zooplus

Semi-annual Report H1 2010

CONTENT

HIGHLIGHTS H1 2010

44 % growth y-o-y

zooplus successfully on track across all major European markets

Significant earnings increase

EUR 1.8 mm pre-tax earnings step-up from EUR -0.8 mm in H1 2009 to EUR 1.0 mm in H1 2010

We are confirming our ambitious full year forecast

2010 promises to become a successful year in terms of sales and earnings

THE SHARE

zooplus AG's shares were listed on the Entry Standard segment of the Open Market of the Frankfurt Stock Exchange on May 9th, 2008. First trading occurred at EUR 26.00 per share. On October 21st, 2009 the company's shares were admitted to the Regulated Market / Prime Standard Segment. This will create a higher degree of visibility and attractiveness of the zooplus share for investors, as well as require the company to adhere to the highest levels of transparency and corporate governance.

zooplus' total registered capital as of June 30th, 2010 comprised 2,592,740 no-par value bearer shares representing a pro rata amount of the registered share capital of EUR 1.00 each.

As of June 30th, 2010, the zooplus share price had increased by approximately 11 % to EUR 35.54 over a year-end price of EUR 32.00 on December 31st, 2009. This resulted in a market capitalization of approx. EUR 92 mm.

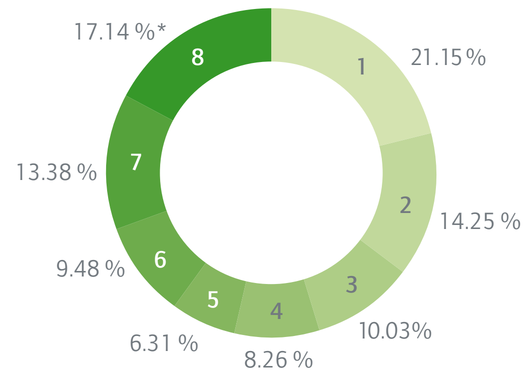
The zooplus AG share is identified as follows:

- International Securities Identification Number (ISIN): DE0005111702
- German securities identification (WKN): 511170
- Common Code: 036001097

The company's total free float (according to the definition of Deutsche Boerse AG) stands at approximately 44 % as of June 30th 2010.

zooplus AG's designated sponsor is Close Brothers Seydler Bank AG.

