

**SHOP APOTHEKE**  
E U R O P E

# INTERIM REPORT

31 MARCH 2019

---

# LETTER TO OUR SHAREHOLDERS.

Venlo, the Netherlands, 15 May 2019

Dear Shareholders, Ladies and Gentlemen,

As announced, SHOP APOTHEKE EUROPE has significantly invested in further accelerating organic growth and is Europe's strongest-growing online pharmacy. Our revenue increase of 33 % to EUR 175 million is the result of a range of successfully implemented marketing measures. We again further extended our leading position in all relevant markets with now 3.8 million customers.

First-quarter revenues for the DACH segment – which consists of Austria and Switzerland as well as our largest market, Germany – increased by 29 % to EUR 155 million. In the International segment – which comprises the comparatively young markets of the Netherlands, Belgium, France, Italy and Spain – revenues rose by an even stronger 83 % to EUR 19.6 million.

To finance our growth strategy, we increased our capital as well as our existing convertible bond on 10 April, shortly after the end of the reporting period. As a result, we generated total proceeds of EUR 110 million. Thanks to this strong financial position we are well equipped to continue our growth course and to concurrently prepare for the introduction of electronic prescriptions in Germany in 2020. We do so from our strong position as European online leaders.

We consider our strong organic growth as an investment that will pay off in the future. As part of our growth strategy, we are also focusing on profitability and expect a slight improvement on the basis of adjusted EBITDA for the current fiscal year compared to the previous year. We will then aim for EBITDA break-even in 2020.

We thank you for your continued trust and support.

The Managing Board

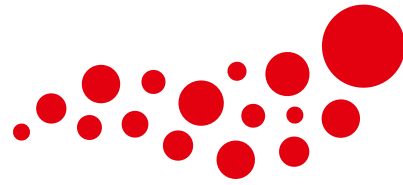
## KEY FIGURES.

Performance indicators Group	2017				2018				2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Page visits (millions)	18.6	17.9	18.0	17.1	21.9	20.9	24.0	26.3	32.5
Mobile page visits (millions)	8.9	9.2	9.4	8.9	12.3	11.5	13.3	17.5	21.4
Ratio mobile (in %)	48	51	53	52	56	55	55	66	66
Orders (millions)	1.4	1.4	1.4	1.6	2.1	2.0	2.1	2.50	3.1
Orders by existing clients (in %)	71	75	76	82	82	81	81	81	78
Return rate (in %)	0.8	0.7	0.8	0.7	0.7	0.9	0.9	0.8	0.8
Active customers (millions)	2.1	2.2	2.4	2.7	2.7	2.8	3.2	3.5	3.8
Average shopping cart (in €)	52.2	53.3	54.2	70.3	73.4	75.0	72.3	69.6	65.0

---

# TABLE OF CONTENTS.

<b>01</b>	<b>HIGHLIGHTS.</b>	
	SHOP APOTHEKE EUROPE STARTS 2019 FISCAL YEAR WITH REVENUE GROWTH OF + 33 %.	6
<b>02</b>	<b>SHOP APOTHEKE EUROPE: EUROPE'S FASTEST-GROWING ONLINE PHARMACY.</b>	
	BUSINESS MODEL.	8
	GROUP STRUCTURE AND CORPORATE GOVERNANCE PRACTICES.	9
<b>03</b>	<b>BUSINESS DEVELOPMENT.</b>	
	CONSOLIDATED REVENUES AND RESULTS OF OPERATIONS.	11
	SEGMENT PERFORMANCE.	13
	ASSETS AND FINANCIAL POSITION.	14
	RISKS AND OPPORTUNITIES.	15
	FORECAST.	16
<b>04</b>	<b>APPENDIX.</b>	
	GROUP SEGMENT REPORTING.	18
	CONSOLIDATED STATEMENT OF PROFIT AND LOSS.	19
	CONSOLIDATED BALANCE SHEET.	20
	CONSOLIDATED CASH FLOW STATEMENT.	21
	CONTACT/FINANCIAL CALENDAR.	22



**SHOP APOTHEKE**  
EUROPE

01

HIGHLIGHTS.

SHOP APOTHEKE EUROPE starts 2019 fiscal year with revenue growth of + 33 %.

