

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 interim consolidated financial statements.

### Development of total sales and sales

Overall, the company's total sales were increased by 28.4 % in the first half of 2012 to EUR 152.3 m compared to EUR 118.7 m in the same period during the previous year. This primarily reflects organic sales growth in Germany and internationally. The rise in total sales is essentially resulting of a highly focused European growth strategy. The company's sales in the first half-year also rose by almost 30 % to EUR 145.5 m compared to EUR 112.3 m in the same period in the previous year. The share of sales generated abroad is increasing at a disproportionately high rate.

### Development of main expense items

Cost of materials rose from EUR 73.2 m to EUR 96.2 m in the first half of 2012 compared to the previous year. The achieved cost-of-materials-ratio of 63.2 % achieved consequently increased in relation to total sales compared to 61.7 % in the same period in the previous year. In turn, the company's net product margin fell from 38.3 % to 36.8 %. 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 compared to the previous year, which partially offset this effect. From the company's point of view, striking a balance between generally attractive pricing and specific customer acquisition expenses is decisive to successful long-term growth.

The personnel costs developed by a below-average amount compared to total sales and rose to EUR 7.1 m in the first half of 2012 compared to EUR 6.3 m in the previous year. This resulted in a personnel expenses ratio of 4.6 % (in relation to total sales) for the first half of 2012 compared to 5.3 % for the same period in 2011. The area therefore saw substantial scaling during the reporting period.

In addition, in the period under review, other expenses increased from EUR 45.2 m to EUR 49.5 m compared to the same period in the previous year. Its percentage share in terms of the company's total sales fell substantially from 38.1 % to 32.5 %. This change is explained by significant efficiency increases in the field of logistics as well as the absence of one-off logistics expenses as during the previous year. Expenses on logistics reached a level of 22.9 % in relation to total sales compared to 24.7 % in the same period in the previous year. Expenses on customer acquisition and marketing fell from EUR 8.1 m to EUR 7.1 m with an overall increase in new customer acquisition. This was made possible by specific efficiency improvements coupled with an optimized and growth-oriented European pricing policy. Total payment transaction costs amounted to EUR 1.6 m compared to EUR 1.2 m in the previous year.

From a current perspective, the Management Board anticipates that the company will continue to perform well overall in the full 2012 financial year.

### EBITDA and consolidated net result

In the first half of 2012, the company posted EBITDA (earnings before interest, tax, depreciation and amortization) of EUR -0.5 m compared to EUR -6.0 m in the same period of the previous year. The consolidated net result came in at EUR -0.7 m compared to EUR -4.8 m in the first half of 2011.

### Net assets and financial position

Non-current assets totaled EUR 9.0 m as of June 30, 2012, up on EUR 8.9 m at the end of 2011. Current assets in the period under review stood at EUR 52.7 m compared to EUR 66.2 m as of the reporting date on December 31, 2011. The change was essentially the result of the decline in cash and cash equivalents owing to the repayment of the company's existing Euribor loan. The substantial rise in receivables by EUR 2.4 m to EUR 8.7 m is mainly based on factors related to the balance sheet date.

Equity only changed slightly as of June 30, 2012 to EUR 35.2 m compared to EUR 35.5 m as of the reporting date on December 31, 2011. This resulted in an equity ratio of 57 % as of June 30, 2012. This means that this key figure lies significantly above the long-term target range of a balance sheet equity ratio between 30 % and 40 %.

Trade liabilities increased compared to the balance sheet date on December 31, 2011 from EUR 11.4 m to EUR 13.0 m at the end of June 2012. The inflow of cash from the capital increase enabled complete repayment of the Euribor loan of EUR 16 m within the first half of 2012. The company continues to have flexible lines of credit available worth a total of EUR 17 m which are not currently being used. At EUR 61.7 m, the company's total assets were well below the level at the end of 2011 (EUR 75.1 m) at the end of the reporting period. The company was therefore able to grow strongly in a balance-sheet efficient manner.

