

# zooplus Aktiengesellschaft

Semi-annual Report H1 2008



# Semi-annual Report H1 2008

## Content

Highlights H1 2008.....	2
The share.....	3
Consolidated notes.....	4
zooplus AG .....	4
Market and trading environment .....	4
Key financials.....	4
Current outlook.....	7
Consolidated accounts .....	8
Balance sheet .....	8
Income statement .....	9
Cash flow statement .....	10
Changes in equity .....	11
Notes.....	12
Financial calendar.....	13
Imprint .....	14

# Semi-annual Report H1 2008

## Highlights H1 2008

- 48% increase in total sales (sales and other operating income) from EUR 24,8 mm to EUR 36,6 mm over H1 2007
- EBIT improved to EUR 1,4 mm (H1 2007: EUR 0,4 mm) – before/excluding additional one-off effects
- EBIT-margin increased to 3,8% (H1 2007: 0,0 %) – before/excluding additional one-offs
- Consolidated net earnings increased to EUR 1,4 mm (H1 2007: EUR 0,3 mm) - before/excluding one-offs
- Total H1 positive one-off effects of EUR 2,8 mm due to mandatory post-ipo IFRS conversion effects
- Stock price increase from EUR 26,00 at listing to EUR 29,61 as of July 31<sup>st</sup> 2008
- Successful H1 reaffirms positive sales and earnings guidance

# Semi-annual Report H1 2008

## The Share

zooplus' total registered capital as of June 30<sup>th</sup> 2008 comprised 2.386.150 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 9<sup>th</sup> 2008. First trading occurred at EUR 26,00 per share.

As of July 31<sup>st</sup> 2008, the zooplus share price has increased by approximately 11% to EUR 29,61.

## 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 5%.

zooplus AG's designated sponsor is JPMorgan Cazenove.

# Semi-annual Report H1 2008

## Consolidated notes

### zooplus AG

zooplus AG was set up 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 9 country-specific websites in Western and Central Europe. Moreover, zooplus operates a second retail label "bitiba.de" as well as an international and multinational website "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.

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

### 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 2007. This makes pet supplies a medium-sized niche market within the overall consumer retail sector. zooplus estimates that the overall market will remain stable with modest overall growth. In addition, zooplus benefits from the general growth of online retail which leading research institutes expect to continue over the coming years.

In comparison with other retail segments, the present share of online retail out of total retail is relatively modest within the pets supplies sector. As a leading player, zooplus is well positioned to benefit from further growth in this area.

zooplus' product sales are only subject to minor seasonality effects due to relatively stable and constant underlying demand structures (in the areas of pet foods and other recurring demands).

# Semi-annual Report H1 2008

## 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 48% from EUR 24,8 mm to EUR 36,6 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 backdrop of the company's overall growth.

### 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 half of 2008 COGS amounted to 57,5% of total sales, which is down from 59,2 % of total sales y-o-y. In tune, the company's net product sales margin increased from 40,8% in h1 2007 to 42,5% in h1 2008.

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 1,52 mm to EUR 1,94 mm. This corresponds to an improvement of zooplus' overall personnel cost quota from 6,2% to 5,3% (of total sales).

Other expenses increased from EUR 8,1 mm in h1 2007 to EUR 12,0 mm in h1 2008. This also reflects a positive below-par increase and also includes a positive EUR 0,2 mm one-off penalty payment of a supplier due to late service delivery.

Total depreciation increased from EUR 0,1 mm to EUR 0,2 mm y-o-y.

It is important to note that the h1 2008 results are subject to 2 major one-off effects which result in a net improvement of overall earnings to an amount of approximately EUR 2,8 mm.

The first effect (shown under the company's positive tax income) is due to the capitalization of the tax advantages of the company's tax

losses carried forward. The validity of the company's claim to fiscally make use of these losses carried forward (emanating from the company's first years in business) was finally and legally acknowledged by the German tax authorities in h1 2008. Under IFRS accounting standards this necessarily leads to a positive EUR 4,8 mm (non-cash) one-off effect.

The second effect is due to the company's listing at the Frankfurt Stock Exchange in May 2008. Whilst until q1 2008 all IPO-related costs were capitalized under IFRS rules, the successful listing means that with the end of the IPO project all related costs have to be shown through the company's profit & loss accounts. This amounts to EUR 2,0 mm.