- DACH segment's revenues increase by +29% to EUR 154.9 million.
- International revenues rise by +83% to EUR 19.6 million.
- Number of active customers passes the 3.8 million mark.
- Forecast for the 2019 fiscal year confirmed.

## KEY FIGURES.



**€ 175 Mio. (+ 33 %)**  
Sales 3M 2019



**3.8 Mio. (+ 41 %)**  
Active customers



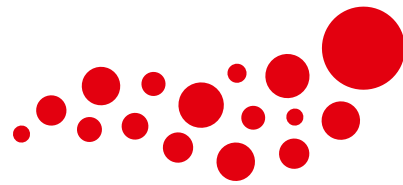
**78 %**  
Repeat orders



**32.5 Mio.**  
Site visits



**> 100.000**  
Available products



**SHOP APOTHEKE**  
EUROPE

02

SHOP APOTHEKE EUROPE:  
EUROPE'S FASTEST-GROWING  
ONLINE PHARMACY.

## BUSINESS MODEL.

### Europe's leading online pharmacy.

SHOP APOTHEKE EUROPE is the fastest-growing online pharmacy in Continental Europe. With the acquisition of Farmaline in September 2016 and the takeover of Europa Apotheek in November 2017, SHOP APOTHEKE EUROPE has significantly extended its European market leadership. The portfolio for the whole family in the OTC, beauty and personal care and prescription medications areas is now complemented by high quality natural foods and health products, low carb products and sports nutrition following the acquisition of nu3 GmbH in July 2018.

The founder-led company delivers an extensive range of over 100,000 original products fast and at attractive prices to currently around 3.8 million customers (as of 31 March 2019). The offering is supplemented by comprehensive pharmaceutical consulting services. The modern and centrally located logistics infrastructure in Venlo, the Netherlands, enables SHOP APOTHEKE EUROPE to significantly expand its business volume while benefitting from effects of scale. All processes in the technology and logistics areas are already prepared for future growth through investments in capacity expansion and automation.

In addition to further growth in our established markets, achieving the leading position in all relevant Continental European markets is the key element of our European growth strategy.





---

# GROUP STRUCTURE AND CORPORATE GOVERNANCE PRACTICES.

The business activities of SHOP APOTHEKE EUROPE are managed by its parent company SHOP APOTHEKE EUROPE N. V. in Venlo, the Netherlands.

SHOP APOTHEKE EUROPE's internal reporting structure is based on geographic segmentation with the two business segments DACH (Germany, Austria and Switzerland) and International, consisting of all our other markets.

The business success of SHOP APOTHEKE EUROPE depends to a large extent on the company's international revenue growth and European online market leadership. Results-based financial key performance indicators (KPIs) used to manage the Group include gross margin and segment EBITDA.

The management of SHOP APOTHEKE EUROPE also uses the following operational performance indicators to manage the business:

## **Number of site visits/number of mobile site visits:**

As a performance indicator with a significant impact on the growth of the SHOP APOTHEKE EUROPE Group, the number of website visits is a central focus for the company's management. As a growing number of customers use mobile devices to access the internet, the number of mobile website visits is recorded separately. This indicator is also used to analyze the success of the mobile websites and apps that SHOP APOTHEKE EUROPE is permanently developing and expanding specifically for this target group.

## **Number of active customers:**

SHOP APOTHEKE EUROPE also evaluates its business success according to how the number of customers develops. An active customer is defined as a customer who has placed at least one order over the last 12 months (as of the reporting date).

## **Number of orders:**

The number of orders is an important growth driver. It is measured without reference to the average shopping basket size.

## **Average shopping basket size:**

In addition to the number of orders, there is a direct correlation between the average shopping basket size and the development of consolidated revenues.

## **Repeat orders:**

This performance indicator shows the proportion of orders placed by existing customers and is an important indicator of customer loyalty. Since marketing costs for existing customers are lower than for acquiring new customers, there is also a correlation with consolidated net profit.

## **Return rate:**

One key advantage of trading in pharmaceuticals and medicines is the negligible return rate. As returns are a significant cost factor in e-commerce, there is a direct correlation with the company's earnings.



**SHOP APOTHEKE**  
EUROPE

03

BUSINESS DEVELOPMENT.

