

zooplus Aktiengesellschaft

Quarterly Report Q1 2008



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Highlights Q1 2008

- 46% increase in total sales (sales and other operating income) from EUR 12,0 mm to EUR 17,5 mm versus Q1 2007
- EBIT improved to EUR 0,5 mm (Q1 2007: EUR 0,0 mm)
- EBIT-margin increased to 3,1 % (Q1 2007: 0,0 %)
- Consolidated net earnings increased to EUR 0,5 mm (Q1 2007: EUR 0,0 mm)
- Country-specific websites up and running in all key EU markets
- Launch of zooplus.es in Spain
- Successful run-up to and preparation of Q2 08 stock market listing and IPO

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The Share

zooplus' total registered capital as of march 31st 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. The shares were not publicly traded.

zooplus AG intends to publicly list its shares on the Entry Standard segment of the Open Market of the Frankfurt Stock Exchange during Q2 2008. The company furthermore intends to

relist its shares on the Prime Standard or any other regulated EU market once it structurally fulfills the requirements to do so.

At the time of publication of this report the company has successfully listed on the Entry Standard segment of the Frankfurt stock exchange. Further details of this transaction will be published with the company's 2008 semi-annual report.

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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, amongst others, the general consumer climate, the development of the German as well as European pet supplies markets as well as the development of online retailing within the pets supplies market in particular.

In total, the overall retail market 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 a general growth in online retailing which leading research institutes expect over the coming years.

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

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).

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Key financials

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

Development of total sales and income

Overall, total sales were increased by 46% from EUR 12,0 mm to 17,5 y-o-y. This reflects organic sales growth both domestically and abroad 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 quarter of 2008 COGS amounted to 58,1% of total sales, which is down from 58,4% of total sales y-o-y. In tune, the company's net product sales margin increased from 41,6% in q1 2007 to 41,9% in q1 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 0,75 mm to EUR 0,96mm. This corresponds to an improvement of zooplus'

overall personnel cost quota from 6,2% to 5,5% (of total sales).

Other expenses increased from EUR 4,2 mm in Q1 2007 to EUR 5,7 mm in Q1 2008. This also reflects a positive below-par increase.

Total depreciation increased from EUR 0,05 mm to EUR 0,1 mm y-o-y.

Earnings Development

Total operating income improved from EUR 0,0 mm to EUR 0,5 mm y-o-y. This is also reflected in an increase of the company's pre-tax profit from EUR 0,0 mm to EUR 0,5 mm.

EBIT and consolidated Earnings

Overall EBIT improved from EUR 0,0 mm to EUR 0,5 mm y-o-y.

Consolidated profits (after tax) improved from EUR 0,0 mm during q1 2007 to EUR 0,5 mm during q1 2008.

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Assets and Financing

Total long-term assets were EUR 1,0 mm at the end of q1 2008 and, therefore, unchanged from q4 2007.

Total short-term assets increased from EUR 10,6 mm at the end of 2007 to EUR 12,0 mm at the end of the first quarter 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. In addition, accounts receivable increased in tune with the company's sales growth. It should be noted, however, that total write-offs regarding accounts receivable remain constantly low at approximately 1% of total sales.

Total equity stood at EUR 4,5 mm at the end of q1 2008 versus EUR 4,0 mm as of Dec 31st 2007. The current equity-to-debt ratio, therefore, stands at around 35%.

Accounts payable amounted to EUR 4,0 mm as of Mar 31st 2008 versus EUR 3,1 mm at the end of 2007. Overall financial debt was reduced from EUR 0,8 mm to EUR 0,1 mm, mainly due to the repayment of the company's last outstanding shareholder loan on Feb 29th 2008.

The company has a flexible bank overdraft of up to EUR 1,25 mm at its disposal. An increase

of this facility to EUR 2,5 mm towards the middle of 2008 is envisaged within the context of zooplus' continuing growth.

Other liabilities increased from EUR 3,2 mm to EUR 3,9 mm during the quarter. This mostly reflects foreign VAT liabilities which the company expects to pay during q2 or q3 2008.

All in all, the company's total balance sheet volume amounted to EUR 13,0 mm at the end of q1 2008 versus EUR 11,6 mm at the end of 2007.

Cash flow from operations was EUR 0,7 mm in q1 2008 versus negative -0,7 mm in q1 2007. Considerably lower were cash flow from investing activities (EUR 0,1 mm in both q1 2008 and 2007) and cash flow from financing activities (-0,6 mm in q1 2008 versus 0,0 mm in q1 2007).

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 in these financial figures than the company's underlying earnings trends might suggest.

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Current Outlook

zooplus has had a good q1 2008 by successfully combining both strong growth and earnings momentum. This is setting the benchmark for zooplus' short- and medium term future.

