Redcare
PHARMACY

Annual and Sustainability *Report 2023.*

Europe's leading one-stop pharmacy, rewriting the future of pharmacy.

Fast facts:
key figures 2023.

+ 49 %

Sales FY 2023:
€ 1.8 billion

Gross margin
at 24.5 %

Parcels sent in 2023:
More than
80,000 a day.

Active customers:
10.8 million

1.5 million new customers
gained in 2023 (+ 16 %).

Average
shopping basket size:
€ 59.40

2022: € 58.28

Repeat orders:
85 %

CO_2 emissions per order:
0.837 kg.

+ 26 %

Site visits grew by
92 million to 440 million.

71

NPS
(Net promoter score)

Redcare
PHARMACY

New corporate name, *great local brands.*

As Redcare Pharmacy, the only thing that has changed is our name as we keep our successful *local hero brands* alive across Europe.

Shop Apotheke

Redcare PHARMACIE

Redcare FARMACISTI ONLINE

Redcare APOTHEKE

Farmaline

Puls

nu3

medapp

MediService by Redcare Apotheke

smart patient

Until every human has their *health.*

We're Redcare, Europe's people-first pharmacy. We put care at the heart of everything we do, guiding people through their health to help turn bad days into better ones.

Health is everything to us. And we believe it should be everything to you, too. So, it's always our top priority to provide people with the right products, the right knowledge and the right services, every day. We're so much more than a shop. We're all about care. So much so, that we've now made it a part of our name.

Over 20 years ago in a local pharmacy in Cologne, Germany, a young pharmacist had the idea to digitise the family business. Shop Apotheke was born. Fast forward to today, and Redcare is Europe's leading online pharmacy.

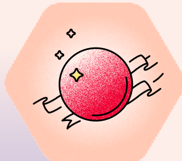
Redcare PHARMACY

Our services are made for everyone.

At our core we are a pharmacy, yet we offer much more than pharmaceutical products. By taking responsibility for our customers, we also provide services for all stages in life and health. And that makes us the one-stop pharmacy.

Our *marketplace* for more variety.

With our marketplace – currently available in Austria and Germany – we offer our customers a large variety of health related products for more choice, customer satisfaction and loyalty. Our selected partners benefit from our vast customer base with high customer loyalty as well as from our easy-to-use technology platform.

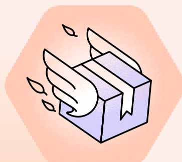


Our *customer loyalty programme* for more benefits.

Loyal customers are rewarded customers. That’s why we created RedPoints. A special programme offering exclusive deals and promotions as well as the redemption of RedPoints for exciting rewards or a cash-back.

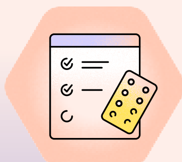
Our *app* for more convenience.

Every customer comes with a different preference on how to shop with us. With our convenient app, we become the pharmacy in people’s pocket – available at their fingertip whenever they need us.



Our *delivery options* for more choice.

With our NOW! service, we offer same-day delivery in Germany, Austria and Belgium thanks to co-operations with local brick and mortar pharmacies. A totally unique selling point in the online pharmacy sector is the fact that we can deliver sustainably within 30 minutes in metropolitan areas since our acquisition of GoPuls, a pioneer in the quick-commerce market.



Our *medication management* for better adherence.

Digital medication management helps patients to take medication correctly, safely and conveniently. MyTherapy by smartpatient reminds users of what they have taken. It also documents medication, measured values and symptoms. Studies conducted by research partners confirm that MyTherapy has a positive impact on patient adherence and persistence.

Guiding people through health.

Over 20 years ago in a local pharmacy in Cologne, Germany, a young pharmacist had the idea to digitise the family business.

Fast forward to today, and Redcare is Europe's leading online pharmacy. *People and their needs* always come first – including our customers, our employees and all our stakeholders. To serve them in the best way we can, we live according to five actions.

Repeatedly *strong* net promoter score.

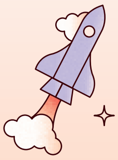
71

Redcare
PHARMACY

Five actions that make a difference.

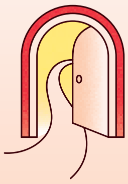
We start everything *with people.*

We are a people business and we believe: When care comes first, we all move forward.



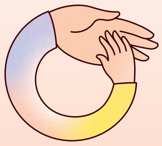
We stay *mission critical.*

We are experts. We take what we do seriously, demand accuracy and do it urgently. Every day.



We open doors for *anyone.*

We believe that health begins with inclusivity and accessibility. We try harder, so more people can reach their best.



We think in *lifetimes.*

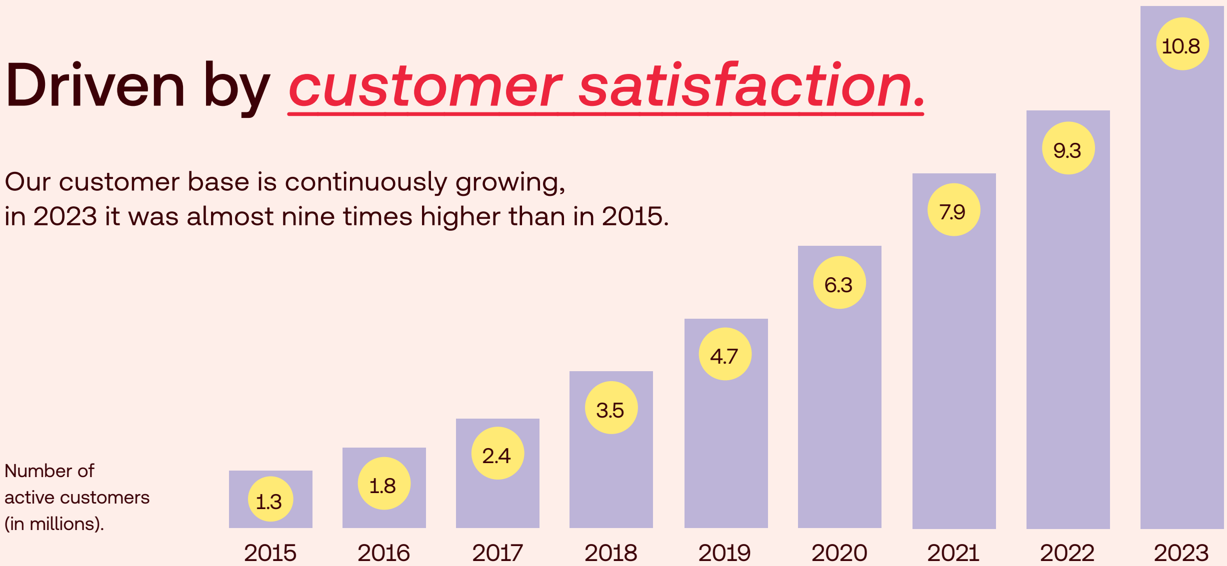
Life comes in different lifestyles and stages. The same is true for health. We build what lasts so we can be there for life.

