3-monthly report 2009

zooplus AG

zooplus.de zooplus.com zooplus.co.uk zooplus.ie zooplus.fr zooplus.nl zooplus.be zooplus.it zooplus.es zooplus.pl

CONTENT

HIGHLIGHTS Q1 2009

63 % increase in total sales (i.e. sales and other operating income) from EUR 17,5 mm to EUR 28,5 mm over Q1 2008

Positive overall earnings

despite worsening economic climate and strongly increased marketing and infrastructure spending

zooplus' medium term **growth strategy** towards reaching critical size and a strong international market position has been reaffirmed

Key operational projects

for 2009 will serve to increase both the company's capacity and infrastructure backbone and, thereby, form the basis of substantial medium-term scale and efficiency effects (new international logistics hub, build-up of international websites, relaunch of operational backend processes)

THE SHARE

zooplus' total registered capital as of March 31st, 2009 comprised 2,406,020 no-par value bearer shares representing a pro rata amount of the registered share capital of EUR 1.00 each.

zooplus AG's shares were publicly 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.

As of March 31st, 2009, the zooplus share price had increased by approximately 3.5 % to EUR 26.92.

ZOOPLUS AG 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 criteria of Deutsche Boerse AG) stands at approximately 10 %.

zooplus AG's designated sponsor is JPMorgan Cazenove.

INTERIM MANAGEMENT REPORT

ZOOPLUS AG

zooplus AG was set up in Munich in June 1999. The company is a leading online pet supplies retailer in Germany and other European countries. The company's core markets are Germany, Austria, France as well as the United Kingdom and the Netherlands. In total, zooplus operates ten country-specific websites in Western and Central Europe. Moreover, zooplus operates an international and multinational website under "zooplus.com".

The majority of its sales (product sales and other operational income) is generated through pet supplies retail (food and non-food) through the company's websites. In total, zooplus offers approximately 7,000 different products. Most of its sales are generated through selling stocked products, thereby aiming to achieve a high degree of product availability across all European markets. In addition, certain products are shipped directly by zooplus' suppliers and manufacturers. In both cases, the product distribution is carried out by selected parcel distributors. zooplus' European distribution center is located in Staufenberg/Lower Saxony/Germany. zooplus plans to inaugurate a second and international distribution center in Tilburg/The Netherlands during the fourth quarter of 2009.

The company's operational headquarter is based in Munich/Germany. Fully consolidated and 100%-owned subsidiaries of the company are Matina GmbH (Munich, Germany), Bitiba GmbH (Munich, Germany) as well as zooplus services ltd (Oxford, UK).

MARKET AND TRADING ENVIRONMENT

Key factors of zooplus' trading performance tend to be the sector-specific as well as generic influences on the German and European retail climate. These are, among others, the general consumer climate, the development of the German as well as European pet supplies markets as well as the development of online retail within the pets supplies market in particular.

In total, the overall retail market volume for pet supplies amounted to approximately EUR 17.0 bln within the European Union in 2008. This makes pet supplies a medium-sized niche market within the overall consumer retail sector. zooplus estimates that the overall market will experience increasing price- and margin pressure and, therefore, shrink in 2009. zooplus, however, expects to benefit from the continuing and strong growth of online retailing and seeks to expand and grow anticyclically within an overall recessionary market environment.

From the management's perspective a worsening consumer climate holds the opportunity for zooplus to grow and expand its position and promote its innovative retail format at the expense of other traditional players within a currently stagnating European pet supplies market. From a strategic perspective, this means that in 2009 and 2010 zooplus will prioritize growth and concurrent increases in market share over premature earnings maximization. It remains the company's goal to reach significant size within all major European markets on the back of substantial economies of scale. Please also refer to the comments made under "Current Outlook" below.

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 and income

Overall, total sales increased by 63 % from EUR 17.5 mm to EUR 28.5 mm y-o-y. This reflects organic sales growth both domestically and internationally as well as a sustained increase in other operating income during the period on the back of the company's overall growth. Moreover, the strong increase in sales reflects the company's successful implementation of its growth-focused medium term corporate development strategy.

Development of major expenditure items

Costs of goods sold (cost of materials) did only increase below the overall rate of sales growth y-o-y. During the first 3 months of 2009 COGS amounted to 57.7 % of total sales, which is down from 58.1 % of total sales y-o-y. In tune, the company's net product sales margin increased from 41.9 % in Q1 2008 to 42.3 % in Q1 2009.

Also to be remarked upon is the below-par (= less than overall sales growth) increase in personnel costs y-o-y. Total personnel costs increased from EUR 1.0 mm to EUR 1.4 mm. This corresponds to an improvement of zooplus' overall personnel cost quota from 5.5 % to 5.0 % (of total sales).