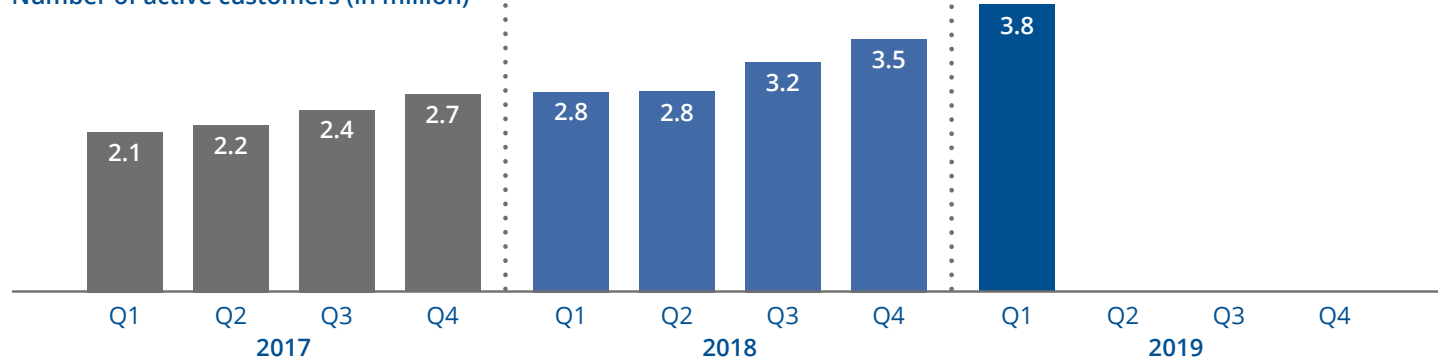
# CONSOLIDATED REVENUES AND RESULTS OF OPERATIONS.

Sales of pharmaceuticals, medications and pharmacy-related beauty and personal care products are in part subject to seasonal fluctuations, with demand for pharmaceuticals and medications especially high during the first and fourth quarters of the year.

SHOP APOTHEKE EUROPE N. V. started the 2019 fiscal year (1 January – 31 December) with substantial revenue growth. Consolidated first quarter revenues rose by 33 % to EUR 174.7 million compared to EUR 130.7 million during the first quarter a year earlier.

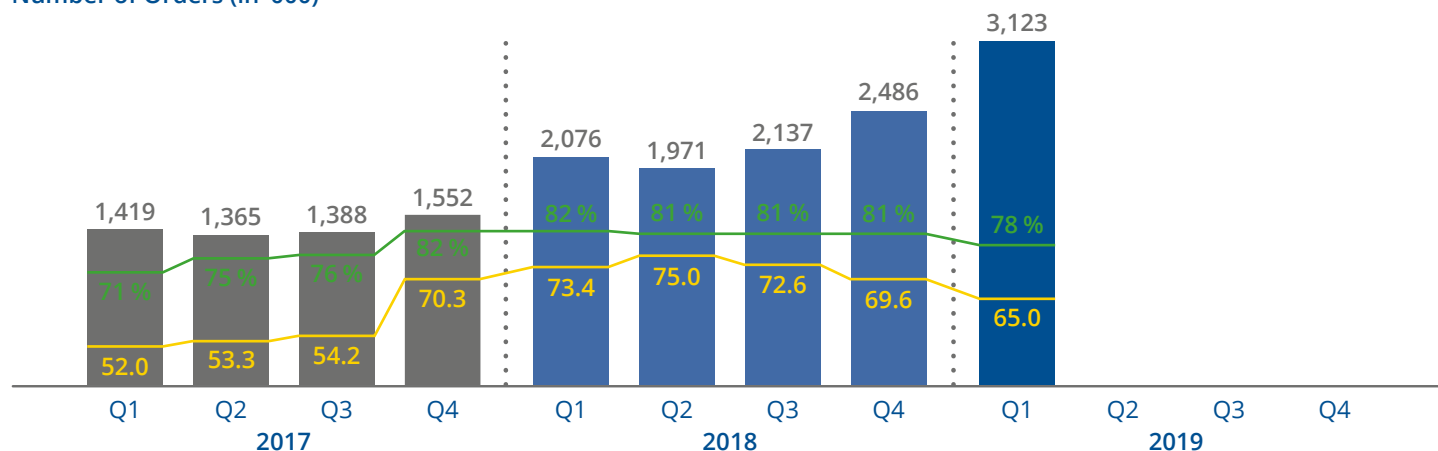
The number of active customers increased substantially by 41 % from 2.7 million as of 31 March 2018 to now more than 3.8 million as a result of the company's successful growth initiatives.