We thrive in *change.*

We seek out what's next, because people's health depends on it.

Driven by *customer satisfaction.*

Our customer base is continuously growing, in 2023 it was almost nine times higher than in 2015.

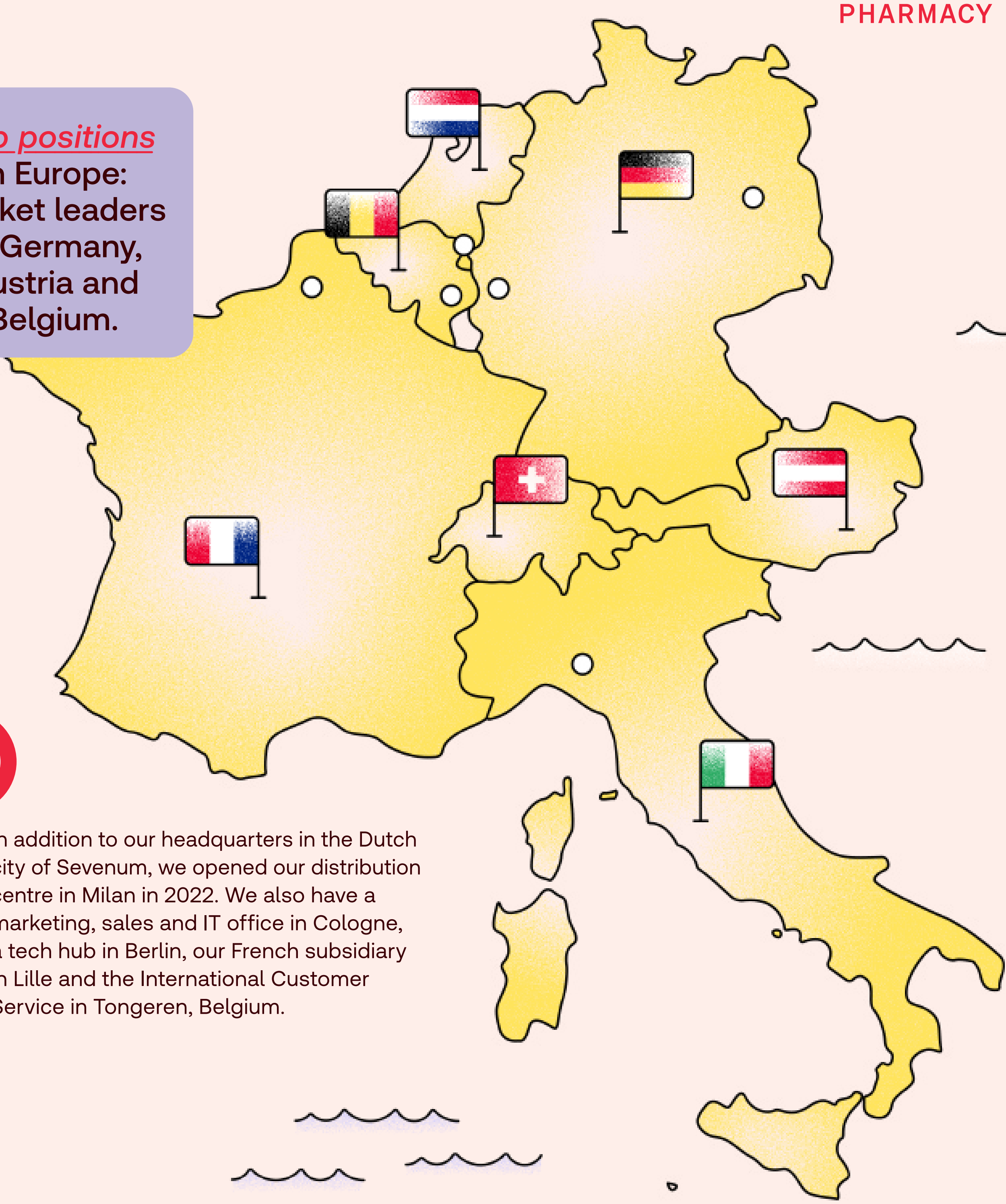


When *care comes first.*

Our customers are the focus of everything we do every day. To be able to serve our customers as a leading online pharmacy in Europe, it takes more than just being a good online pharmacy. We want to offer our customers the best customer journey. That is why our business strategy is based on a platform-based business model, which offers the best prospects for more growth on the one hand and drives the digitalisation of healthcare on the other. We currently offer customers in our seven European markets solutions that are optimally tailored to local needs. Our experience and knowledge of local characteristics play a decisive role in setting us apart from our competitors.

Caring across *countries.*

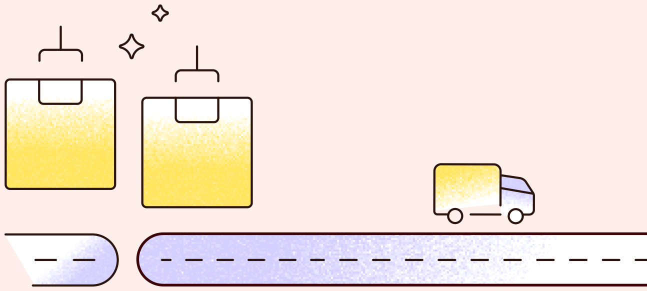
Redcare PHARMACY

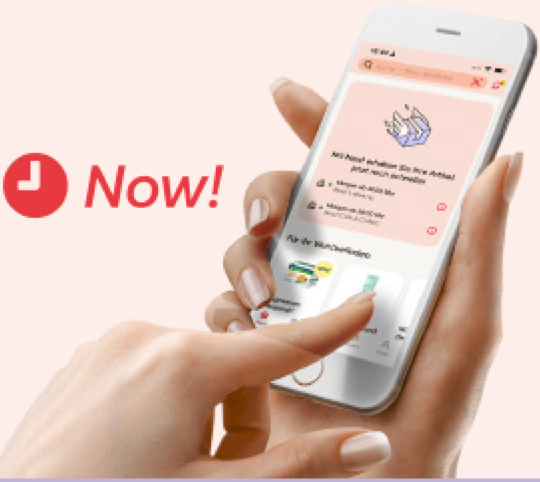


Top positions in Europe: Market leaders in Germany, Austria and Belgium.