Important events after the end of the first quarter were the successful listing of the company at the Frankfurt Stock Exchange (Entry Standard / Open Market) on May 9th, 2008. zooplus' first trading price was at EUR 26,00.

zooplus AG is identified as follows:

International Securities Identification Number (ISIN): DE0005111702

German securities identification (WKN): 511170

Common Code: 036001097

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Consolidated Accounts Q1 2008

Balance Sheet as of Mar31st 2008 (IFRS)			
		31.03.2008	31.12.2007
		Euro	Euro
ASSETS			
A. LONG-TERM ASSETS			
I.	Fixed assets	482.074,54	495.724,38
II.	Intangible assets	430.617,74	440.530,54
III.	Financial assets	22.483,50	22.483,50
IV.	Deferred tax assets	54.790,25	48.870,22
Total long-term assets		989.966,03	1.007.608,64
B. SHORT-TERM ASSETS			
I.	Inventory	5.167.840,44	3.347.914,84
II.	Advance payments	325.587,64	369.983,34
III.	Accounts receivable	2.812.596,11	2.572.256,53
IV.	Other short-term assets	2.411.837,30	2.939.630,99
V.	Cash in hand, bank deposits, cheques	1.331.405,55	1.408.758,81
Total short-term assets		12.049.267,04	10.638.544,51
		13.039.233,07	11.646.153,15
LIABILITIES			
A. EQUITY			
I.	Capital subscribed	2.386.150,00	2.386.150,00
II.	Capital reserves	20.479.851,59	20.458.480,93
III.	Other reserves	1.387,40	-9,32
IV.	Profit and Loss carried forward	-18.338.806,76	-18.838.800,92
Total equity		4.528.582,23	4.005.820,69
B. LONG-TERM DEBT			
	Deferred tax liabilities	426.757,82	384.939,37
C. SHORT-TERM DEBT			
I.	Accounts payable	3.985.756,27	3.134.639,42
II.	Financial debt	125.557,71	839.417,51
III.	Other short-term liabilities	3.915.361,04	3.237.888,83
IV.	Tax liabilities	2.118,00	47,33
V.	Provisions	55.100,00	43.400,00
Total short-term debt		8.083.893,02	7.255.393,09
		13.039.233,07	11.646.153,15

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Consolidated Income Statement

Consolidated Income Statement as of Mar31st 2008 (IFRS)			
		Q1 2008	Q1 2007
		Euro	Euro
Sales		16.587.911,06	11.393.719,65
Other operating income		961.773,53	649.133,25
Total sales		17.549.684,59	12.042.852,90
Cost of materials		-10.198.742,63	-7.037.434,85
Personnel costs		-964.442,90	-747.784,99
cash		(-943.072,24)	(-735.235,76)
non-cash		(-21.370,66)	(-12.549,23)
Depreciation		-92.049,36	-53.042,49
Other expenses		-5.746.312,51	-4.202.670,27
of which logistics / fulfillment		(-3.674.915,06)	(-2.876.711,20)
of which marketing		(-1.033.615,62)	(-665.424,73)
of which payment		(-148.212,07)	(-112.021,08)
Operating income		548.137,19	1.920,30
Financial income		11.758,82	904,65
Financial expense		-13.262,03	-11.170,42
Pre-tax profit		546.633,98	-8.345,47
Taxes on income		-46.639,81	-1.569,70
Consolidated net profit		499.994,17	-9.915,17
Consolidated profit / loss per share			
undiluted	EUR/share	0,21	-0,02
diluted	EUR/share	0,21	-0,02

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Consolidated Cash Flow Statement

Consolidated Cash Flow Statement as of Mar31st 2008 (IFRS)		
	31.03.2008	31.03.2007
	Euro	Euro
Cash-flow from operating activities		
Pre-tax operating profit	546.633,97	1.920,30
Allowances for:		
depreciation of fixed assets	92.049,36	53.042,49
non-cash personnel expenses	21.370,66	12.549,23
other non-cash expenses	3.468,00	0,00
Financial expenses	13.262,03	0,00
Financial income	-11.758,82	0,00
Changes in:		
Inventory	-1.819.925,60	-269.279,71
Advance Payments	44.395,70	42.068,61
Accounts receivable	-240.339,58	-155.220,16
Other short-term assets	527.793,69	-672.660,23
Accounts payable	851.116,85	95.480,91
Other liabilities	677.472,21	162.235,35
Provisions	11.700,00	2.600,00
Tax	-10.742,00	0,00
Interest income	11.758,82	904,65
Cash-flow from operating activities	718.255,29	-726.358,56
Cash-flow from investing activities		
Fixed Assets	-68.486,72	-74.984,96
Cash-flow from investing activities	-68.486,72	-74.984,96
Cash-flow from financing activities		
Loan repayments	-610.233,64	0,00
Interest paid	-13.262,03	-11.170,42
Cash-flow from financing activities	-623.495,67	-11.170,42
Net change of cash and cash equivalents	26.272,90	-812.513,94
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	1.205.847,84	-215.881,16
Composition of funds balance at the end of the period		
Cash in hand, bank deposits, cheques	1.331.405,55	82.118,59
Overdraft balances	-125.557,71	-297.999,75
	1.205.847,84	-215.881,16

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Consolidated changes in equity

Consolidated changes in equity as of Mar31st 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 exercise of 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 Q1 2008	0,00	0,00	0,00	499.994,16	499.994,16
As of Mar 31st 2008	2.386.150,00	20.479.851,59	1.387,40	-18.338.806,76	4.528.582,23
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 exercise of stock options	0,00	12.549,23	0,00	0,00	12.549,23
Currency equalisation item	0,00	0,00	0,00	0,00	0,00
Net profit / loss Q1 2008	0,00	0,00	0,00	-9.915,17	-9.915,17
As of Mar 31st 2007	473.800,00	20.401.491,79	0,00	-19.474.731,14	1.400.560,65

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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 report 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 (previous year: 473.800). Consequently, earnings per share (pre-dilution) were EUR 0,21 (previous year EUR -0,02).

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. During the previous year, there was no dilutory effect due to the company's overall negative earnings situation.

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Financial calendar

Publication of semi annual reports H1 2008	August 28th 2008
Publication of quarterly reports Q3 2008	November 27th 2008
Annual General Shareholder Meeting 2009	May 2009

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