## Number of active customers (in million)



The number of orders increased by 55 % compared to the corresponding period last year, reaching 3.1 million (Q1 2018: 2.1 million) with the size of the average shopping basket at EUR 64.95 during the first three months of the year, slightly below the previous year's high level of EUR 73.40. This is largely due to the changed product mix following the acquisition of nu3 GmbH in July 2018 and due to new customer acquisition. The share of repeat orders was 78 % compared to 81 % the previous year while the return rate remained minimal at less than 1 %. The share of mobile page visits rose to 66 % during the first quarter 2019 after 56 % during Q1 2018.

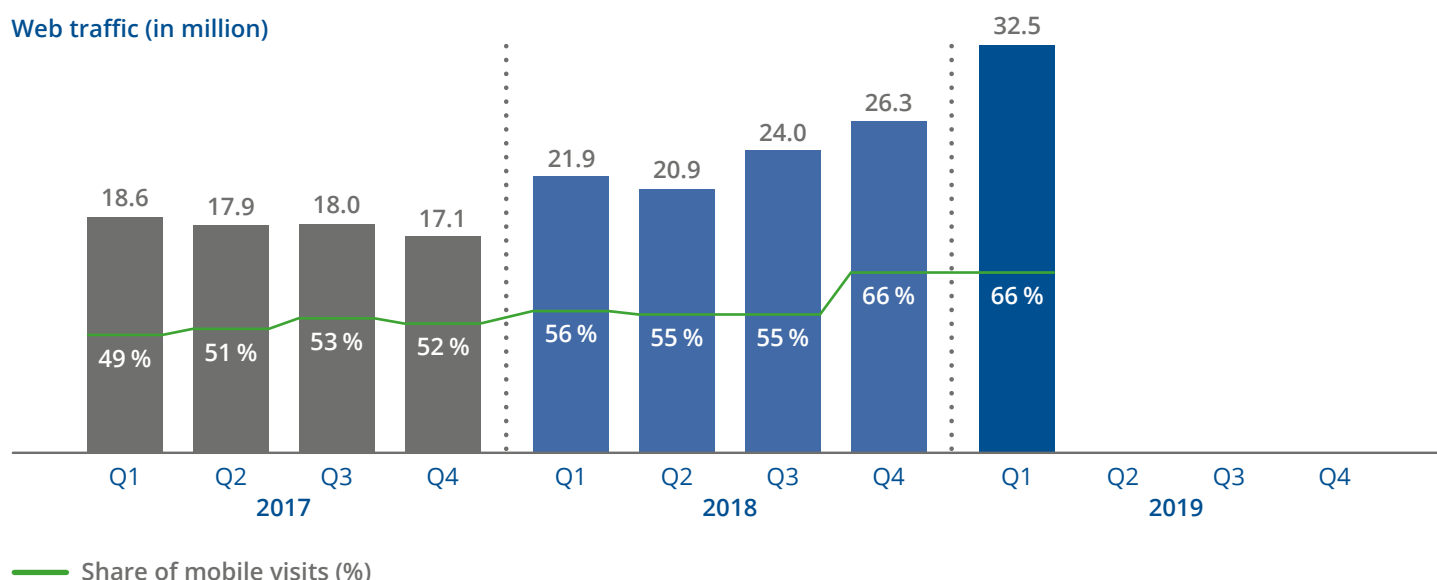
## Number of Orders (in '000)



— Share of repeat orders (%)

— Average basket size (€)

## Web traffic (in million)



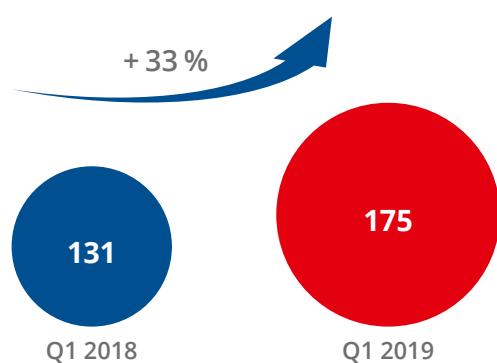
SHOP APOTHEKE EUROPE increased its consolidated gross earnings by 42 %, from EUR 23.0 million during the first three months of 2018 to EUR 32.6 million over the period under review. Compared to a year earlier, the consolidated gross margin rose by 1.2 % to 18.7 %.