In addition to our headquarters in the Dutch city of Sevenum, we opened our distribution centre in Milan in 2022. We also have a marketing, sales and IT office in Cologne, a tech hub in Berlin, our French subsidiary in Lille and the International Customer Service in Tongeren, Belgium.

Our delivery options for more choice.

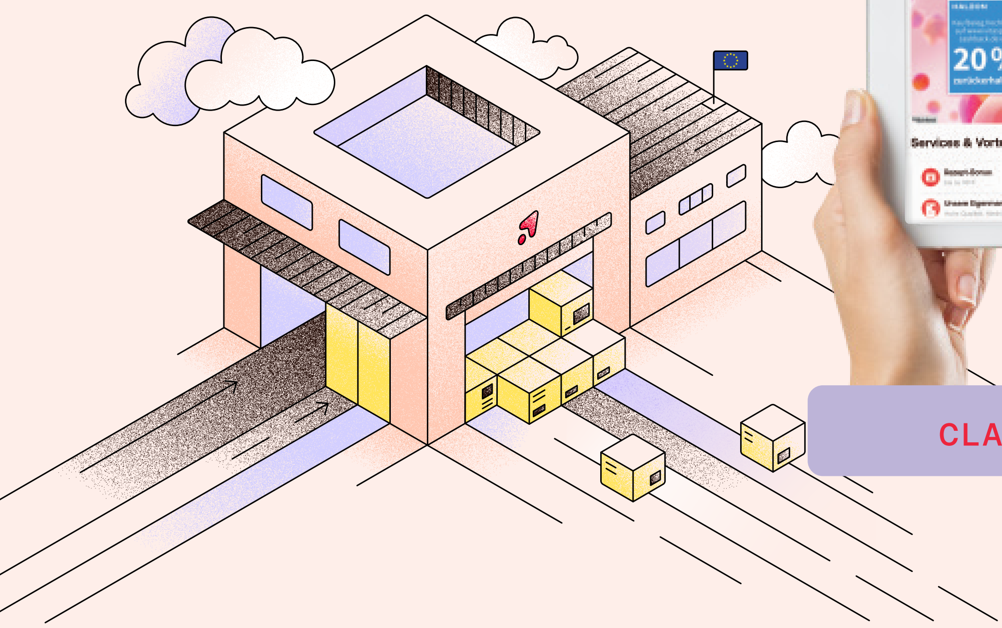


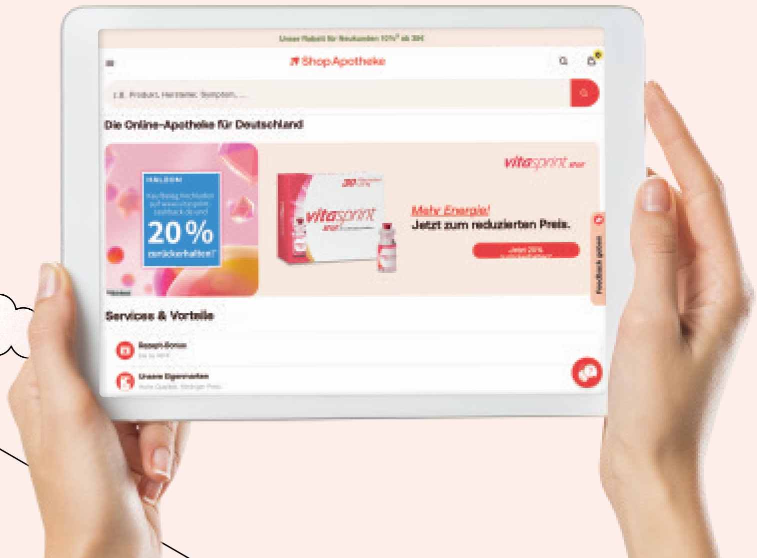


ZERO EMISSION BIKE DELIVERY.

INSTANT DELIVERY IN LESS THAN 1 HOUR.

SAME-DAY DELIVERY.





CLASSIC DELIVERY IN 1–2 DAYS.

Holding the key to Europe's pharmacy market.

With our presence in *seven countries,* our *expertise* and our *tech-driven solutions,* we're best placed to guide investors through the expanding European online pharmacy market for Rx medications, OTC and BPC products.

EUROPEAN PHARMACY MARKET

250

BILLION

GERMAN MARKET

65

BILLION

Investment *highlights.*

Growth.

Europe has a large pharmacy market – estimated to be worth € 250 billion in 2021. Online pharmacies currently capture only a fraction of this significant market, but the shift to online is progressing across countries.

With a size approaching € 65 billion, Germany comprises a substantial portion of this market and the introduction of electronic prescriptions will broaden our access to it. Many customers in Germany, as well as six other European countries, already choose Redcare Pharmacy and our brands.

As the European pharmacy market continues to grow and evolve towards digital, we are well positioned to offer secure, reliable and seamless customer journeys to guide people through their health.

- Ongoing demographic changes in Europe.
- Ever-growing prevalence of chronic conditions among all age groups.
- Higher health awareness and expenditure on health.
- Increased digitisation.

Profitability.

Our DACH segment has been generating a positive adj. EBITDA margin over the past few years, while our international segment is growing fast and gaining scale. Over the mid- to long-term, an adj. EBITDA in excess of 8 % is anticipated for the consolidated business.

