zooplus AG continues to drive sustainable business expansion forward 20 years after its foundation

- **Sales and earnings guidance for 2019 achieved**
- **Sales increase by 14% year-on-year to EUR 1,524 m**
- **Positive EBITDA of EUR 11.8 m (2018: EUR 8.6 m)**
- **Above-average growth of 29% in private label sales of food and litter**
- **Growth in 2019 financed entirely from free cash flow**
- **Sales retention rate remains at a high level of 91%**
- **CEO Dr. Cornelius Patt extends his contract until the end of 2023**

Munich, March 25, 2020 – zooplus AG (WKN 511170, ISIN DE0005111702, ticker symbol ZO1), Europe's leading online retailer of pet supplies, continued its growth course in the 2019 financial year, 20 years after its founding. zooplus generated sales of EUR 1,524 m (2018: EUR 1,342 m), representing a year-on-year increase in sales of EUR 182 m. Based on sales growth of 14% (currency-adjusted: 14%) and operating profitability in terms of EBITDA of EUR 11.8 m, the full-year results were in line with the company's targets for the 2019 financial year.

Sales growth continued to be driven primarily by business with existing customers. The sales retention rate did not quite reach 2018's record level of 95% but instead, after a considerable decline in the first half-year, stabilized at a level of 91% for full-year 2019. With 3.1 million registered new customers (+22% compared to 2018), a new record was reached in customer acquisitions. The growth in new customer acquisitions and continued level of strong customer loyalty once again underscore the attractiveness of zooplus to customers in the pet supplies segment and prove the capability of the company's E-commerce business model. Sales of exclusive private label brand food and litter made a disproportionately strong contribution to the overall sales development with an increase of 29%. As a result, the sales of this high-margin product line as a percentage of total food and litter sales increased by two percentage points to 16% in 2019 (2018: 14%).

The gross margin remained stable, as expected, and amounted to 29.0%, which was slightly above the prior year's level (2018: 28.7%). The main drivers of this performance were the expansion in the high-margin private label business and a stabilization in the overall price level in all key markets.

Operating profitability, in terms of earnings before interest, taxes, depreciation and amortization (EBITDA), amounted to EUR 11.8 m in the 2019 financial year, compared with EUR 8.6 m in the prior year. Earnings before taxes (EBT) amounted to EUR -15.9 m, compared to EUR -2.3 m in the prior year, and reflect a higher level of investment in expanding the new customer business.

Further improvements within the company's cost structure had a positive impact on EBITDA. Logistics expenses as a percentage of sales significantly reduced by 1.4 percentage points. Operational improvements accounted for 0.7 percentage points of this reduction, with the remaining decline resulting from reclassification effects in connection with the adoption of IFRS 16. The primary driver of the gains in efficiency included high capacity utilization in fulfillment and the well thought-out use of routing options in the distribution network. This allowed the company to fully compensate for price increases by some parcel service providers.

Gross margin improvements and efficiency gains within the cost structure were reinvested in the sustainable expansion of the business and the company's leading market position in Europe. Against this backdrop and taking into account the expenses related to the communication for the '20 years of zooplus' campaign, marketing expenses as a percentage of sales increased by 1.1 percentage points to 3.3%.

Despite the continued investment in expanding the business, zooplus achieved positive free cash flow of EUR 24.9 m (2018: EUR 14.3 m). The free cash flow figure benefited positively from the further optimization of working capital.

Dr. Cornelius Patt, CEO of zooplus AG, in his comments on the company's performance says: "20 years after its founding, zooplus continued on its growth path in the 2019 financial year. At 91%, the sales retention rate remained at a high level overall, despite a temporary decline, and not only underscores the loyalty of our existing customer base but also provides an essential building block for our further growth. We plan to continue to sustainably further develop zooplus' business in the coming years. Our focus will be on increasing the loyalty of

our customer base, throughout all phases of the customer relationship. As a result, our strength in new customer acquisition will be thus used more strongly revenue wise.
Looking ahead to the year 2020, we are, of course, preoccupied with the spread of the novel coronavirus and the potential implications on our category, our distribution model and thus our overall business. Currently, we assess less disruption in the E-commerce segment than in traditional channels of distribution. In the medium term, we expect to benefit from the steady demand in our category, which has a relatively low risk exposure compared to the overall economic environment. It cannot be ruled out, however, that the effects of potentially drastic measures required to combat the coronavirus will affect us in terms of higher costs and sales losses."

In light of the above, the Management Board expects the following developments in the 2020 financial year:

• Group sales growth volume is expected in a range comparable to the prior-year, taking into account the effects related to the spread of the COVID-19 pathogen to the extent known to date. This would correspond to year-on-year sales growth of at least EUR 180 m.
• Operating profitability, measured by earnings before interest, taxes, depreciation and amortization (EBITDA), is expected below the prior year's level – but in positive to neutral range – due to efficiency losses in the total cost ratio, particularly in the logistics area, in connection with effects of the COVID-19 pathogen.

Furthermore, the Supervisory Board of zooplus AG has decided to extend the contract of co-founder and CEO Dr. Cornelius Patt for another term of office, beginning January 1, 2021. This appointment is for a further three years, extending until December 31, 2023.

"We are very delighted to be able to confirm a further term of office for Dr. Cornelius Patt as CEO of zooplus AG. zooplus' dynamic development over the years and the resulting international success has been driven by his entrepreneurial spirit and his vision to create Europe's leading online retailer of pet supplies. The work of Dr. Patt has also laid the foundation for zooplus' further growth. We firmly believe that his longstanding expertise and commitment will continue to benefit zooplus AG in the years to come," said Christian Stahl, Chair of the Supervisory Board of zooplus AG.

By extending the term of Dr. Patt's contract, the Supervisory Board is reconfirming his success as the CEO of zooplus AG and ensuring the continuity of the company's management. The zooplus AG Management Board comprises Dr. Cornelius Patt, CEO, Andreas Maueröder, CFO, Dr. Mischa Ritter, COO, and Florian Welz, CCO.

The full 2019 annual report is available for download on the website https://investors.zooplus.com.

Company profile:

zooplus AG was founded in 1999 and today is Europe's leading online retailer of pet supplies measured by sales. Sales totaled more than EUR 1.5 bn in the 2019 financial year. The company's business model has been launched successfully in roughly 30 European countries. zooplus sells products for all major pet breeds. The product range includes pet food (dry and wet food as well as food supplements) and accessories such as scratching posts, dog baskets, and toys in all price categories. In addition to a selection of around 8,000 products, zooplus customers benefit from a variety of interactive content and community offerings. The pet supplies market is an important market segment in the European retail landscape. Gross sales of pet food and accessories within the European Union amount to around EUR 30 bn. Based on the continued vigorous growth anticipated in the European E-commerce market, zooplus expects its dynamic performance to continue.

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