Shareholder structure

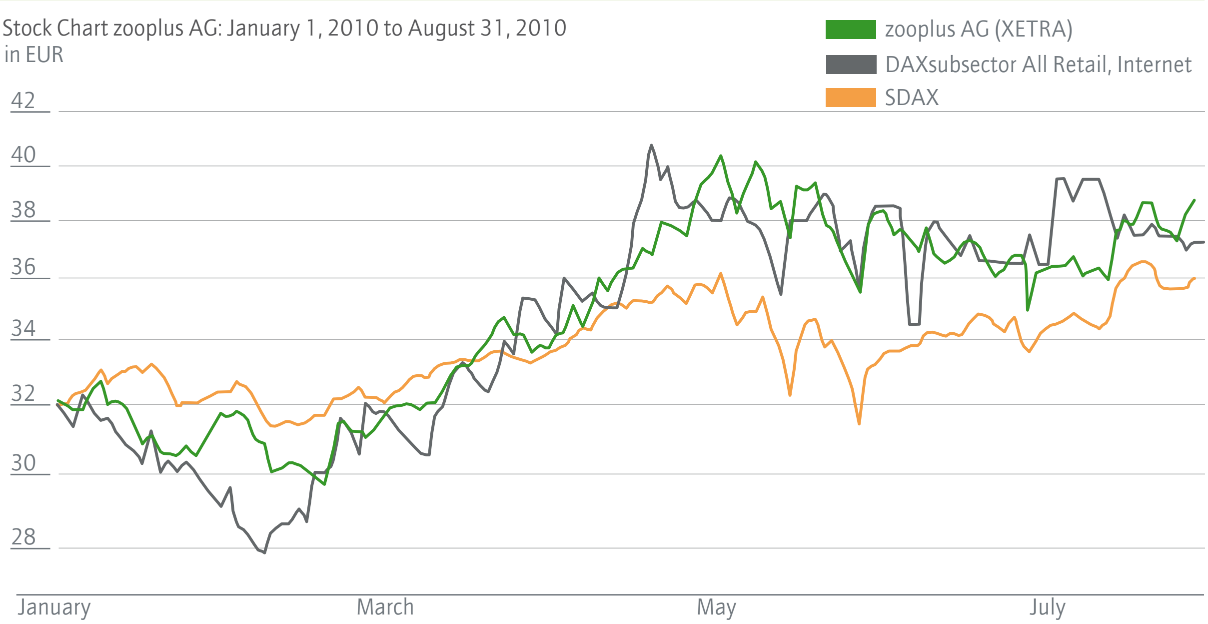


1 Burda Digital Ventures GmbH
2 BDV Beteiligungen GmbH & Co. KG
3 The Nomad Investment Partnership LP
4 European E-Commerce Fund LP
5 European E-Commere Fund B LP
6 Fidelity International
7 Member of the Management Board
8 Free-float

*According to Deutsche Börse the freefloat amounts to 43,97 %
As of June 30, 2010; on the basis of the published voting right announcements

Key data	
German securities code no. WKN	511170
ISIN	DE0005111702
Stock exchange symbol	Z01
Segment	Regulated Market (Prime Standard)
Type of shares	No-par value bearer shares
Share capital (in EUR)	2,592,740.00
Initial listing	May 9, 2008
Initial subscription price	26.00 EUR
Share price – end of fiscal year 2009	32.00 EUR
Share price – end of H1/2010	35.54 EUR
Percentage change	11.06 %

Stock Chart zooplus AG: January 1, 2010 to August 31, 2010
in EUR



Financial calendar

Date	
October 29, 2010	Preliminary Q3 2010 sales
November 22, 2010	Publication of the 9-Month Report Q3/2010
November 22 to 24, 2010	Analysts' and investors' conference as part of the German Equity Forum in Frankfurt am Main

INTERIM MANAGEMENT REPORT

Market and Trading Environment

Business areas
As an online retail company zooplus sells pet supplies directly to private customers via the internet, and considers itself to be the clear European online market leader in terms of revenues and active customer base within its segment.

In total, zooplus sells around 7,000 food and accessories products for dogs, cats, small animals, birds, reptiles, fish and horses. This includes everyday staples such as brand name foods generally available with high street specialty retailers, 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 accessible through its websites, such as veterinary and other animal-related advice, on top of interactive features such as discussion forums and blogs.

zooplus generates the majority of its revenues by selling its own stocked goods from its central warehouses located in Staufenberg / Germany and Tilburg / The Netherlands. In addition, zooplus generates a small part of its sales through its so-called „direct line business", in which zooplus sells products directly from select suppliers with the products then being shipped directly from supplier to customer. Shipments and final mile deliveries are made via parcel couriers.

Market and competitive environment
The general economic environment
After a recessionary 2009 most analysts expect a notable recovery within the European Union countries during the current year. Moreover, the general consumer climate within the EU has so far proven more resilient than initially expected during early 2010. Contrary to this trend, the German consumer sentiment remains fairly restrained. As a result, zooplus continues to expect that there will not be any additional positive impulses arising from the macroeconomic environment for the foreseeable future. Market- and online-specific influences, therefore, remain the key impacting factors for the group.

e-Commerce and online pet supplies
Since August 2010 zooplus has a pan-European presence in 17 countries which together represent a total annual pet supplies market volume of around EUR 18 billion. The company operates a range of country-specific and international online shops. In its own view, zooplus AG is thus the online market leader in terms of revenue and customer base in all European high-volume markets (Germany, France, United Kingdom, The Netherlands, Spain and Italy).

As of August 2010, zooplus operates a total of twelve country-specific web shops: In addition to the six high-volume markets detailed above, it also operates local webshops in Belgium, Ireland, the Czech Republic, Slovakia, Finland and Poland. It also serves Slovenia, Sweden, Luxembourg and Denmark through a multinational English language offering via zooplus.com.

Key influencing factors
There are two key factors impacting the development of European online pet supplies retailing: the underlying growth of the European pet supplies market as such (1) as well as the general and industry-specific growth of online shopping and online purchasing behavior (2). zooplus expects a stable or slightly increasing overall market volume (< 3 % p. a.) with strong overall online growth (> 20 % p. a.) within our segment for the coming years.

The pet supplies market in total enjoys a very low degree of seasonality as a result of strong repeat demand patterns, particularly within its food segments. Around 70 % of total demand is generated within pet food itself, which means that, from the company's perspective, the medium to long-term demand structures enjoy above average stability.

zooplus AG's medium-term objective is to consolidate and increase its online leadership and to sustainably benefit from anticipated further substantial growth within the online retail sphere.