Cash flow from operating activities totaled EUR 0.4 m in the reporting period compared to EUR -11.2 m in the first half of 2011. This stems from the significant increase in inventories in the first half of 2011 due to the initial stocking of the Hörselgau logistics center. Cash flow from investing activities amounted to EUR -0.2 m compared to EUR -0.5 m in the same period in the previous year. Cash flow from financing activities of EUR -16.0 m was posted compared to EUR -0.8 m in the first half of the previous year. This significant change resulted from the repayment of the short-term Euribor loan. In summary, as a retail company zooplus is subject to substantial volatility with regards to 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 natural fluctuations in these figures during the course of the year as compared to the development of our earnings.

## Opportunities and risks

As an internationally operating group, zooplus is exposed to a wide range of business opportunities and risk factors. The dynamic opening up of new markets and the establishment of market-leading positions within the key European markets are the core priorities in our corporate activities. The Management Board therefore established a risk management system at an early stage. Within this system, the company's individual departments are responsible for identifying and evaluating risks as well as developing effective counterstrategies. A list of the main strategic, operational and financial risks can be found in the company's 2011 Annual Report. All of these risks remain relevant and are being constantly monitored.

## Report on events after the balance sheet date

The General meeting on May 22, 2012 resolved to increase the number of members of the Supervisory Board from three to six members.

The following individuals were elected as additional members of the Supervisory Board:

- Dr. Jörg Lübcke, managing director of Burda Digital GmbH, Munich, resident of Munich
- Dr. Rolf-Christian Wentz, freelance corporate consultant, resident of Bonn
- Stefan Winners, CEO of TOMORROW FOCUS AG, Munich, resident of Munich

The General Meeting also resolved on the creation of a new authorized capital totaling EUR 3,050,199.00 for a capital increase for cash or contribution in kind with the possibility of exclusion of subscription rights and replacing the current authorized capital as well as on the authorization for setting up a stock option program 2012/I for company employees and correspondingly on the creation of a new conditional capital.

The corresponding changes to the company's articles of incorporation were entered into the commercial register on July 5, 2012.

Effective from July 31, 2012, Guido Bienhaus left the Management Board of zooplus AG. This decision was made on the back of a structural realignment of the IT business area. Mr. Bienhaus remains as Chief Technology Officer (CTO). He will be supported in his role by Richard Herz as Chief Information Officer (CIO), who will head the IT business area together with Guido Bienhaus. The responsibility for the Management Board level is being taken by CEO Dr. Cornelius Patt. On the back of the personnel restructuring, the number of members of the Management Board of zooplus AG has been reduced to three: Dr. Cornelius Patt, Florian Seubert and Andrea Skersies.

## Outlook

The underlying conditions for zooplus AG are expected to remain stable overall in 2012 and 2013 from a current perspective. We are therefore expecting a stable to slight increase in overall sales in our sector over this period. Irrespective of this, however, we anticipate that online shopping will continue to grow in importance as a sales channel over the coming years. zooplus will benefit substantially from this.

As a result of these two trends, we anticipate an increase in total sales from EUR 257 m to at least EUR 320 m with a positive overall operating result (EBITDA) for the full year 2012. If over the course of the year the company should deem it possible that an increase in total sales to over EUR 320 m is feasible, zooplus would undertake additional investments and spendings in particular in customer acquisition, cost of goods sold as well as logistics in an effort to do so, and would correspondingly accept the resulting – yet limited - impact on the overall result of the company.

We anticipate a further increase in total sales to at least EUR 400 m and a positive operating result (EBITDA) for the following year 2013.