At EUR – 3.9 million, segment EBITDA was below last year's figure of EUR – 1.4 million largely due to increased marketing spending to further fuel organic growth.

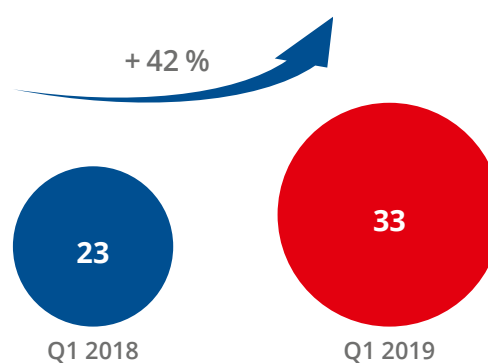
Administrative costs for Q1 were EUR 5.9 million (previous year: EUR 3.6 million); the administrative cost ratio was 3.4 %. Due to the company's strong growth and related costs for new customer acquisition, selling expenses increased significantly by 49.7 %, from EUR 24.4 million during Q1 2018 to EUR 36.5 million for the period under review.

Consolidated EBITDA was EUR – 9.8 million compared to EUR – 5.0 million for the first three months of 2018. Including amortisations of EUR 3.5 million (previous year: EUR 3.1 million), the adjusted EBIT was EUR – 13.3 million (Q1 2018: EUR – 8.1 million). Adjusted earnings after taxes were EUR – 14.7 million compared to EUR – 8.1 million a year earlier.

## Consolidated revenues (in € million)



## Consolidated gross earnings (in € million)



---

# SEGMENT PERFORMANCE.

## Segment DACH.

During the first three months of 2019, DACH – SHOP APOTHEKE EUROPE's largest segment by revenues – grew by 29.4 % compared to the corresponding period last year. Revenues rose to EUR 155.0 million compared to EUR 119.0 million for the first quarter 2018. During the same time, gross earnings were up 37.9 % year-on year, from EUR 20.3 million to EUR 28.0 million. The gross margin rose by 1.1 % to 18.0 % compared to 16.9 % last year. Segment EBITDA for the first three months of the year was EUR – 1.7 million compared to EUR 0.2 million for the same period last year, a development that is largely due to increased marketing expenditures in order to further drive organic growth.

## Segment International.

SHOP APOTHEKE EUROPE significantly increased its revenues outside of Germany, up 82.7 % to EUR 19.6 million (previous year: EUR 10.7 million). The company also further broadened its market position in Belgium, the Netherlands, France, Italy and Spain. Segment gross earnings rose by 70.4 % from EUR 2.7 million to EUR 4.7 million during the reporting period with the gross margin at 23.7 %, slightly below last year's 25.4 %.

In line with the share expansion in the company's younger markets, the segment also had a sharp increase in customer numbers. Due to the high ratio of orders by new customers – which require greater acquisition costs – segment EBITDA for the first three months of 2019 declined to EUR – 2.2 million from EUR – 1.6 million a year earlier.

---

# ASSETS AND FINANCIAL POSITION.

## Assets.

As of the reporting date the balance sheet total was EUR 354.0 million after EUR 350.9 million at the end of the 2018 fiscal year. The slight increase is mainly due to an increase in trade payables in connection with the increased business volume. As of the reporting date, these amounted to EUR 39.1 million after EUR 28.4 million at the end of 2018. In contrast, a comparable increase in trade receivables increased from EUR 34.6 million to EUR 40.0 million.

During the reporting period, cash and cash equivalents – including short-term investments in securities – declined by EUR 8.2 million, from EUR 58.8 million as of 31 December 2018, to EUR 50.6 million.