In total, these one-off effects result in a positive effect of approximately EUR 2,8 mm. In the following, we have tried to separate out these one-off effects whenever sensibly possible for transparency reasons.

### Earnings Development

Total operating income (excluding one-off IPO costs) improved from EUR 0,4 mm to EUR 1,4 mm y-o-y.

Including one-off IPO costs of EUR 2,0 mm, total operating income stood at EUR -0,6 mm.

### EBIT and consolidated Earnings

Overall EBIT improved from EUR 0,4 mm to EUR 1,4 mm y-o-y (excluding IPO costs).

Consolidated profits (after tax) improved from EUR 0,3 mm during h1 2007 to EUR 4,2 mm during h1 2008. This includes EUR 2,8 in net one-off effects.

On a pro forma comparable basis (excluding one-off effects), consolidated profits improved from EUR 0,3 mm to EUR 1,4 mm y-o-y.

# Semi-annual Report H1 2008

## Assets and Financing

Total long-term assets were EUR 5,3 mm at the end of h1 2008 and, therefore, up EUR 4,3 mm compared to year end 2007. This mainly reflects the one-off tax effect described above.

Total short-term assets increased from EUR 10,6 mm at the end of 2007 to EUR 11,1 mm at the end of the first half of 2008. The main reason behind this development was a notable increase in inventory due to the expansion of the company's private label and direct sourcing business as well as a planned increase in SKUs and product availability. This notable expansion in h1 2008 was a deliberate strategic decision and will not continue further into h2 2008. In addition, accounts receivable increased - albeit below the rate of the company's underlying sales growth. It should be noted that total write-offs regarding accounts receivable remain constantly low at approximately 1% of total sales.

Total equity stood at EUR 8,2 mm at the end of h1 2008 versus EUR 4,0 mm as of Dec 31<sup>st</sup> 2007. The current equity-to-debt ratio, therefore, stands at around 50%.

Accounts payable amounted to EUR 4,2 mm as of June 30<sup>th</sup> 2008 versus EUR 3,1 mm at the end of 2007.

The company has a flexible bank overdraft of up to EUR 2,5 mm at its disposal. This financing line was increased from EUR 1,25 mm in May 2008.

Other liabilities including financial debt decreased slightly from EUR 4,0 mm to EUR 3,9 mm during the first six months of the year. A key development in this area was the first cash payments of foreign VAT in France and the UK, which until payment had previously been reported as liabilities.

All in all, the company's total balance sheet volume amounted to EUR 16,4 mm at the end of h1 2008 versus EUR 11,6 mm at the end of 2007.

Cash flow from operations was EUR -2,2 mm in h1 2008 versus EUR 1,1 mm in h1 2007. This reflects, among others, VAT payments in various European countries as well as a deliberate one-off expansion of stocks and warehousing capacity. Considerably lower were cash flow from investing activities (EUR -0,2 mm in h1 2008 vs. EUR -0,5 mm in h1 2007). Cash flow from financing activities (EUR -0,6 mm in h1 2008 versus EUR 1,9 mm in h1 2007) were influenced by the company's EUR 1,9 mm capital increase in h1 2007 and the final repayment of the last remaining shareholder loan of EUR 0,5 mm in h1 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.

# Semi-annual Report H1 2008

## Current Outlook

zooplus has had an excellent h1 2008 by successfully combining both strong growth and earnings momentum. This is setting the benchmark for zooplus' short- and medium term future. For 2008 as a whole the company

expects to generate an EBIT (excluding one-off effects with an additional positive overall effect) in a range of EUR 2,2 – 2,4 mm on sales of at least EUR 78 mm.

Important events after the end of the second quarter did not occur.