Some of the stepping stones towards higher profitability are:

- Further gains in scale in the International segment.
- Operational and overhead efficiencies.
- Electronic scripts (eRx in Germany).
- Growth in media income.
- Growth in marketplace.

Expertise.

We have over 20 years' experience in the online pharmacy market and every day over 2000 employees, among them pharmacists, IT and other experts, work hard to ensure that our pharmacy meets all the healthcare needs of our customers.

With 80 % repeat orders and an average net promoter score (measure of customer satisfaction) that is consistently high, we know we are doing something right. Still, we continue to innovate and improve our offering to ensure our customers always have what they need, and to maintain our leading position.

Redcare
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Healthy planet, healthy people.

1.5°C

Everyone is talking about net zero. We are already *one step further.*

Redcare Pharmacy is leading the way for a science-based net zero future. We're fully committed to the Paris Climate Agreement and are doing our bit *to limit global warming to 1.5 °C.*

Reduction of scope 1 and 2 emissions by 72 % compared to 2020 through switching to 83% renewable energy

Redcare PHARMACY

Net zero by 2040. Because we care.

Our *climate protection strategy* is all about measuring our emissions, reducing them as fast as possible and offsetting what cannot be reduced immediately.

0.837 KG
CO_2 measured per parcel

Measure

We rely on advanced climate research tools to accurately calculate and report our greenhouse gas emissions.

– 72 %
Emissions already achieved, compared to 2020 own operations

Reduce

We're constantly exploring new ways to reduce our environmental impact throughout our entire supply chain.

65,653 T
Offset since 2020

Offset

We're offsetting and compensating our emissions by investing in certified climate protection projects.

Care from all angles.

Sustainability comes in many forms. We think in *three pillars* to help *make the world a better place.* A healthy life wouldn't be possible without a healthy planet, healthy people and healthy employees.

Planetary Care

So when it comes to our economic growth, we're working on eliminating any environmental impacts. Within Planetary Care, we hone in on four core topics: Climate Protection, Circular Packaging, Sustainable Products, Green Workplace.

Patient Care

We create positive societal value through our core business model that centres around taking care of people's health. We do this through facilitating affordable and safe access to medication and health services.

Employee Care

Caring is at the core of our company's culture. Looking after our employees' health is our top priority – as well as ensuring they all get the same opportunities, education and development, regardless of their backgrounds.

Achievements in 2023:

MSCI ESG RATINGS AAA
CCC | B | BB | BBB | A | AA | AAA

- Four new categories for sustainable products launched: organic, vegan, without microplastics and natural cosmetics.
- Life cycle assessment: Product carbon footprints for more than 1,000 products including our own brands.
- Recycled packaging material share increased to 93 %.
- Supplier Code of Conduct launched.
- Diversity and Inclusion Policy published.
- Extensive mental and physical health programmes for our employees launched.

Olaf Heinrich

has been CEO of Redcare Pharmacy since 1 August 2023. Olaf commenced his career with the Otto Group, one of the world's leading e-commerce companies, right after completing his studies. He then became CEO of DocMorris for the next twelve years. As a team player with years of experience working at board level in a listed company, he has a deep understanding of the digitalisation of the healthcare systems. Olaf studied industrial engineering at the TU Berlin with degrees both in industrial and electrical engineering.

Stephan Weber

is Chief Commercial Officer (CCO) and Deputy CEO. He is one of the founders of Redcare Pharmacy and has been a member of the leadership team since the company's establishment in 2001. He studied pharmaceutics at Bonn's Rheinische Friedrich-Wilhelm-University.

Meet our n

Jasper Eenhorst

is the company's Chief Financial Officer (CFO). He is responsible for the broad scope of finance functions including investor relations. Jasper joined the company in 2020, coming from the global retailer AholdDelhaize where he last served as CFO for the rapidly growing e-commerce unit of Dutch supermarket chain Albert Heijn. He studied Business Economics at the Erasmus University in Rotterdam, the Netherlands, and at the university of Aix/Marseille in France.

Theresa Holler

is Redcare Pharmacy's Chief Operating Officer (COO) as well as its responsible pharmacist. She studied pharmaceutics in Mainz, Germany, where she received her license to practice pharmacy. Additionally, she also earned a Master of Science degree in Consumer Healthcare from Berlin's Charité.

Marc Fischer

As Chief Information Officer (CIO), Marc Fischer is responsible for Redcare Pharmacy's technical operations. The Swiss IT expert is also one of the company's founding members and has served in various leadership roles since 2002. Marc studied in Switzerland and earned his degrees in Information Technology and Business Management.

managing board.

The Executive Management of Redcare Pharmacy *looks back on 2023.*

Again, it has been a very *successful year.* And definitely a very important one in the company's history.

- As part of a completely new branding concept, Europe's leading e-pharmacy changed its corporate name from Shop Apotheke Europe to Redcare Pharmacy.
- On last year's company's general meeting, Olaf Heinrich was appointed Redcare Pharmacy's new CEO.
- After having crossed the one billion Euro threshold in 2021, the company almost doubled its sales just two years later.
- In March, a strategic partnership with Galenica, the leading integrated healthcare provider in Switzerland was entered to create the leading online pharmacy in Switzerland.
- Finally, the number of e-prescriptions in Germany kept growing with an increasing acceptance among healthcare professionals before becoming mandatory on 1 January 2024.

Enough reasons to close the year on an optimistic note and to look back ...

Marc Fischer, CIO, Stephan Weber, CCO, Jasper Eenhorst, CFO, Olaf Heinrich, CEO, and Theresa Holler, COO (from left to right).

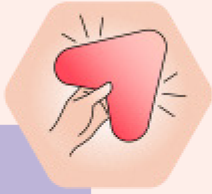
“For various reasons, *2023 stands as a defining milestone* in our company’s history.”

Olaf:
It’s a real honour for me to be part of Redcare Pharmacy and to lead such a strong company! I have been impressed by the growth and value the company has created for its customers and shareholders over the years.

Theresa:
Well, it has definitely been very beneficial that we’ve known each other for almost 15 years as members of the European Association of E-Pharmacies.