Group structure

The zooplus group comprises three wholly owned subsidiaries which are consolidated 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)

In addition, zooplus AG operates a branch office "succursale" in Strasbourg/France. The company is a 49 % shareholder in Czech-based LSC s.r.o.

Corporate strategy

The management aims to maintain and expand its existing market leadership within the European online pet supplies space and, at the same time, increase the company's earnings (defined as pre-tax income) and medium-term earnings potential.

Given this backdrop, our activities focus on the following specific objectives:

- Expand and increase our customer base across all major European markets
- Increase the average revenue and contribution margin per customer / year
- Achieve a disproportionately lower increase in the company's fixed and semi-fixed costs versus its overall total sales growth rate
- Defend and expand our market-leadership

In order to achieve these targets, the company utilizes a wide range of financial and non-financial indicators and steering tools, in particular focusing on the following areas:

- Price and product range management
- Customer acquisition and retention management
- Logistics and distribution
- Technology and infrastructure
- Working capital management and financing

The group's development during the period under review:

zooplus has had a very good first half H1 2010. This is reflected not only in its 44 % growth rate y-o-y but also in its net earnings position. The latter is particularly encouraging as it includes the full fixed cost impact of the company's new international distribution hub for the first time. Moreover, the board is also pleased with the company's current asset structure and financial standing.

Key financials

All percentage figures outlined below are approximate figures and might be subject to rounding differences with respect to the more detailed figures shown in the consolidated accounts.

Development of total sales

Overall, total sales increased by 44 % from EUR 59.3 mm to EUR 85.1 mm y-o-y. This reflects strong organic sales growth both domestically and internationally as well as increases in other income. In particular, the growth in total sales is the result of a highly focused European growth strategy.

Development of major expenditure items

Costs of goods sold (cost of materials) did decrease y-o-y. During the first 6 months of 2010 COGS amounted to 55.7 % of total sales, which is down from 60.7 % of total sales y-o-y. In tune, the company's net product sales margin improved from 39.3 % in H1 2009 to 44.3 % in H1 2010. This increase is partially due to a one-off increase in other income resulting from a compensation payment in connection with a change of service provider.

Total personnel costs increased from EUR 3.0 mm to EUR 4.3 mm. This corresponds to a slight change in zooplus' overall personnel cost quota from 5.0 % to 5.1 % (of total sales). This development has to be seen in the context of the company's expansion across Europe and the build-up of our international logistics capacity. For 2010 as a whole, we expect to reap some renewed scaling effects in this regard.

Other expenses increased from EUR 20.6 mm in H1 2009 to EUR 32.0 mm in H1 2010. This reflects an increase from 34.7 % to 37.6 % of total sales. A key factor behind these changes are increased spendings on the group's new national and international logistics on the back of the phase in of the new international hub in Tilburg / The Netherlands. This has resulted in a doubling of zooplus' total logistics capacity. Furthermore, the company has incurred logistics-related one-off project costs in the context of the company's further development of its German and international logistics system which were, however, more than offset by a commensurate increase in other income due to a change of service provider. In this context zooplus is working continuously to build up existing and new logistics systems. Within customer acquisition and marketing the group has noticeably increased its spending from EUR 4.0 mm in H1 2009 to EUR 5.9 mm in H1 2010, which is, above all, the result of a strongly growth-focused overall group strategy. Payment costs stood at EUR 0.8 mm in H1 2010 versus EUR 0.6 mm in H1 2009.

Total depreciation stood at EUR 0.3 mm and, therefore, at 0.4 % of total sales, which is slightly below previous year levels. A one-off financial write-off had a negative impact to the amount of EUR 0.25 mm.

EBIT and consolidated Earnings

EBIT increased from EUR -0.7 mm to EUR 1.1 mm y-o-y.

Pre-tax profits (EBT) increased from EUR -0.8 mm during H1 2009 to EUR 1.0 mm during H1 2010.

Consolidated profits (after tax) rose from EUR -0.6 mm during H1 2009 to EUR 0.7 mm during H1 2010.

Assets and Financing

Total long-term assets were EUR 6.3 mm at the end of June 2010 versus EUR 6.9 mm year end 2009.

Total short-term assets stood at EUR 30.2 mm at the end of H1 2010 against EUR 23.1 mm at the end of 2009.

