zooplus

3-monthly Report 2010

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CONTENT

HIGHLIGHTS 3M 2010

40 % increase in total sales

over 3M 2009 – a successful start into the new financial year

Positive net earnings

despite maximum initial fixed cost impact of zooplus' new international distribution center

zooplus' new international distribution center

in Tilburg / The Netherlands fully operational – resulting in a doubling of the group's European logistics capacity to total sales of around EUR 300 mm

Positive outlook for 2010:

significantly positive overall earnings on the back of continuing and highly dynamic growth

THE SHARE

zooplus AG's shares were publicly listed on the Entry Standard segment of the Open Market of the Frankfurt Stock Exchange on May 9, 2008. First trading occurred at EUR 26.00 per share. On October 21, 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 March 31, 2010 comprised 2.561.755 no-par value bearer shares representing a pro rata amount of the registered share capital of EUR 1.00 each.

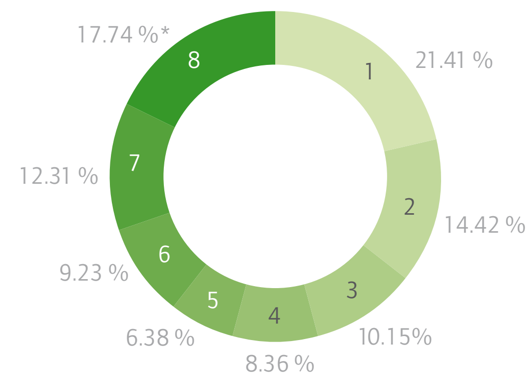
As of March 31, 2010, the zooplus share price had increased by approximately 13 % to EUR 36.20 over a year-end price of EUR 32.00 on December 31, 2009.

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 33 % as of March 31, 2010. zooplus AG's designated sponsor is Close Brothers Seydler Bank AG.

Shareholder structure

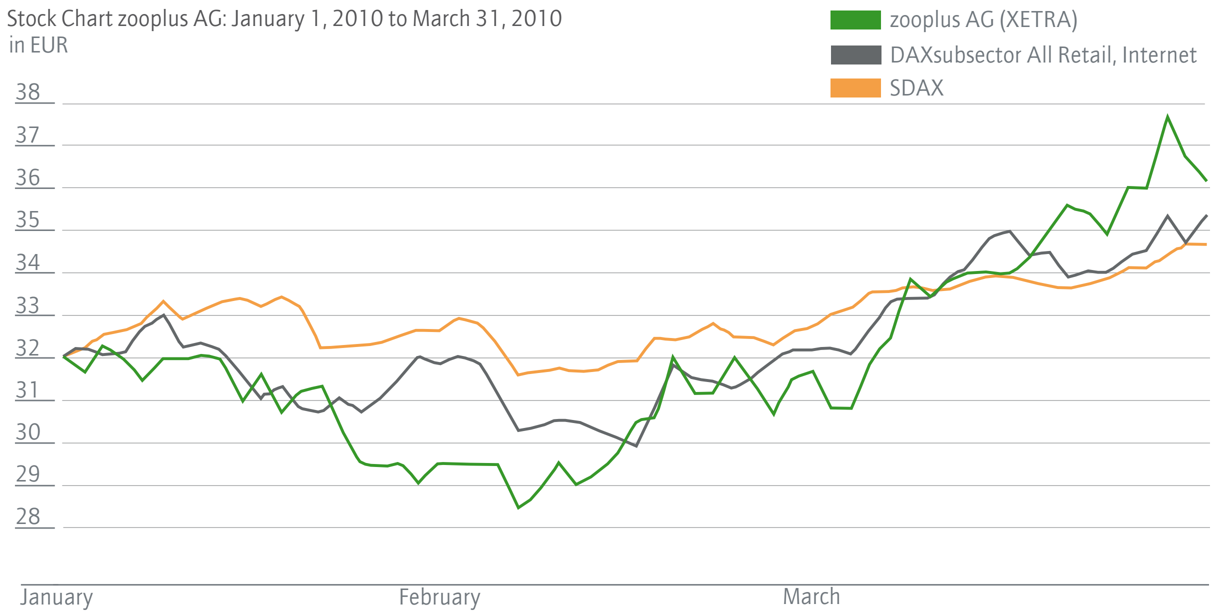


1 Burda Digital Ventures GmbH
2 BDV Beteiligungs GmbH & Co. KG
3 The Nomad Investment Partnership LP
4 European E-Commerce Fund LP
5 European E-Commere Fund B LP
6 Fidelity International
7 Member of the Management Board
8 Free-float