# Consolidated financial statements and Notes

# Consolidated Balance Sheet as of June 30, 2012 according to IFRS

## Assets

| in EUR | | 30.06.2012 | 31.12.2011 |
|---|---|---|---|
| A. | NON-CURRENT ASSETS | | |
| I. | Property, plant and equipment | 716,418.78 | 812,784.57 |
| II. | Intangible assets | 379,786.47 | 513,602.44 |
| III. | Financial assets | 35,973.22 | 20,000.00 |
| IV. | Deferred tax assets | 7,903,955.84 | 7,550,264.69 |
| | **Total non-current assets** | **9,036,134.31** | **8,896,651.70** |
| B. | CURRENT ASSETS | | |
| I. | Inventories | 27,029,763.62 | 25,534,581.18 |
| II. | Advance payments | 2,588,207.85 | 816,740.70 |
| III. | Trade receivables | 8,747,014.89 | 6,357,964.30 |
| IV. | Other current assets | 6,679,834.38 | 10,021,265.91 |
| V. | Cash and cash equivalents | 7,641,677.44 | 23,466,124.34 |
| | **Total current assets** | **52,686,498.18** | **66,196,676.43** |
| | | **61,722,632.49** | **75,093,328.13** |

## Equity and Liabilities

| in EUR | | 30.06.2012 | 31.12.2011 |
|---|---|---|---|
| A. | EQUITY | | |
| I. | Capital subscribed | 6,100,639.00 | 5,631,138.00 |
| II. | Capital reserves | 49,062,162.57 | 29,565,812.12 |
| III. | Contributions made for corporate actions | 0.00 | 19,670,996.19 |
| IV. | Other reserves | 22,138.31 | 11,245.94 |
| V. | Profit and Loss carried forward | -20,025,056.92 | -19,356,695.11 |
| | **Total equity** | **35,159,882.96** | **35,522,497.14** |
| B. | NON-CURRENT LIABILITIES | | |
| | **Deferred tax liabillties** | **30,522.76** | **59,909.67** |
| C. | CURRENT LIABILITIES | | |
| I. | Trade payables | 12,971,013.61 | 11,386,286.16 |
| II. | Financial liabilities | 0.00 | 16,000,000.00 |
| III. | Other current liabilities | 10,207,031.80 | 9,433,650.62 |
| IV. | Tax liabilities | 182,517.45 | 212,611.02 |
| V. | Provisions | 3,171,663.91 | 2,478,373.52 |
| | **Total current liabilities** | **26,532,226.77** | **39,510,921.32** |
| | | **61,722,632.49** | **75,093,328.13** |

# Consolidated statement of comprehensive income January 1 to June 30, 2012 according to IFRS

| in EUR | H1 / 2012 | H1 / 2011 | Q2 / 2012 | Q2 / 2011 |
|---|---|---|---|---|
| Sales | 145,501,908.96 | 112,308,180.89 | 75,199,937.95 | 56,036,559.66 |
| Other income | 6,830,154.86 | 6,361,880.89 | 3,561,162.66 | 1,992,983.67 |
| **Total sales** | **152,332,063.82** | **118,670,061.78** | **78,761,100.61** | **58,029,543.33** |
| Cost of materials | -96,222,697.40 | -73,215,133.97 | -50,714,417.64 | -37,381,597.60 |
| Personnel costs | -7,080,452.96 | -6,257,801.41 | -3,775,202.15 | -3,255,058.36 |
| of which cash | (-6,785,837.70) | (-5,958,209.73) | (-3,627,894.51) | (-3,107,750.72) |
| of which non-cash | (-294,615.26) | (-299,591.68) | (-147,307.64) | (-147,307.64) |
| Depreciation | -365,154.93 | -362,900.17 | -176,681.58 | -190,101.69 |
| Other expenses | -49,521,280.67 | -45,218,377.17 | -25,155,006.54 | -22,343,915.62 |
| of which logistics / fulfillment | (-34,950,668.72) | (-29,294,512.10) | (-17,803,728.46) | (-16,404,041.39) |
| of which marketing | (-7,073,719.35) | (-8,053,105.46) | (-3,710,646.57) | (-3,335,986.65) |
| of which payment | (-1,555,514.02) | (-1,211,349.12) | (-778,736.75) | (-607,523.38) |
| **Earnings before interest and taxes (EBIT)** | **-857,522.14** | **-6,384,150.94** | **-1,060,207.30** | **-5,141,129.94** |
| Financial income | 6,078.82 | 2,277.86 | 2,627.06 | 163.79 |
| Financial expenses | -43,829.40 | -607,423.38 | -13,284.47 | -495,803.20 |
| **Earnings before taxes (EBT)** | **-895,272.72** | **-6,989,296.46** | -1,070,864.71 | -5,636,769.35 |
| Taxes on income | 226,910.91 | 2,209,001.83 | 331,945.55 | 1,809,570.76 |
| **Consolidated net result** | **-668,361.81** | **-4,780,294.63** | **-738,919.16** | **-3,827,198.59** |
| Differences from currency translation | 10,892.37 | -5,914.17 | 10,715.95 | -2,808.11 |
| **Comprehensive income** | **-657,469.44** | **-4,786,208.80** | **-728,203.21** | **-3,830,006.70** |
| **Earnings per share** | | | | |
| basic | -0.11 | -0.85[1] | -0.12 | -0.68[1] |
| diluted | -0.11 | -0.85[1] | -0.12 | -0.68[1] |