Total equity stood at EUR 11.8 mm at the end of June 2010 versus EUR 10.7 mm as of December 31st, 2009. The current equity-to-debt ratio, therefore, stands at 32 % and lies within our long-term equity ratio target corridoro of between 30 and 40 %.

Accounts payable amounted to EUR 7.2 mm as of June 30th, 2010 versus EUR 7.3 mm at the end of 2009.

At the company's disposal are flexible bank financing facilities of up to EUR 10.0 mm which are used opportunistically for its working capital financing needs. At the end of June 2010 the company had drawn a total amount of EUR 8.2 mm. The company enjoys excellent access to working capital financing at attractive overall terms. Net of cash holdings to the amount of EUR 5.6 mm the total amount drawn was EUR 2.6 mm.

All in all, the company's total balance sheet volume amounted to EUR 36.4 mm at the end of June 2010, which is slightly above year end 2009 figures.

Cash flow from operations was EUR 0.9 mm in H1 2010 versus EUR -2.6 mm in H1 2009.

Cash flow from investing activities stood at EUR -0.3 mm in H1 2010 versus EUR -0.6 mm in H1 2009 due to various smaller technology and infrastructure development projects.

Cash flow from financing activities was EUR 0.3 mm in H1 2010 versus EUR -0.1 mm in H1 2009.

As an online retail operation, zooplus is subject to considerable volatilities in key balance-sheet and cash-flow figures such as inventory, accounts payable or VAT liabilities. This results in markedly higher numeric swings and volatilities than the company's underlying earnings might suggest.

Key events after the end of the reporting period

Important events of particular relevance after the end of the first six months of 2010 which might have had a substantial effect on the company's earnings, assets or liquidity situation did not occur.

Risk Report

As an internationally operating business, zooplus is exposed to a wide-ranging variety of business opportunities and risks. The dynamic penetration of new markets and the establishment of market-leading positions within all key European geographies lie at the heart of our entrepreneurial activities. As a result, the Management Board set up a comprehensive risk monitoring and management system at a very early stage. Within this context, the company's individual departments are primarily responsible for identifying and evaluating risks as well as developing relevant and effective counterstrategies.

There have not been any material changes in terms of the company's risk profile from those outlined in the company's 2009 annual report.

Outlook

Underlying economic conditions are expected to improve in 2010 compared to 2009. We are thus forecasting a slight increase in total revenue for our industry as a whole during the year. We can assume that this will have a slightly positive effect on zooplus.

Irrespective of this, however, we believe that online shopping per se will continue to grow substantially during the coming year and, consequently, gain in importance as a sales and distribution channel. zooplus will benefit substantially from these effects.

Overall, and on the back of these trends, we are confirming our 2010 forecasts:

- Total sales will increase by around 35-40 % from EUR 130 million to around EUR 175-180 million
- Pre-tax earnings will increase to a low to medium single-digit positive EUR million range.

CONSOLIDATED BALANCE SHEET

Assets

in EUR		June 30, 2010	December 31, 2009
A.	**LONG-TERM ASSETS**		
I.	Long-term assets	789,345.01	715,625.76
II.	Intangible assets	400,101.40	515,366.06
III.	Financial assets	3,699.12	253,699.12
IV.	Deferred tax assets	5,067,374.07	5,388,324.73
Total long-term assets		**6,260,519.60**	**6,873,015.67**
B.	**SHORT-TERM ASSETS**		
I.	Inventory	15,305,795.69	12,533,320.65
II.	Advance payments	756,364.76	371,509.24
III.	Accounts receivable	6,074,560.79	5,623,836.98
IV.	Other short-term assets	2,484,392.76	2,990,847.08
V.	Cash in hand and cash equivalents	5,559,569.41	1,546,197.18
Total short-term assets		**30,180,683.41**	**23,065,711.13**
Total assets		**36,441,203.01**	**29,938,726.80**

Liabilities

in EUR		June 30, 2010	December 31, 2009
A.	**EQUITY**		
I.	Capital subscribed	2,592,740.00	2,561,755.00
II.	Capital reserves	22,662,776.86	22,284,758.36
III.	Other reserves	968.63	-336.76
IV.	Profit and Loss carried forward	-13,468,809.31	-14,156,209.91
Total equity		**11,787,676.18**	**10,689,966.69**
B.	**LONG-TERM DEBT**		
	Deferred tax liabillties	**83,800.01**	**104,005.44**
C.	**SHORT-TERM DEBT**		
I.	Trade liabilities	7,176,048.79	7,261,023.01
II.	Financial debt	8,182,981.18	6,119,070.19
III.	Other short-term liabilities	9,026,500.29	5,591,147.46
IV.	Tax liabilities	66,196.56	73,014.01
V.	Provisions	118,000.00	100,500.00
Total short-term debt		**24,569,726.82**	**19,144,754.67**
Total liabilities		**36,441,203.01**	**29,938,726.80**