The equity capital ratio was around 56 percent as of the reporting date.

## Liquidity situation.

Operational cash flow was EUR – 2.3 million chiefly due to the build-up of receivables of EUR 5.6 million and inventories of EUR 5.4 million.

Cash outflow of EUR – 4.0 million is largely due to investments in software, e. g. for the ERP system and international webshops.

Cash flow from financial operations included interest payments equivalent to EUR – 1.4 million some of which are related to the cash payment providers active for SHOP APOTHEKE EUROPE. Additional cash outflow of EUR – 1.1 million met payment obligations as a result of the FARMALINE acquisition. Total cash flow from financial operations amounted to EUR – 2.2 million.

# RISKS AND OPPORTUNITIES.

Our evaluation of the company's risks and opportunities has not changed substantially compared to the 2017 annual report. There still do not appear to be any risk factors that could threaten the future of SHOP APOTHEKE EUROPE N. V.

---

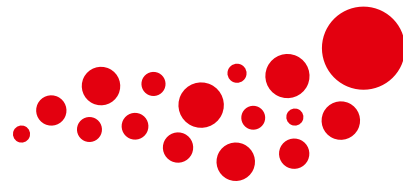
## FORECAST.

The Management Board expects SHOP APOTHEKE EUROPE to accelerate its organic growth rate to approximately 30 % (2018: 25 %) equivalent to an increase in consolidated revenues to ca. EUR 700 million for the 2019 fiscal year. The planned (adjusted) EBITDA margin is projected to be at the level of the previous year or slightly better. Break-even is expected in 2020.

### Events after the balance sheet date.

SHOP APOTHEKE EUROPE N.V. on 10 April 2019 successfully completed a transaction worth a total of EUR 110 million on 10 April 2019. As part of the transaction, SHOP APOTHEKE EUROPE placed approximately 1.39 million additional new bearer shares in the company – which represents approximately 11.5 % of the company's outstanding share capital prior to the transaction – with institutional investors via accelerated bookbuilding. The new shares were placed at an issue price of EUR 36.00 per new share. In addition, the company concluded a simultaneous tap issue of primarily unsecured convertible bonds with a total nominal value of EUR 60 million at an issue price of 99.47 %.





**SHOP APOTHEKE**  
EUROPE

04

APPENDIX.

## GROUP SEGMENT REPORTING.

Period ended 31. 3. 2019	DACH	International	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	155,011	19,635	174,646
Cost of sales	- 127,050	- 14,979	- 142,029
Gross Profit	27,960	4,657	32,617
% of revenue	18.0 %	23.7 %	18.7 %
Other income	1	0	1
Selling & Distribution	- 29,620	- 6,883	- 36,503
Segment EBITDA	- 1,659	- 2,226	- 3,885
Administrative expense			- 5,906
EBITDA			- 9,791
Depreciation			- 3,524
EBIT			- 13,315
Net finance cost and income tax			- 1,406
Net Loss			- 14,721

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS.

	Period ended 31. 3. 2019	Period ended 31. 3. 2018
	EUR 1,000	EUR 1,000
Revenue	174,646	130,667
Costs of sales	- 142,029	- 107,652
<b>Gross profit</b>	<b>32,617</b>	<b>23,015</b>
Other income	1	29
Selling & Distribution	- 39,498	- 27,001
Administrative Expense	- 6,435	- 4,101
<b>Result from operations</b>	<b>- 13,315</b>	<b>- 8,057</b>
Finance income	48	24
Finance expense	- 1,496	- 477
<b>Net finance cost</b>	<b>- 1,448</b>	<b>- 452</b>
<b>Result before tax</b>	<b>- 14,763</b>	<b>- 8,510</b>
Income tax	42	403
<b>Result after tax</b>	<b>- 14,721</b>	<b>- 8,107</b>
<b>Attributable to: Owners of the Company</b>	<b>- 14,721</b>	<b>- 8,107</b>