[1] This takes into account the capital increase from company funds in July 2011.

# Group cash flow statement
# January 1 to June 30, 2012 according to IFRS

| in EUR | H1 / 2012 | H1 / 2011 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Earnings before taxes | -895,272.72 | -6,989,296.46 |
| Allowances for: | | |
| Depreciation | 365,154.93 | 362,900.17 |
| Non-cash personnel costs | 294,615.26 | 299,591.68 |
| Other non-cash expenses / income | -45,512.22 | -19,718.74 |
| Financial expenses | 43,829.40 | 607,423.38 |
| Financial income | -6,078.82 | -2,277.86 |
| Changes in: | | |
| Inventories | -1,495,182.44 | -9,665,398.49 |
| Advance Payments | -1,771,467.15 | 340,158.12 |
| Trade receivables | -2,389,050.59 | -397,687.61 |
| Other current assets | 3,341,431.53 | 4,243,884.07 |
| Trade payables | 1,584,727.45 | -1,307,105.07 |
| Other liabilities | 773,381.18 | 25,316.07 |
| Provisions | 693,290.39 | 1,288,799.39 |
| Taxes on income | -102,292.08 | 92.03 |
| Interest received | 6,078.82 | 2,277.86 |
| **Cash flows from operating activities** | **397,652.94** | **-11,211,041.46** |
| **Cash flows from investing activities** | | |
| Acquisition after deduction of acquired cash and cash equivalents | 0.00 | 106,323.40 |
| Payments for financial investments | -25,973.22 | -10,000.00 |
| Payments for property, plant and equipment / intangible assets | -152,537.22 | -634,665.51 |
| **Cash-flows from investing activities** | **-178,510.44** | **-538,342.11** |
| **Cash flows from financing activities** | | |
| Payment from capital increase | 240.00 | 0.00 |
| Repayment of loans | -16,000,000.00 | -200,000.00 |
| Interest paid | -43,829.40 | -607,423.38 |
| **Cash flows from financing activities** | **-16,043,589.40** | **-807,423.38** |
| **Net change of cash and cash equivalents** | **-15,824,446.90** | **-12,556,806.95** |
| 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 | 7,641,677.44 | -1,599,022.82 |
| **Composition of funds balance at the end of the period** | | |
| Cash on hand, bank deposits, cheques | 7,641,677.44 | 1,997,513.17 |
| Overdraft balances | 0.00 | -3,596,535.99 |
| | **7,641,677.44** | **-1,599,022.82** |