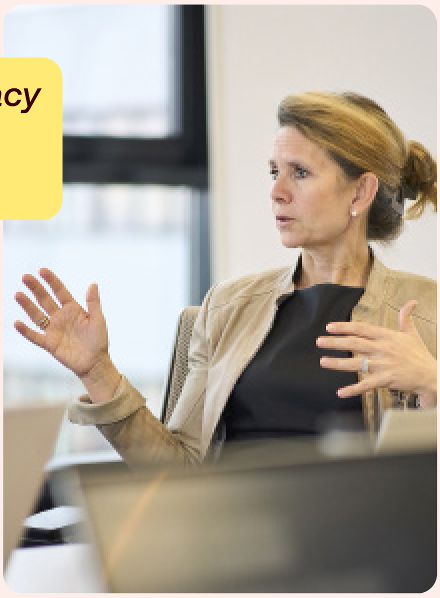
Stephan:
Before we look back on the past year, I am happy to welcome Olaf to our group. It has been a tradition for the Executive Management to gather at the start of each new year, reflecting on our journey and achievements from the past year. Olaf, it is a real pleasure for us to have you on board. Your appointment as CEO brings a wealth of experience in the European online pharmacy industry, gained throughout your years as CEO of DocMorris.

Marc:
And that is hard to find. We’re particularly excited about your expertise in helping to digitise healthcare systems.



THE MANAGING BOARD TALKING ABOUT THE NEW CORPORATE BRAND.

“The introduction of Redcare Pharmacy marks the beginning of a new, exciting era for all of us.”



Olaf:
And isn’t that good timing? Just when I started last summer, Shop Apotheke Europe became Redcare Pharmacy. I was really impressed with the name since it ideally reflects the healthcare aspect as well as the internationalisation of our company.

Theresa:
Totally true, Olaf! Changing our name to Redcare Pharmacy highlights our commitment to offering comprehensive care and guidance for our customers in all aspects of their health. We are proud to be the one-stop pharmacy of the future. Actually, Redcare Pharmacy marks the beginning of a new, exciting era for all of us.

Jasper:
It’s more than just a name change or a new look. It’s also about our role as the one-stop pharmacy guiding people through their health. We are more than just a shop. We care about the well-being of our stakeholders – our employees, partners, patients and the planet.

Stephan:
Committed to our vision Until every human has their health, we continuously thrive to develop and optimise a broad range of holistic services that offer guidance through individual health journeys. From medication management for chronically-ill patients to unique delivery options and a large, fairly-priced product portfolio for our marketplaces, for us care comes first.

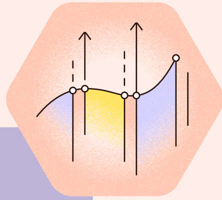
Since September last year, our webshops in Austria and Germany have also been updated with the new Redcare design, aligning with our local hero brands. Positive feedback encouraged us to proceed with the scheduled relaunches in Switzerland and France by November. We’re all very happy about the seamless transition to our new brand design and the high acceptance by our customers and stakeholders.

Redcare
PHARMACY

First and foremost, the *Redcare logo symbolises a compass* giving direction and orientation.

It also represents an arrow, a heart, a human and an “A”, in reference to the Apotheke, the German word for pharmacy. We chose red as our primary colour as a subtle nod to our German pharmacy heritage. Combine it with the concept of care – the red thread that runs through everything we do – and the *‘Redcare’* name is born.

“With an EBITDA margin of 3 %, *we achieved a positive result.*”



THE MANAGING BOARD LOOKING BACK ON THE FINANCIAL PERFORMANCE.

Jasper:
Despite challenges such as inflation, the delayed introduction of e-Rx and supply shortages, we performed very well. We continued to deliver high, double-digit sales growth of 49 % to EUR 1,8 billion while improving our margin performance to 3 %. Fast growth across all our countries and increasing customer loyalty produced the desired results in terms of cost efficiencies, alongside supply chain optimisation and productivity gains. In line with our strategy, we have significantly strengthened our operating margins by improving effectiveness and efficiency and benefiting from loyalty and scale. In August, we raised our full year guidance.

Olaf:
Our performance remains exceptional. There has been a steady increase in our active customer base and we have been gaining market share. Europe’s continuing shift towards online – including the growing use of e-prescriptions in Germany – positions us well for further growth in both Europe and the German e-Rx market.

Stephan:
That’s true. Even during tough economic times in 2023, we kept growing. We passed the 10 million active customers mark and expanded our market leadership in various countries, such as Austria, Belgium and Germany.

Redcare PHARMACY

"Our business model and financial stability enable us to withstand macro-economic issues."

Theresa:
And we were able to do this even in a year that was characterised by global economic strains. Especially when it comes to the supply chain issues we faced – a big thank you to all our colleagues who helped us to navigate through these challenges and eventually continued to fulfil all our customer orders efficiently.

Olaf:
Our business model and our financial stability enable us to withstand those macro-economic issues.

The convenience, accessibility and range of services offered by e-pharmacies will keep attracting customers who prefer the ease of online shopping for their healthcare needs. Although slower than in the exceptional years of 2020 and 2022, online pharmacies will still outgrow their offline counterparts. With the nationwide mandatory use of e-prescriptions in Germany it is likely that the share of prescription medication sales for online pharmacies will continuously increase.

Jasper:
Based on our plans for positioning our company in the future, general market trends, and the attractiveness of the unit's economics in our model, we are confident that we will further improve our earnings in the future while continuing to grow for many years to come.

Our next-generation logistics centre in Sevenum has helped us to deliver faster and more cost effectively thanks to a higher degree of automation. Increasing income from our marketplaces, now already live in Germany and Austria, will also contribute to an improvement in the quality of our earnings.

Redcare
PHARMACY

"Creating the leading online pharmacy *in Switzerland.*"

MediService
by Redcare Apotheke

THE MANAGING BOARD ABOUT THE STRATEGIC PARTNERSHIP WITH GALENICA.

Jasper:
Let's talk about our activities in Switzerland: In spring 2023, we entered a strategic partnership with Galenica, the leading integrated healthcare provider in Switzerland, to create the leading online pharmacy in Switzerland by combining both local businesses.