*According to Deutsche Börse the freefloat amounts to 33.26 %
As of March 31, 2010

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)	2,561,755.00
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 Q1 / 2010	36.20 EUR
Percentage change	13.0 %

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



Financial calendar 2010

Date	
July 30, 2010	Preliminary H1 2010 sales
August 31, 2010	Publication of Half-Year Report H1/2010
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

zooplus AG was formed in Munich in 1999. As an online retail company zooplus sells pet supplies directly to private customers via the internet, and considers the Group to be the clear European online market leader in terms of sales and customer base.

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 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 sales 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 in its so-called „direct line business", in which zooplus sells products directly from selected suppliers with the products then being shipped directly from supplier to customer. Shipments and final mile deliveries are made via select parcel couriers.

Market and competitive environment

The general economic environment

Despite the first signs of an upswing in the European economies, it remains unclear how sustainable this growth will be. Whilst the general European consumer climate was less depressed than expected consumers still tend to remain cautious in their spending habits. zooplus continues to expect that there will not be any additional positive impulses coming out of the macroeconomic environment for the foreseeable future.

e-Commerce and online pet supplies

zooplus has a pan-European presence in 16 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 sales and customer base in all European high-volume markets (Germany, France, United Kingdom, The Netherlands, Spain and Italy).

As of May 2010, zooplus operates a total of eleven 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, 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 with strong overall online growth over the coming years.

The pet supplies market in total enjoys a very low degree of seasonality as a result of marked repeat demand patterns, particularly within its food segments. Around 70 % of total demand 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 AG's medium-term objective is to consolidate and increase its online leadership and to sustainably benefit from anticipated further substantial growth in the online retail sphere.

Group structure
The zooplus group comprises three wholly owned subsidiaries which are consolidated in the 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.

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, to constantly increase the company's earnings (defined as pre-tax income).

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

- Expanding and increasing our customer base across all European markets
- Increasing the average sale and contribution margin per customer / annum
- Achieving a disproportionately lower increase in the company's fixed and semi-fixed costs versus its overall total sales growth rate

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

- Price and product range management
- New customer acquisition and existing customer 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 good first quarter 2010. This is reflected not only in its 40 % growth rate y-o-y but also in its positive net earnings. The latter are particularly encouraging as they include 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 asset structure and financial standing at present.

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 40 % from EUR 28.5 mm to EUR 39.8 mm y-o-y. This reflects strong organic sales growth both domestically and internationally as well as a sustained increase in other income. In particular, this 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 slightly y-o-y. During the first 3 months of 2010 COGS amounted to 57.6 % of total sales, which is down marginally from 57.7 % of total sales y-o-y. In tune, the company's net product sales margin improved from 42.3 % in 3M 2009 to 42.4 % in 3M 2010.

Total personnel costs increased from EUR 1.4 mm to EUR 2.1 mm. This corresponds to a slight change in zooplus' overall personnel cost quota from 5.0 % to 5.3 % (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, we expect to reap renewed scaling effects in this regard.

Other expenses increased from EUR 10.2 mm in 3M 2009 to EUR 14.4 mm in 3M 2010. This reflects an increase from 35.6 % to 36.0 % of total sales. Major factor behind this development is the increase of national and international logistics costs (+1.3 %), mostly due to the opening of the company's new Tilburg logistics hub.

Total depreciation stood at EUR 0.2 mm and, therefore, at 0.4 % of total sales, which is the same level as during 3M 2009.

EBIT and consolidated Earnings

EBIT fell slightly from EUR 0.4 mm to EUR 0.3 mm y-o-y. This primarily reflects increased fixed costs in logistics and, therefore, on the same note, indicates the company's increased underlying earnings capacity.

Pre-tax profits (EBT) fell from EUR 0.3 mm during 3M 2009 to EUR 0.2 mm during 3M 2010.