# Semi-annual Report H1 2008

## Consolidated Accounts H1 2008

<b>Balance Sheet as of June 30th 2008 (IFRS)</b>			
		<b>Jun 30<sup>th</sup> 2008</b>	<b>Dec 31<sup>st</sup> 2007</b>
		<b>Euro</b>	<b>Euro</b>
<b>A. ASSETS</b>			
I.	LONG-TERM ASSETS	486.477,02	495.724,38
II.	Intangible assets	352.864,77	440.530,54
III.	Financial assets	22.483,50	22.483,50
IV.	Deferred tax assets	4.428.121,55	48.870,22
Total long-term assets		<b>5.289.946,84</b>	<b>1.007.608,64</b>
<b>B. SHORT-TERM ASSETS</b>			
I.	Inventory	6.907.443,31	3.347.914,84
II.	Advance payments	238.468,42	369.983,34
III.	Accounts receivable	2.843.568,52	2.572.256,53
IV.	Other short-term assets	1.068.075,28	2.939.630,99
V.	Cash in hand and cash equivalents	72.088,25	1.408.758,81
Total short-term assets		<b>11.129.643,78</b>	<b>10.638.544,51</b>
		<b>16.419.590,62</b>	<b>11.646.153,15</b>
<b>LIABILITIES</b>			
<b>A. EQUITY</b>			
I.	Capital subscribed	2.386.150,00	2.386.150,00
II.	Capital reserves	20.492.040,18	20.458.480,93
III.	Other reserves	726,03	-9,32
IV.	Profit and Loss carried forward	-14.683.061,88	-18.838.800,92
Total equity		<b>8.195.854,33</b>	<b>4.005.820,69</b>
<b>B. LONG-TERM DEBT</b>			
	Deferred tax liabilities	<b>0,00</b>	<b>384.939,37</b>
<b>C. SHORT-TERM DEBT</b>			
I.	Accounts payable	4.202.261,64	3.134.639,42
II.	Financial debt	1.899.737,79	839.417,51
III.	Other short-term liabilities	2.063.100,86	3.237.888,83
IV.	Tax liabilities	6.336,00	47,33
V.	Provisions	52.300,00	43.400,00
Total short-term debt		<b>8.223.736,29</b>	<b>7.255.393,09</b>
		<b>16.419.590,62</b>	<b>11.646.153,15</b>

# Semi-annual Report H1 2008

## Consolidated Income Statement

Consolidated Income Statement as of June 30th 2008 (IFRS)			
		Q1 2008	Q1 2007
		Euro	Euro
Sales		34.505.289,64	23.442.833,07
Other operating income		2.035.460,59	1.314.220,13
<b>Total sales</b>		<b>36.540.750,23</b>	<b>24.757.053,20</b>
Cost of materials		-21.028.437,15	-14.663.332,51
Personnel costs		-1.941.330,86	-1.523.017,05
of which cash		-1.907.771,61	-1.502.436,72
of which non-cash		-33.559,25	-20.630,33
Depreciation		-181.299,14	-124.158,08
Other expenses		-12.018.562,64	-8.028.590,30
of which logistics / fulfillment		-7.736.201,59	-5.701.617,67
of which marketing		-2.044.278,91	-1.255.255,76
of which payment		-336.339,83	-213.772,79
<b>Operating income (excluding IPO costs)</b>		<b>1.371.120,44</b>	<b>417.955,26</b>
IPO costs		-1.957.697,70	0,00
<b>Operating income after IPO costs</b>		<b>-586.577,26</b>	<b>417.955,26</b>
Financial income		19.449,12	1.016,80
Financial expense		-26.697,50	-23.507,52
<b>Pre-tax profit</b>		<b>-593.825,64</b>	<b>395.464,54</b>
Taxes on income		4.749.564,68	-107.397,32
<b>Consolidated net profit</b>		<b>4.155.739,04</b>	<b>288.067,22</b>
<b>Consolidated profit / loss per share</b>			
undiluted	EUR/share	1,74	0,33
diluted	EUR/share	1,72	0,33