CONSOLIDATED INCOME STATEMENT

in EUR	H1/2010	H1/2009	Q2/2010	Q2/2009
Sales	**77,325,365.39**	**55,938,610.10**	**39,905,829.86**	**29,102,716.03**
Other operating income	**7,805,635.10**	**3,346,672.67**	**5,395,020.86**	**1,648,671.35**
Total sales	**85,131,000.49**	**59,285,282.77**	**45,300,850.72**	**30,751,387.38**
Cost of materials	-47,382,317.42	-36,007,912.73	-24,447,600.54	-19,540,962.33
Personnel costs	-4,330,148.21	-2,966,111.87	-2,211,201.39	-1,538,459.37
of which cash	(-4,303,480.21)	(-2,926,717.12)	(-2,186,435.17)	(-1,535,721.41)
of which non-cash	(-26,668.00)	(-39,394.75)	(-24,766.22)	(-2,737.96)
Depreciation	-305,142.03	-247,821.14	-148,012.95	-133,895.56
Other expenses	-31,976,520.48	-20,561,315.09	-17,619,144.49	-10,393,642.63
of which logistics/fulfillment	(-19,179,204.57)	(-13,079,781.60)	(-9,741,153.33)	(-6,898,328.01)
of which marketing	(-5,896,114.72)	(-3,973,994.34)	(-3,164,670.57)	(-1,895,274.88)
of which payment	(-780,075.67)	(-582,315.85)	(-411,316.61)	(-315,857.08)
Operating income (excluding one–off costs)	**1,136,872.35**	**-497,878.06**	**874,891.35**	**-855,572.51**
One-off costs EU logistics centre	0.00	-103,247.01	0.00	-103,247.01
One-off costs IPO	0.00	-135,597.32	0.00	-135,597.32
Operating income	**1,136,872.35**	**-736,722.39**	**874,891.35**	**-1,094,416.84**
Financial income	12.09	20.97	8.35	1.65
Financial expense	-104,420.18	-80,809.62	-58,514.77	-49,739.11
Pre-tax profit	**1,032,464.26**	**-817,511.04**	**816,384.93**	**-1,144,154.30**
Taxes on income	-345,063.66	243,743.91	-261,050.68	379,221.15
Consolidated net profit	**687,400.60**	**-573,767.13**	**555,334.26**	**-764,933.15**
Differences from currency translation	1,305.39	0.00	1,289.45	0.00
Overall result	688,705.99	-573,767.13	556,623.71	-764,933.15
Consolidated profit/loss per share				
undiluted	0.27	-0.24	0.22	-0.32
diluted	0.27	-0.24	0.21	-0.31

GROUP CASH FLOW STATEMENT

in EUR	H1/2010	H1/2009
Cash Flow from operating activities		
Pre-tax operating profit	1,032,464.26	-817,511.04
Allowances for:		
Depreciation of fixed assets	305,142.03	247,821.14
Non-cash personnel expenses	26,668.00	39,394.75
Other non-cash expenses	251,305.41	654.60
Financial expenses	104,420.18	80,809.62
Financial income	-12.09	-20.97
Changes in:		
Inventory	-2,772,475.04	-1,940,078.94
Advance Payments	-384,855.52	292,793.56
Accounts receivable	-450,723.81	-1,377,471.32
Other short-term assets	506,454.32	-187,033.56
Accounts payable	-84,974.22	-185,586.90
Other liabilities	2,435,352.83	1,240,692.50
Provisions	17,500.00	17,200.00
Tax	-51,135.89	0.00
Interest income	12.09	20.97
Cash Flow from operating activities	**935,142.54**	**-2,588,315.59**
Cash Flow from investing activities		
Proceeds from the disposal of property, plant and equipment/intagible asstes	0.00	0.00
Payments for financial investments	0.00	0.00
Payments for property, plant and equipment	-263,596.61	-565,130.05
Cash-Flow from investing activities	**-263,596.61**	**-565,130.05**