Consolidated profits (after tax) declined from EUR 0.2 mm during 3M 2009 to EUR 0.1 mm during 3M 2010.

Assets and Financing

Total long-term assets were EUR 6.9 mm at the end of March 2010 and, therefore, unchanged from year end 2009.

Total short-term assets decreased slightly from EUR 23.1 mm at the end of 2009 to EUR 23.0 mm at the end of the first three months of 2010.

Total equity stood at EUR 10.8 mm at the end of March 2010 versus EUR 10.7 mm as of Dec 31, 2009. The current equity-to-debt ratio, therefore, stands at 36 %. Our long-term equity ratio target corridor stands at a range between 35 % and 40 %.

Accounts payable amounted to EUR 6.6 mm as of March 31, 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 March 2010 the company had drawn an amount of EUR 5.7 mm. The company enjoys unrestricted access to working capital financing at attractive overall terms.

All in all, the company's total balance sheet volume amounted to EUR 29.9 mm at the end of March 2010, which is virtually unchanged from year end 2009.

Cash flow from operations was EUR 1.8 mm in 3M 2010 versus EUR -1.1 mm in 3M 2009.

Cash flow from investing activities stood at EUR -0.2 mm in 3M 2010 versus EUR -0.1 mm in 3M 2009 due to various technology development projects.

Cash flow from financing activities (EUR -0.05 mm in 3M 2010 versus EUR -0.03 mm in 3M 2009) was almost unchanged.

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 three 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 risk factors. 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 already 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 what has been outlined in the company's 2009 annual report.

Outlook

Underlying economic conditions are expected to improve slightly in 2010 compared to 2009. We are thus forecasting a slight increase in total sales for our industry as a whole during the year. We can assume that this will take a certain amount of pressure off prices and margins, which will have a generally 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 forecasting the following results for 2010:

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

CONSOLIDATED BALANCE SHEET

Assets

in EUR		March 31, 2010	Dec. 31, 2009
A.	**LONG-TERM ASSETS**		
I.	Long-term assets	843,640.57	715,625.76
II.	Intangible assets	451,963.52	515,366.06
III.	Financial assets	253,224.62	253,699.12
IV.	Deferred tax assets	5,333,218.18	5,388,324.73
Total long-term assets		**6,882,046.89**	**6,873,015.67**
B.	**SHORT-TERM ASSETS**		
I.	Inventory	11,428,738.85	12,533,320.65
II.	Advance payments	517,743.90	371,509.24
III.	Accounts receivable	5,904,156.10	5,623,836.98
IV.	Other short-term assets	2,546,047.43	2,990,847.08
V.	Cash in hand and cash equivalents	2,611,104.46	1,546,197.18
Total short-term assets		**23,007,790.74**	**23,065,711.13**
Total assets		**29,889,837.63**	**29,938,726.80**

Liabilities

in EUR		March 31, 2010	Dec. 31, 2009
A.	**EQUITY**		
I.	Capital subscribed	2,561,755.00	2,561,755.00
II.	Capital reserves	22,286,660.14	22,284,758.36
III.	Other reserves	-320.82	-336.76
IV.	Profit and Loss carried forward	-14,024,143.57	-14,156,209.91
Total equity		**10,823,950.75**	**10,689,966.69**
B.	**LONG-TERM DEBT**		
	Deferred tax liabillties	**93,902.72**	**104,005.44**
C.	**SHORT-TERM DEBT**		
I.	Trade liabilities	6,608,043.25	7,261,023.01
II.	Financial debt	5,654,809.08	6,119,070.19
III.	Other short-term liabilities	6,565,844.65	5,591,147.46
IV.	Tax liabilities	34,087.18	73,014.01
V.	Provisions	109,200.00	100,500.00
Total short-term debt		**18,971,984.16**	**19,144,754.67**
Total liabilities		**29,889,837.63**	**29,938,726.80**