# CONSOLIDATED BALANCE SHEET.

<b>Assets</b>	31. 3. 2019	31. 12. 2018
	EUR 1,000	EUR 1,000
<b>Non-current assets</b>		
Property, plant and equipment	11,164	11,924
Intangible assets	200,841	199,892
Deferred tax assets	1,002	973
Investments in equity-accounted joint ventures	1,002	1,002
Investments in associates	400	400
Investments in equity-instruments	10	10
	<b>214,419</b>	<b>214,201</b>
<b>Current assets</b>		
Inventories	48,764	43,349
Trade and other receivables	40,192	34,596
Other financial assets	34,683	34,422
Cash and cash equivalents	15,893	24,338
	<b>139,532</b>	<b>136,705</b>
<b>Total Assets</b>	<b>353,952</b>	<b>350,906</b>
<b>Equity and liabilities</b>	31. 3. 2019	31. 12. 2018
	EUR 1,000	EUR 1,000
<b>Shareholders' equity</b>		
Issued capital and share premium	292,045	292,045
Reserves/accumulated losses	- 92,097	-78,069
	<b>199,947</b>	<b>213,976</b>
<b>Non-current liabilities</b>		
Loans and Borrowings	72,768	72,411
Provisions	7,153	4,930
Deferred tax liability	10,804	10,841
	<b>90,726</b>	<b>88,182</b>
<b>Current liabilities</b>		
Trade and other payables	39,124	28,436
Loans and Borrowings	14,765	16,293
Tax liabilities	6,868	1,846
Employee benefit liabilities	2,522	2,173
	<b>63,279</b>	<b>48,748</b>
<b>Total Equity and Liabilities</b>	<b>353,952</b>	<b>350,906</b>

# CONSOLIDATED CASH FLOW STATEMENT.

	Period ended 31. 3. 2019	Period ended 31. 3. 2018
	EUR 1,000	EUR 1,000
<b>Cash flow from operating activities</b>		
Result from operations	- 13,315	- 8,057
Adjustments for:		
- Depreciation and amortisation of non-current assets, taxes and provisions	5,723	3,087
- Stock option plan	692	
<b>Operating result adjusted for depreciation and amortisation, taxes and provisions</b>	<b>- 6,900</b>	<b>- 4,970</b>
<b>Movements in working capital</b>		
- (Increase)/decrease in trade and other receivables	- 5,597	- 995
- (Increase)/decrease in inventory	- 5,415	5,628
- Increase/(decrease) in trade and other payables	15,584	9,631
<b>Working capital movement</b>	<b>4,572</b>	<b>14,265</b>
<b>Cash generated from operations</b>	<b>- 2,328</b>	<b>9,295</b>
Interest received	48	24
Interest paid on financial lease	0	
<b>Net cash (used in)/generated by operating activities</b>	<b>- 2,280</b>	<b>9,319</b>
<b>Cash flow from investing activities</b>		
Investment for property, plant and equipment	- 196	- 841
Investment for intangible assets	- 3,517	- 1,933
Investment for other financial assets	- 261	2,584
Acquisition of subsidiary, net of cash acquired	0	
<b>Net cash (used in)/generated by investing activities</b>	<b>- 3,974</b>	<b>- 189</b>
<b>Cash flow from financing activities</b>		
Interest paid	- 1,449	- 420
Capital increase	0	0
Share issue cost	0	0
Payment of earn-out obligations Farmaline	- 1,100	- 1,100
Investment equity accounted joint ventures	0	0
Investment associates	0	0
Investment equity instruments	0	0
Convertible bond	1,059	0
Other non-current liabilities	- 702	- 533
<b>Net cash (used in)/generated by financing activities</b>	<b>- 2,192</b>	<b>- 2,052</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>- 8,445</b>	<b>7,077</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>24,338</b>	<b>10,920</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>15,893</b>	<b>17,996</b>

---

# CONTACT/FINANCIAL CALENDAR.

## Investor Relations.

Dr. Ulrich Wandel

Telefon: +31 77 850 6117

E-Mail: [ulrich.wandel@shop-apotheke.com](mailto:ulrich.wandel@shop-apotheke.com)

## Financial Calendar 2019.

**9 May 2019**

Citibank Internet and eCommerce Day, London

**21 May 2019**

Berenberg Conference USA 2019, Tarrytown, NY

**14 August 2019**

Publication of the results for 1st HY 2018

**September 2019**

Goldman Sachs & Berenberg Munich Conference 2019

**14 November 2019**

Publication of the results for Q3 2018 and Capital Markets Day