Olaf:
A real win-win-situation. Both complement each other very well. MediService as the leading specialty pharmacy in Switzerland with a focus on the mail-order of prescription drugs and the care of chronically ill patients. And us operating a fast-growing digital health platform in Switzerland under redcare-apotheke.ch, former shop-apotheke.ch. Swiss customers will benefit from the combined online pharmacy's extensive offerings, health and beauty products as well as prescription medication and special healthcare services.

Marc:
And here, it all comes together. Shortly after the strategic partnership with Galenica was successfully completed in Q2, we changed the name of shop-apotheke.ch to Redcare Apotheke. Following the successful launch of Redcare as a consumer brand in Italy and our corporate name, we then took the step of changing the name of our local Swiss web shop.

Theresa:
This means that we are no longer limited to being an online pharmacy, as the name Shop Apotheke suggests. We are now much more than that.

Stephan:
Our activities in Switzerland are a good example of the way we think. Each European pharmacy market is unique, requiring tailored solutions. Our know-how and experience of local characteristics play a decisive role in setting us apart from competitors. And with our strategic partnership with Galenica, we ensure to be best positioned in a very important European market.

Olaf:
Furthermore, our digital medication management solutions set us apart from our competition. With the support of smartpatient in Munich, we have launched various open digital disease management programmes within the MyTherapy app for patients dealing with various chronic diseases. Many customers now use this app to better manage their medication – a remarkable achievement regarding our role of being the one-stop pharmacy guiding people through their health. The full value of medication management will certainly increase continuously in the future; especially with the widespread adoption of electronic prescriptions in Germany.

Medication management *made easy.*

MyTherapy

The **MyTherapy app** developed by smartpatient offers valuable support for all those whotake medication. It reminds users of what they have taken and documents medication, measured values and symptoms.

MyTherapy allows users to easily share self-recorded data with family members, pharmacists or physicians, using evaluations for easy discussion of self-recorded values. Studies conducted by research partners confirm that MyTherapy has a positive impact on patient adherence.

"Our AAA MSCI ESG rating is just one example of our sustainability achievements."

THE MANAGING BOARD ON REDCARE'S SUSTAINABLE DEVELOPMENT.

"We are fully committed to the 1.5-degree target of the Paris Agreement."

Olaf:
As Europe's leading e-pharmacy, we are committed to health. That's one of the reasons why we chose care as such a prominent part of our name. We care about our patients, employees and the planet. And we know that this is becoming increasingly important to our consumers when they choose a particular company.

Marc:
Therefore, it is the right thing to pay more attention to environmental issues and corporate social responsibility. It will positively impact our long-term profitability as well as our ability to attract and retain talent.

Theresa:
Climate and environmental protection are an integral part of our endeavours because, ultimately, we can all only live a healthy life on a healthy planet. That is why we are fully committed to the 1.5-degree target of the Paris Agreement and have set the goal achieving net zero by 2040.

Stephan:
Our ambitions to achieve environmental sustainability by reducing our carbon footprint along our value chain to net zero by 2040 is an essential part of our strategy. In April, we received a MSCI ESG Rating of AAA, which signifies our strong commitment to sustainability. We are dedicated to making a positive impact on the environment and society as a whole and we will continue to build on our sustainability initiatives in the future.

Jasper:
Our AAA MSCI ESG rating is just one example of our sustainability achievements. We have been actively replacing shipping boxes and filling materials with recycled alternatives, increasing our recycled packaging to 93 %. Through waste separation initiatives in co-operation with recycling partners, over 81 % of logistics waste was recycled last year.

MSCI ESG RATINGS AAA

CCC B BB BBB A AA AAA

Theresa:
Not to forget that we already converted all our logistics sites to 100 % renewable energy, a big step towards our goal for 2025 to reduce emissions in scope 1 and 2 by 80 %.

Marc:
When it comes to employee care, one of our sustainability pillars, I am more than pleased that we published our diversity and inclusion policy which can be found on our corporate site.

Olaf:
Indeed, there's additional news to share. Within our commitment to planetary care, we've launched four new shop categories: organic, vegan, microplastic-free, and natural cosmetic products. After discussing our sustainability pillars – employee and planetary care – let's turn our attention to patient care now.

“Finally, we are best positioned to become the *leading online player in e-Rx.*”

THE MANAGING BOARD ON THE LAUNCH OF E-RX IN GERMANY.

Olaf:
So, let’s talk about patient care – there’s some really good news on a topic that patients have been waiting a long time for. And we even more so. We are now where we would have liked to have been a few years ago. The e-prescription has finally arrived in Germany. With its mandatory use since 1 January 2024, a decisive step has been taken in the digitalisation of the German healthcare system.

Stephan:
It was long overdue, after more than 20 years. Especially when you consider that we were discussing e-prescriptions back when we founded our company in 2001. It’s been a journey, but the wait has finally paid off.

Theresa:
However, we used the time optimally to prepare our logistics and pharmaceutical services for the launch of e-prescriptions.

Marc:
Even the first e-prescriptions, which we received back in June 2022, were processed without any problems. The number of e-prescriptions sent to us has risen steadily since then, even though the redemption channel was initially limited exclusively to the gematik app and paper printouts.

Olaf:
The implementation of the German health card’s eGK plug-in solution for e-prescription redemption in July last year led to a rapid adoption of e-Rx. This was largely due to the increasing acceptance among healthcare professionals in Germany. By the year’s end, over 23,000 practices in Germany were issuing e-scripts, with nearly 19 million e-prescriptions redeemed.

However, the eGK plug-in solution did not meet the needs of every patient, particularly those using online pharmacies. Following extensive collaboration and dialogue among key stakeholders, the gematik shareholders announced in mid-December their decision to develop specifications for a digital sales solution of the eGK. These final gematik specifications are expected within Q1 2024 which will allow patients to conveniently redeem e-prescriptions via their mobile phones.

Over the past months, we’ve diligently developed and tested our own eGK NFC-enabled solution, aligning it with preliminary gematik specifications. Once the final specifications are announced by the gematik, we will launch this solution, enhancing the accessibility and usability of e-prescriptions, further propelling their utilisation.

Discussion was held in early February in Sevenum.

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The *Redcare Pharmacy* Share.

The Redcare Pharmacy Share.

The world economy in 2023: Volatile markets, sluggish economic growth.