CONSOLIDATED INCOME STATEMENT

in EUR	Q1/2010	Q1/2009
Sales	**37,419,535.53**	**26,835,894.07**
Other operating income	**2,410,614.24**	**1,698,001.32**
Total sales	**39,830,149.77**	**28,533,895.39**
Cost of materials	-22,934,716.89	-16,466,950.40
Personnel costs	-2,118,946.82	-1,427,652.50
cash	(-2,117,045.04)	(-1,390,995.71)
non-cash	(-1,901.78)	(-36,656.79)
Depreciation	-157,129.08	-113,925.58
Other expenses	-14,357,376.00	-10,167,672.46
of which logistics/fulfillment	(-9,438,051.24)	(-6,387,947.61)
of which marketing	(-2,731,444.15)	(-2,078,719.46)
of which payment	(-368,759.07)	(-266,458.77)
Operating income	**261,980.99**	**357,694.45**
Financial income	3.74	19.32
Financial expense	-45,905.41	-31,070.51
Pre-tax profit	**216,079.32**	**326,643.26**
Taxes on income	-84,012.98	-135,477.24
Consolidated net profit	**132,066.34**	**191,166.02**
Differences from currency translation	15.94	-2.01
Overall result	132,082.28	191,164.01
Consolidated profit/loss per share		
undiluted	0.05	0.08
diluted	0.05	0.08

GROUP CASH FLOW STATEMENT

in EUR	Q1/2010	Q1/2009
Cash Flow from operating activities		
Pre-tax operating profit	216,079.32	326,643.26
Allowances for:		
Depreciation of fixed assets	157,129.08	113,925.58
Non-cash personnel expenses	1,901.78	36,656.79
Other non-cash expenses	490.46	177.89
Financial expenses	45,905.41	31,070.51
Financial income	-3.74	-19.32
Changes in:		
Inventory	1,104,581.80	-1,326,599.93
Advance Payments	-146,234.66	-87,046.91
Accounts receivable	-280,319.12	-420,617.92
Other short-term assets	444,799.65	521,958.86
Accounts payable	-652,979.76	-366,231.52
Other liabilities	974,697.19	18,497.47
Provisions	8,700.00	8,200.00
Tax	-77,936.00	0.00
Interest income	3.74	19.32
Cash Flow from operating activities	**1,796,815.15**	**-1,143,365.92**
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	-221,741.35	-102,112.25
Cash-Flow from investing activities	**-221,741.35**	**-102,112.25**

(Continued on the next page)

in EUR	Q1/2010	Q1/2009
Cash Flow from financing activities		
Capital increase	0.00	0.00
Uptake of loans	0.00	0.00
Loan repayments	0.00	0.00
Interest paid	-45,905.41	-31,070.51
Cash Flow from financing activities	**-45,905.41**	**-31,070.51**
Net change of cash and cash equivalents	**1,529,168.39**	**-1,276,548.68**
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	956,295.38	-2,014,370.41
Composition of funds balance at the end of the period		
Cash on hand, bank deposits, cheques	2,611,104.46	439,665.40
Overdraft balances	-1,654,809.08	-2,454,035.81
Cash and cash equivalents at the end of the period	**956,295.38**	**-2,014,370.41**

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	0.00	1,901.78	0.00	0.00	1,901.78
Currency equalisation item	0.00	0.00	15.94	0.00	15.94
3M result 2010	0.00	0.00	0.00	132,066.34	132,066.34
As of March 31, 2010	**2,561,755.00**	**22,286,660.14**	**-320.82**	**-14,024,143.57**	**10,823,950.75**
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	0.00	36,656.79	0.00	0.00	36,656.79
Additions from cash contributions	0.00	0.00	-2.01	0.00	-2.01
3M result 2010	0.00	0.00	0.00	191,166.01	191,166.01
As of March 31, 2009	**2,406,020.00**	**20,592,703.25**	**-404.19**	**-12,891,947.09**	**10,106,371.97**

CONSOLIDATED NOTES

Notes and comments regarding the 3M 2010 accounts

Accounting principles

The 3M 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 100 % 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 2.561.755. Consolidated profits (after tax) declined from EUR 0.2 mm during 3M 2009 to EUR 0.1 mm during 3M 2010. Consequently, earnings per share (pre-dilution) were EUR 0.05 (previous year EUR 0.08).

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 only marginally affects earnings per share which remain at EUR 0.05 (previous year EUR 0.08).

Declaration according to section 37w Abs. 5 WpHG (securities act)

As all of zooplus' interim reports, the 3-monthly report 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 .

The management board

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This 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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