(Continued on the next page)

in EUR	H1/2010	H1/2009
Cash Flow from financing activities		
Capital increase	382,335.50	6,753.60
Uptake of loans	0.00	0.00
Loan repayments	0.00	0.00
Interest paid	-104,420.18	-80,809.62
Cash Flow from financing activities	**277,915.32**	**-74,056.02**
Net change of cash and cash equivalents	**949,461.25**	**-3,227,501.66**
Cash and cash equivalents at the beginning of the period	-572,873.01	-737,821.73
Cash and cash equivalents at the end of the period	376,588.24	-3,965,323.39
Composition of funds balance at the end of the period		
Cash on hand, bank deposits, cheques	5,559,569.41	590,969.17
Overdraft balances	-5,182,981.18	-4,556,292.57
Cash and cash equivalents at the end of the period	**376,588.23**	**-3,965,323.40**

GROUP STATEMENT OF CHANGES IN EQUITY

in EUR	Capital subsribed	Capital reserves	Other reserves	Accumulated profit or loss	Total
As of January 1, 2010	**2,561,755.00**	**22,284,758.36**	**-336.76**	**-14,156,209.91**	**10,689,966.69**
Additions from stock options	30,985.00	378,018.50	0.00	0.00	409,003.50
Currency equalisation item	0.00	0.00	1,305.39	0.00	1,305.39
H1 result 2010	0.00	0.00	0.00	687,400.60	687,400.60
As of June 30, 2010	**2,592,740.00**	**22,662,776.86**	**968.63**	**-13,468,809.31**	**11,787,676.18**
As of January 1, 2009	**2,406,020.00**	**20,556,046.46**	**-402.18**	**-13,083,113.10**	**9,878,551.18**
Additions from stock options	4,690.00	41,458.35	0.00	0.00	46,148.35
Additions from cash contributions	0.00	0.00	244.21	0.00	244.21
H1 result 2009	0.00	0.00	0.00	-573,767.13	-573,767.13
As of June 30, 2009	**2,410,710.00**	**20,597,504.81**	**-157.97**	**-13,656,880.23**	**9,351,176.61**

CONSOLIDATED NOTES

Notes and comments regarding the H1 2010 accounts

Accounting principles
The H1 2010 reports were prepared in accordance with the International Financial Reporting Standards (IFRS) and are based on the same basic accounting principles as applied in the company's 2009 annual accounts. Besides the financial figures, the report comprises further information such as reports on the the general trading conditions as well as various selective notes.

Consolidation principles
The consolidated companies are: zooplus AG / Munich / Germany (registered under Amtsgericht Muenchen HRB 125080), Matina GmbH / Munich / Germany (registered under Amtsgericht Muenchen HRB 177083) as well as Bitiba GmbH / Munich / Germany (registered under Amtsgericht Muenchen HRB 177246) and zooplus services ltd / Oxford / UK (registered under company number 6118453, Companies House Cardiff). All subsidiaries are wholly owned by zooplus AG.

Segmental reporting
zooplus AG is only active in one specific business segment; i.e. pet supplies retail within the European Union. All types of products sold are homogenous and indivisible into further specific segments. As an online retailer, the company distributes its products from one central location. Consequently, there are no further geographic segments to be identified. Moreover, the company does not internally divide along any other segments. As a consequence, the company does not report along separate business segments.

Earnings per share
Earnings per share (pre-dilution) are calculated on a weighted-average basis. During the period, the weighted average of shares was 2,565,305. Consolidated profits (after tax) increased from EUR -0.6 mm during H1 2009 to EUR 0.7 mm during H1 2010. Consequently, earnings per share (pre-dilution) were EUR 0.27 (previous year EUR: -0.24).

Earnings per share (diluted) are calculated on a weighted-average basis of shares in circulation plus the total number of share equivalents resulting out of vested stock options which have not been exercised. The dilution effect does not result in reducing earnings per share.

Declaration according to section 37w Abs. 5 WpHG (securities act)
As all of zooplus' interim reports, the semi-annual report H1 2010 has neither been audited nor reviewed by the company's auditors.

German corporate governance codex
zooplus AG's corporate governance declarations according to § 161 of the German public limited companies act (Aktiengesetz) can be accessed under http://investors.zooplus.com/ir/cgk. Responsibility Statement

RESPONSIBILITY STATEMENT

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

Munich, August 30th, 2010

The Management Board

IMPRINT

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Concept, editing, layout and typesetting:
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This semi-annual report is also available in German. In case of discrepancies the German version prevails.

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

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