In 2023 the global economy continued to be plagued by the same issues as the year before, namely high inflation, sluggish growth and uncertainty due to the war in Ukraine. Following the disruptions in global supply chains stemming from the corona pandemic, prices for consumer goods rose sharply in 2022, and this inflation continued to be a major concern for central banks for the better part of 2023. Rising prices also led to cautious consumption among consumers, which translated into meagre global economic growth and even a slight recession in one of Europe's biggest economies, Germany. However, the performance of the country's leading equity index, the DAX seemed somewhat disconnected from general economic sentiment; the index gained about 20 %, ending at 16,751 points.

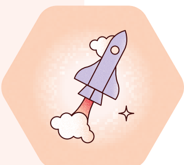
Performance in 2023.

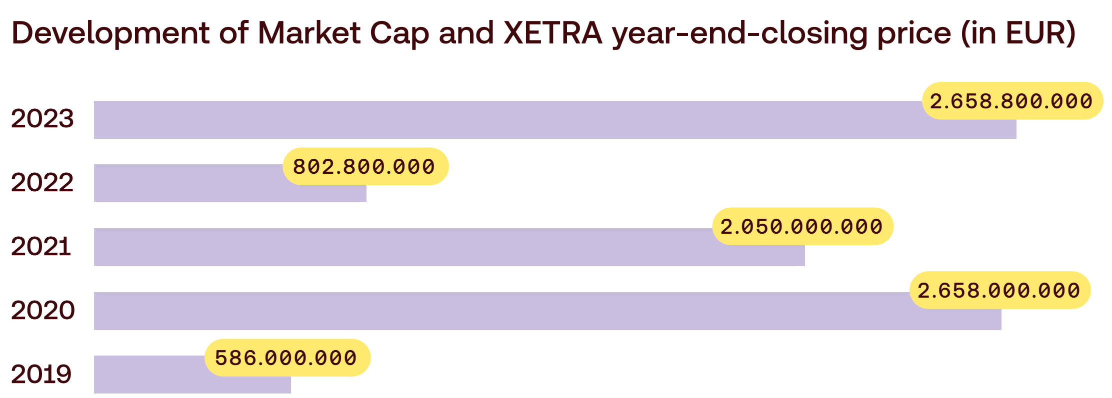
Shares of Redcare Pharmacy N. V. bucked the overall economic trend and demonstrated an outstanding performance in 2023. The Company's shares started the year at a price of EUR 44.11 and quickly gained momentum following the news of Redcare Pharmacy's strong performance. The share price continued to climb and reached a high of EUR 135.05 in early December, thus nearly tripling its value since the start of the year. The share price plateaued at a high level in December 2023 and ended the year at EUR 131.60.

Transactions in 2023.

In March 2023, Redcare Pharmacy announced a strategic partnership with Galenica AG to expand and serve the Swiss market. As part of the transaction involving MediService, Redcare Pharmacy carried out a capital increase in May 2023. For the conversion of the loan granted during the transaction, 1.2 million new shares were issued to Galenica. In addition, Galenica made a cash contribution of EUR 29 million to Redcare Pharmacy, for which it received an additional 0.4 million new shares. The 1.6 million new shares were issued to Galenica at a price of EUR 72. After the implementation of the capital increase, Galenica holds a stake of 7.9 % in Redcare Pharmacy.

Due to this capital increase, the number of shares increased by 2 million to 20,203,286 at year-end.





In total, Redcare Pharmacy's market capitalisation increased by 231 % in the year under review from EUR 802.8 million to EUR 2,658.8 million.

On average, the share's daily trading volume on XETRA amounted to 87,392 units per day in 2023. Compared to 2022, this is a decrease of 24 % (2022: 115,112 units). This is approximately in line with the generally lower volumes on XETRA across the market last year.

Shareholder structure.

Redcare Pharmacy N.V. has a global investor base that is led by a number of major European investors. The group of the largest institutional investors is led by Galenica AG, which holds 7.9 % of voting rights following the transaction with Redcare Pharmacy in Switzerland in March 2023. MK Beleggingsmaatschappij Venlo B.V., a company managing shares of founder Mr. Köhler and his family, is another significant investor holding 7.3 % of the share capital of the company. The vast majority of 84.8 % of all shares belong to the free float.

Analyst coverage 2023.

The Company appeals to many financial institutions, investors and analysts and the number of analysts covering Redcare Pharmacy, besides other research agencies, is continuously increasing. An overview of the latest analyst recommendations is provided in the table below:

Institution	Latest update until 31 December 2023	Recommendation	Target Price (in EUR)
Baader Helvea	31 October 2023	Buy	125
Bank of America	22 November 2023	Buy	135
Berenberg	21 August 2023	Hold	120
Deutsche Bank	2 November 2023	Buy	172
Jefferies	31 October 2023	Buy	160
Hauck & Aufhäuser	1 November 2023	Buy	154
HSBC	1 November 2023	Reduce	90
Kepler Cheuvreux	31 October 2023	Reduce	65
Metzler	15 December 2023	Buy	156
Morgan Stanley	2 November 2023	Equal weight	104
Oddo BHF	10 November 2023	Neutral	109
Stifel	6 December 2023	Buy	165
Warburg Research	1 November 2023	Buy	130

Redcare Pharmacy Investor Relations provides comprehensive information.

Redcare Pharmacy offers comprehensive information on its financial and operational performance during in-person and virtual events. In 2023, the Managing Board and Investor Relations answered investors' and analysts' questions during numerous individual meetings and phone or video conferences. The quarterly earnings releases followed by Q&As were presented in live video conferences by CEO S. Feltens and, from August onwards, our new CEO O. Heinrich, as well as CFO J. Eenhorst. Redcare Pharmacy was also represented at several investor conferences, giving both existing and potential investors the opportunity to learn more about the business. The members of the Management also participated in several interviews with high-profile publications, particularly in Germany.

The Company will continue to provide additional disclosures with transparency of its key business drivers and strategy, while at the same time protecting competitively sensitive information. It is the goal of Investor Relations to provide transparent financial communications to all market participants to further build and foster understanding and trust in the quality of the business model and the Company's management. The Managing Board provides comprehensive, timely and objective information about Redcare Pharmacy's strategy as well as about all events relevant to the capital markets.