# Semi-annual Report H1 2008

## Consolidated Cash Flow Statement

Consolidated Cash Flow Statement as of June 30th 2008 (IFRS)		
	31.06.2008	31.06.2007
	Euro	Euro
<b>Cash-flow from operating activities</b>		
Pre-tax operating profit	-593.825,64	395.464,54
Allowances for:		
depreciation of fixed assets	181.299,14	124.158,08
non-cash personnel expenses	33.559,25	20.630,33
non-cash IPO expenses	1.371.110,83	0,00
other non-cash expenses	84.842,39	0,00
Financial expenses	26.697,50	23.507,52
Financial income	-19.449,12	-1.016,80
Changes in:		
Inventory	-3.559.528,47	-442.231,86
Advance Payments	131.514,92	-67.322,90
Accounts receivable	-271.311,99	-407.661,55
Other short-term assets	500.444,88	-272.853,28
Accounts payable	1.067.622,22	913.927,66
Other liabilities	-1.174.787,97	877.214,70
Provisions	8.900,00	7.500,00
Tax	-14.626,62	-4.035,39
Interest income	19.449,12	1.016,80
<b>Cash-flow from operating activities</b>	<b>-2.208.089,56</b>	<b>1.168.297,85</b>
<b>Cash-flow from investing activities</b>		
Fixed Assets	-162.203,78	-518.138,26
<b>Cash-flow from investing activities</b>	<b>-162.203,78</b>	<b>-518.138,26</b>
<b>Cash-flow from financing activities</b>		
Capital increase	0,00	1.895.200,00
Loan repayments	-610.233,64	0,00
Interest paid	-26.697,50	-23.507,52
<b>Cash-flow from financing activities</b>	<b>-636.931,14</b>	<b>1.871.692,48</b>
<b>Net change of cash and cash equivalents</b>	<b>-3.007.224,48</b>	<b>2.521.852,07</b>
Cash and cash equivalents at the beginning of the period	1.179.574,94	596.632,78
Cash and cash equivalents at the end of the period	-1.827.649,54	3.118.484,85
<b>Composition of funds balance at the end of the period</b>		
Cash in hand, bank deposits, cheques	72.088,25	3.133.164,27
Overdraft balances	-1.899.737,79	-14.679,42

# Semi-annual Report H1 2008

## Consolidated changes in equity

### Consolidated changes in equity as of June 30th 2008 (IFRS)

	Capital subscribed Euro	Capital reserves Euro	Other reserves	Accumulated profit or loss Euro	Total Euro
As of Jan 1st 2008	2.386.150,00	20.458.480,93	-9,32	-18.838.800,92	4.005.820,69
Additions from capital increase / stock options	0,00	33.559,25	0,00	0,00	33.559,25
Currency equalisation item	0,00	0,00	735,35	0,00	735,35
Net profit / loss H1 2008	0,00	0,00	0,00	4.155.739,04	4.155.739,04
<b>As of June 30th 2008</b>	<b>2.386.150,00</b>	<b>20.492.040,18</b>	<b>726,03</b>	<b>-14.683.061,88</b>	<b>8.195.854,33</b>
As of Jan 1st 2007	460.000,00	20.388.942,56	0,00	-19.464.815,97	1.384.126,59
Additions from exercise of convertible debentures	13.800,00	0,00	0,00	0,00	13.800,00
Additions from capital increase / stock options	1.895.200,00	0,00	0,00	0,00	1.895.200,00
Currency equalisation item	0,00	20.630,33	0,00	0,00	20.630,33
Net profit / loss H1 2008	0,00	0,00	0,00	288.067,22	288.067,22
<b>As of June 30<sup>th</sup> 2007</b>	<b>2.369.000,00</b>	<b>20.409.572,89</b>	<b>0,00</b>	<b>-19.176.748,75</b>	<b>3.601.824,14</b>

# Semi-annual Report H1 2008

## Consolidated Notes

### Notes and comments regarding the Q1 2008 accounts

#### Accounting principles

The quarterly reports q1 2008 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 2007 annual accounts.

#### Consolidation principles

The consolidated companies are: zooplus AG / Unterfoehring / Germany (registered under Amtsgericht Muenchen HRB 125080), Matina GmbH / Rosenheim / Germany (registered under Amtsgericht Traunstein HRB 16034) as well as Bitiba GmbH / Hannover / Germany (registered under Amtsgericht Hannover HRB 200699) and zooplus services ltd (formerly zooplus retail 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 2.386.150. Consequently, earnings per share (pre-dilution) were EUR 1,74 (previous year EUR 0,33).

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. As of Mar31st 2008, 24.432 such share equivalents were in existence. The dilutory effect only marginally affects earnings per share.

# Semi-annual Report H1 2008

## Financial calendar

---

Publication of quarterly reports Q3 2008	November 27th 2008
Publication of annual report 2008	April 2009
Annual General Shareholder Meeting 2009	May 2009

---

# Semi-annual Report H1 2008

## Imprint

Published by  
**zooplus AG**  
Eichenweg 4a  
85774 Unterföhring  
Germany

[www.zooplus.de](http://www.zooplus.de)

## Investor Relations Contact

Henryk Deter  
cometis AG  
Unter den Eichen 7 / Gebäude D  
65195 Wiesbaden  
Germany

Tel: +49 (0)611 - 20 585 5-13  
Fax: +49 (0)611 - 20 585 5-66

[deter@cometis.de](mailto:deter@cometis.de)

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