# Group statement of changes in equity as of June 30, 2012

| 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 | 294,615.26 | 0.00 | 0.00 | 0.00 | 294,855.26 |
| Currency translation differences | 0.00 | 0.00 | 0.00 | 10,892.37 | 0.00 | 10,892.37 |
| Net result Q1 2012 | 0.00 | 0.00 | 0.00 | 0.00 | -668,361.81 | -668,361.81 |
| 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 June 30, 2012** | **6,100,639.00** | **49,062,162.57** | **0.00** | **22,138.31** | **-20,025,056.92** | **35,159,882.96** |
| **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 | 0.00 | 299,591.68 | 0.00 | 0.00 | 0.00 | 299,591.68 |
| Currency translation differences | 0.00 | 0.00 | 0.00 | -5,914.17 | 0.00 | -5,914.17 |
| Net result Q1 2011 | 0.00 | 0.00 | 0.00 | 0.00 | -4,780,294.63 | -4,780,294.63 |
| Capital increase from authorized capital 2010 | 216,099.00 | 8,825,182.48 | -9,041,281.48 | 0.00 | 0.00 | 0.00 |
| **As of June 30, 2011** | **2,809,289.00** | **32,085,223.96** | **0.00** | **-5,969.72** | **-18,152,452.68** | **16,736,090.56** |

# Notes

## Explanatory notes on the interim consolidated financial statements

### Accounting principles

This six-month report ending June 30, 2012 was drawn up in accordance with the International Financial Reporting Standards. The same accounting and measurement principles were applied as in the consolidated financial statements for the financial year ending December 31, 2011. In addition to the figures from the financial statements, the interim group report also contains content such as the Management Report and notes on certain financial statement items.

### Scope of consolidation

In addition to zooplus AG headquartered in Munich, (Munich district court, commercial register sheet number 125080), the scope of consolidation covers the German subsidiaries matina GmbH, headquartered in Munich (Munich district court, commercial register sheet number 177083) and bitiba GmbH, headquartered in Munich, (Munich district court, commercial register sheet number 177246) and the foreign subsidiaries zooplus services ltd Oxford/United Kingdom (registered under company number 6118453 at Companies House Cardiff for England and Wales), the Logistik Service Center s.r.o., Mimon, Czech Republic (entered in the commercial register of the district court of Usti nad Labem, department C, insertion no. 26673) and zooplus italia s.r.l., Genoa, Italy, (entry number in the commercial register of the chamber of commerce of Bolzano and tax number 02078160997). All subsidiaries are under the full share ownership of the AG.

The wholly-owned subsidiary zooplus polska sp. z.o.o., Krakow, Poland, founded in the first half of 2012, and the wholly-owned subsidiary zooplus Eastern Europe TOV, Kiev, Ukraine, are not included in the scope of consolidation. As of June 30, 2012, neither company is currently performing business operations. Both are of minor significance and have therefore not yet been included in zooplus AG's consolidated financial statements.

### Segment reporting

The zooplus Group only operates in one business segment, the sale and distribution of pet supplies in EU and European states. The range of products distributed by the company is homogenous and cannot be sub-divided. As an internet retailer, the company distributes its products centrally from one location irrespective of the geographic location of the customers. No geographic segments therefore exist in the sense of IFRS. No segment reporting currently takes place internally either. Consequently, the Group does not provide or produce any segment-oriented reports.

### Earnings per share

Undiluted earnings per share are calculated as a quotient from earnings for the period to be allocated to bearers of ordinary shares of the parent company and the weighted average of ordinary shares in circulation during the reporting period. The consolidated net result for the first six months of 2012 was EUR -0.7 m (previous year: EUR -4.8 m). The average number of shares in the first six months of the year stands at 6,077,100. This results in undiluted earnings per share of EUR -0.11 (previous year: EUR -0.85)[1].

[1] Takes into account the capital increase from company funds in July 2011

Diluted earnings per share are calculated by dividing the earnings for the period to be allocated to bearers of ordinary shares of the parent company by the weighted average quantity of ordinary shares in circulation during the reporting period plus the share equivalents leading to the dilution. This results in notional earnings of EUR -0.11 per share (previous year: EUR -0.85)[1].

## Disclosure pursuant to article 37w, section 5, of the German Securities Trading Act

These interim financial statements and the Interim Management Report, like all regular company interim reports, have not been subjected to review by an auditor of annual accounts.

## German Corporate Governance Code

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, August 20, 2012

The Management Board



[1] Takes into account the capital increase from company funds in July 2011

## 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, August 20, 2012

The Management Board

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

A digital version of this zooplus AG interim 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 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 on page 10. We do not assume any obligation to update the forward-looking statements contained in this report.

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