Other expenses increased from EUR 5.7 mm in Q1 2008 to EUR 10.2 mm in Q1 2009. This reflects an increase from 32.7 % to 35.6 % of total sales. Major factors behind this development are the increases in marketing spending (+1.4 %) as well as within national and international logistics (+1.5 %). Both these developments are deliberate and necessary within the company's expansionary strategy and will have a substantial positive medium- and long term earnings impact.

Total depreciation remained relatively constant at around EUR 0.1 mm.

EBIT and consolidated Earnings

Overall EBIT fell slightly from EUR 0.5 mm to EUR 0.4 mm y-o-y. This development primarily reflects the effects of the company's active expansion strategy.

Consolidated profits (after tax) declined from EUR 0.5 mm during Q1 2008 to EUR 0.2 mm during Q1 2009, resulting from an increase in the relevant rate of taxation on earnings under IFRS.

Assets and Financing

Total long-term assets were EUR 5.8 mm at the end of March 2009 and, therefore, mostly unchanged from EUR 5.9 mm at year end 2008.

Total short-term assets increased from EUR 16.7 mm at the end of 2008 to EUR 18.1 mm at the end of the first three months of 2009. The main reason behind this development was an increase in inventory due to the expansion of the company's private label and direct sourcing business as well as a planned increase in overall product availability.

Total equity stood at EUR 10.1 mm at the end of Q1 2009 versus EUR 9.9 mm as of Dec 31st, 2008. The current equity-to-debt ratio, therefore, stands at 42 %.

Accounts payable amounted to EUR 7.7 mm as of March 31st, 2009 versus EUR 8.1 mm at the end of 2008.

The company has a flexible bank overdraft of up to EUR 3.0 mm at its disposal which it uses opportunistically for its working capital financing needs.

All in all, the company's total balance sheet volume amounted to EUR 23.9 mm at the end of Q1 2009 versus EUR 22.7 mm at the end of 2008.

Cash flow from operations was EUR -1.1 mm in Q1 2009 versus EUR 0.7 mm in Q1 2008. This mostly reflects fluctuations in working capital.

Essentially unchanged were cash flow from investing activities (EUR -0.1 mm in both Q1 2008 and 2009).

Cash flow from financing activities (EUR 0.0 mm in Q1 2009 versus EUR -0.6 mm in Q1 2008) were influenced by the company's final repayment of the last remaining shareholder loan of EUR 0.5 mm in Q1 2008.

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.

CURRENT OUTLOOK

As during the previous quarters zooplus will continue to follow a strongly growth-oriented strategy within a recessionary market environment. On the backdrop of the company's substantial expansion potential not only within its German-speaking core markets but also within the whole of western and central Europe, zooplus considers such a strategy as the most value-maximizing within a medium- and long-term perspective. In this context, corporate growth will continue to be a key driver of both economies of scale and related earnings effects. For the current year 2009 it will be key to follow up the recent European market entries with strong local growth in all core geographies in order to achieve substantial size and market penetration on the back of profitable overall growth.

In addition, zooplus continues to aim for a relisting of the company from the Entry Standard onto the Prime Standard of The Frankfurt stock exchange during 2009. In the context of the preparation of the required prospectus and related legal materials zooplus is required and hereby retracts all previously made forecasts and corporate projections for the current year.

Important events of particular relevance after the end of the first quarter did not occur.

BALANCE SHEET

ASSETS

in EUR	31.03.2009	31.12.2008
A. LONG-TERM ASSETS		
I. Long-term assets	636,034.50	617,976.05
II. Intangible assets	350,655.30	380,710.71
III. Deferred tax assets	4,806,522.61	4,925,571.12
Total long-term assets	**5,793,212.41**	**5,924,257.88**
B. SHORT-TERM ASSETS		
I. Inventory	10,372,852.24	9,046,252.31
II. Advance payments	632,582.57	545,535.66
III. Accounts receivable	4,583,205.27	4,162,587.35
IV. Other short-term assets	2,049,763.68	2,571,722.54
V. Cash in hand and cash equivalents	439,665.40	465,235.72
Total short-term assets	**18,078,069.16**	**16,791,333.58**
Total assets	**23,871,281.57**	**22,715,591.46**

LIABILITIES

in EUR	31.03.2009	31.12.2008
A. EQUITY		
I. Capital subscribed	2,406,020.00	2,406,020.00
II. Capital reserves	20,592,703.25	20,556,046.46
III. Other reserves	-404.19	-402.18
IV. Profit and Loss carried forward	-12,891,947.08	-13,083,113.10
Total equity	**10,106,371.98**	**9,878,551.18**
B. LONG-TERM DEBT		
Deferred tax liabillties	**0.00**	**384,939.37**
C. SHORT-TERM DEBT		
I. Short-term debt	7,699,474.01	8,065,705.53
II. Financial debt	2,454,035.81	1,203,057.45
III. Other short-term liabilities	3,376,800.64	3,358,303.17
IV. Tax liabilities	160,499.13	144,074.13
V. Provisions	74,100.00	65,900.00
Total short-term debt	**13,764,909.59**	**12,837,040.28**
Total liabilities	**23,871,281.57**	**22,715,591.46**

INCOME STATEMENT

in EUR		Q1 2009	Q1 2008
Sales		**26,835,894.07**	**16,587,911.06**
Other operating income		**1,698,001.32**	**961,773.53**
Total sales		**28,533,895.39**	**17,549,684.59**
Cost of materials		-16,466,950.40	-10,198,742.63
Personnel costs		-1,427,652.50	-964,442.90
cash		(-1,390,995.71)	-943,072.24
non-cash		(-36,656.79)	-21,370.66
Depreciation		-113,925.58	-92,049.36
Other expenses		-10,167,672.46	-5,746,312.51
of which logistics / fulfillment		(-6,387,947.61)	-3,674,915.06
of which marketing		(-2,078,719.46)	-1,033,615.62
of which payment		(-266,458.77)	-148,212.07
Operating income after IPO costs		**357,694.45**	**548,137.19**
IPO costs		0.00	0.00
Financial income		19.32	11,758.82
Financial expense		-31,070.51	-13,262.03
Pre-tax profit		**326,643.26**	**546,633.98**
Taxes on income		-135,477.24	-46,639.81
Consolidated net profit		**191,166.01**	**499,994.17**
Consolidated profit / loss per share			
undiluted	EUR / share	0.08	0.21
diluted	EUR / share	0.08	0.21

CASH FLOW STATEMENT

in EUR	Q1 2009	Q1 2008
Cash Flow from operating activities		
Pre-tax operating profit	326,643.26	546,633.97
Allowances for:		
depreciation of fixed assets	113,925.58	92,049.36
non-cash personnel expenses	36,656.79	21,370.66
other non-cash expenses	177.89	3,468.00
Financial expenses	31,070.51	13,262.03
Financial income	-19.32	-11,758.82
Changes in:		
Inventory	-1,326,599.93	-1,819,925.60
Advance Payments	-87,046.91	44,395.70
Accounts receivable	-420,617.92	-240,339.58
Other short-term assets	521,958.86	527,793.69
Accounts payable	-366,231.52	851,116.85
Other liabilities	18,497.47	677,472.21
Provisions	8,200.00	11,700.00
Tax	0.00	-10,742.00
Interest income	19.32	11,758.82
Cash Flow from operating activities	**-1,143,365.92**	**718,255.29**
Cash Flow from investing activities		
Fixed Assets (net position)	-102,112.25	-68,486.72
Cash Flow from investing activities	**-102,112.25**	**-68,486.72**
Cash Flow from financing activities		
Options exercise	0.00	0.00
Loan repayments	0.00	-610,233.64
Interest paid	-31,070.51	-13,262.03
Cash Flow from financing activities	**-31,070.51**	**-623,495.67**
Net change of cash and cash equivalents	**-1,276,548.68**	**26,272.90**
Cash and cash equivalents at the beginning of the period	-737,821.73	1,179,574.94
Cash and cash equivalents at the end of the period	**-2,014,370.41**	**1,205,847.84**
Composition of funds balance at the end of the period		
Cash on hand, bank deposits, cheques	439,665.40	1,331,405.55
Overdraft balances	-2,454,035.81	-125,557.71
Cash and cash equivalents at the end of the period	**-2,014,370.41**	**1,205,847.84**

CHANGES IN EQUITY

in EUR	Capital subsribed	Capital reserves	Other reserves	Accumulated profit or loss	Total
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
Currency equalisation item	0.00	0.00	-2.01	0.00	-2.01
Net profit / loss 2009	0.00	0.00	0.00	191,166.01	191,166.01
As of December 31, 2009	**2,406,020.00**	**20,592,703.25**	**-404.19**	**-12,891,947.09**	**10,106,371.98**
As of January 1, 2008	**2,386,150.00**	**20,458,480.93**	**-9.32**	**-18,838,800.92**	**4,005,820.69**
Additions from stock options	0.00	21,370.66	0.00	0.00	21,370.66
Currency equalisation item	0.00	0.00	1,396.72	0.00	1,396.72
Net profit / loss 2008	0.00	0.00	0.00	499,994.16	499,994.16
As of March 31, 2008	**2,386,150.00**	**20,479,851.59**	**1,387.40**	**-18,338,806.76**	**4,528,582.23**

NOTES

NOTES AND COMMENTS REGARDING THE Q1 2009 ACCOUNTS

Accounting principles

The quarterly reports Q1 2009 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 2008 annual accounts.

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 2,406,020. Consequently, earnings per share (pre-dilution) were EUR 0.08 (previous year: EUR 0.21).

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 0.08 (previous year: EUR 0.21).

FINANCIAL CALENDAR

Date	
26.06.2009	Ordinary General Meeting 2009, Munich
01.09.2009	Publication H1 2009 report
30.11.2009	Publication Q3 2009 report

IMPRINT

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

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