2

Combined *Management Report.*

Europe's one stop Pharmacy of the future.

Founded in 2001, Redcare Pharmacy N.V. (until 13 June 2023 known as SHOP APOTHEKE EUROPE N.V.) is today the leading online pharmacy in Europe. The Company is headquartered in Sevenum, near the Dutch city of Venlo and in the heart of Europe, with additional locations in Cologne, Berlin, Munich, Tongeren, Warsaw, Milan, Lille, Eindhoven and Zuchwil. Redcare Pharmacy is currently active in seven countries: Germany, Austria, Switzerland, Belgium, France, Italy, and the Netherlands.

GRI disclosures in this section: 2-1

As the one-stop pharmacy of the future, Redcare Pharmacy offers well over 10 million active customers a diverse range of more than 150,000 products at fair prices. In addition to over-the-counter medicines (OTC), supplements, beauty and body care products, as well as an extensive selection of health-related articles in all stores, the company also offers prescription medicines for customers in Germany, Switzerland and the Netherlands.

Pharmaceutical safety is always a top priority. A pharmacy at heart, Redcare's focus is on providing expert pharmaceutical advice. At the same time, Care in the new name stands for a versatile range of services for all phases of life and health issues: from marketplaces to unique delivery options, to medication management.

Several events in 2023 contributed to the continued success of our Company. In March, we entered a strategic partnership in Switzerland under the name of MediService AG with Galenica AG, the leading Swiss healthcare provider. Through this strategic partnership, we founded Switzerland's leading online pharmacy, offering customers an extensive range of products, including health and beauty products as well as prescription drugs and healthcare services.

In April, the Annual General Meeting confirmed Olaf Heinrich as new CEO. Heinrich possesses many years of experience in and deep knowledge of the healthcare industry, the pharmacy industry in particular, and its digitalisation potential. He officially assumed his new position on 1 August 2023.

In June, we celebrated our corporate rebranding, changing the Company's name from Shop Apotheke Europe N.V. to Redcare Pharmacy N.V. The brand stands for comprehensive care, innovative solutions and holistic services for the health of customers, employees and other stakeholders. Our new name reflects both the healthcare aspect of our business and our internationalisation. In August, the new brand design was extended to the German and Austrian web shops, while retaining the local shop name Shop Apotheke. Then in November, our web shops in France and Switzerland were rebranded and renamed Redcare Pharmacie and Redcare Apotheke, respectively. The names of subsidiaries remained unchanged.

Redcare Pharmacy N.V. has been listed on the Frankfurt Stock Exchange since 2016 (Prime Standard). In June, following the renaming, the ticker symbol changed to RDC. Redcare Pharmacy has been part of the MDAX – the leading German stock index for medium-sized companies since June 2023.

GRI disclosures in this section: 2-1

About this report.

This annual report was written by order of the Management Board of Redcare Pharmacy N.V. The Board reviewed and released the content of this report. The Company has reported in accordance with the GRI 2021 standards for the period 1 January 2023 to 31 December 2023 and it includes a description of the economic, ecological and social aspects of its activities. The contact point can be found on the very last page of this report.

GRI disclosures in this section: 2-3

In general, this report provides non-financial indicators that represent the entire Group, including the acquired companies, smartpatient and MedApp in 2021, as well as GoPuls in 2022 (formerly First A), and the strategic partnership in MediService concluded in 2023. Acquired companies are included from the date of acquisition onwards. Only in terms of emission reporting, emissions have been counted back until the base year 2020 according to the Greenhouse Gas Protocol. Most of the figures we publish reflect the status as of 31 December 2023. We explicitly state when the information provided deviates from these parameters. Compared to the previous year restatements are made with respect to GRI 305, 301, 302 and 306 for the past year resulting from improvements in carbon accounting according to the GHG Protocol. In line with the Company's recalculation policy all improvements leading to a change of more than five percent are leading to a recalculation until the base year 2020.

GRI disclosures in this section: 2-2, 2-4, 2-14

The document contains forward-looking statements that are based on management estimations, which are valid as of the time when this management report was prepared. Such statements relate to future periods or are characterised by terms such as "expect", "forecast", "predict", "intend", "plan", "estimate", "assume" or "anticipate". Forward-looking statements can entail risks and uncertainties. Many such risks and uncertainties are determined by factors that cannot be influenced by Redcare Pharmacy. Therefore, actual results may differ significantly from those in the future as mentioned in this report.

In addition to "Redcare Pharmacy N.V.", the terms "the Company", "the Group" or the short forms "Redcare Pharmacy" and "Redcare" are also used in this report.

Market data used in this report is based on studies from Statista, ResearchAndMarkets, Grand View Research and Bank of America, if not otherwise specified.

GRI disclosures in this section: 2-3

Company Profile.

Corporate structure.

Redcare Pharmacy N.V. is the leading European online pharmacy, operating in a sector where few other established pan-European offline or online pharmacy brands currently exist. To remain competitive and ensure sustainable success, we consciously take risks and continuously explore and develop opportunities. Our risk and opportunity management principles and system provide the framework for our Company to conduct business in a well-controlled environment and are described in the Risk and Opportunities chapter of this report.

Being based in the Netherlands offers the Company the advantage of the right regulatory regime concerning the mail order of pharmaceuticals, which serves as a platform for our expansion into additional European markets. The location in the heart of Europe is also an excellent base for serving as the central logistics hub for Europe.

Our business is almost exclusively focused on end customers, thus B2C. Within the context of IFRS 8, we consider two business segments for external reporting purposes: our DACH segment, (Germany, Austria and Switzerland) and our International segment (Belgium, the Netherlands, France, Italy). Until 2020, we sold prescription medications (Rx) only in Germany. Since the acquisition of MedApp in 2021 and the conclusion of a strategic partnership with Galenica in Switzerland (MediService) in 2023, prescription medications are sold in the Netherlands and Switzerland too. The DACH segment continues to be the Group's biggest market with approximately 81 % of total sales in 2023 (2022: 78 %).

Redcare Pharmacy N.V. is listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard) and is a member of the MDAX, the German index for medium-sized companies. The market capitalisation as per 31 December 2023 was EUR 2.7 billion.

GRI disclosures in this section: 2-1

Business activity.

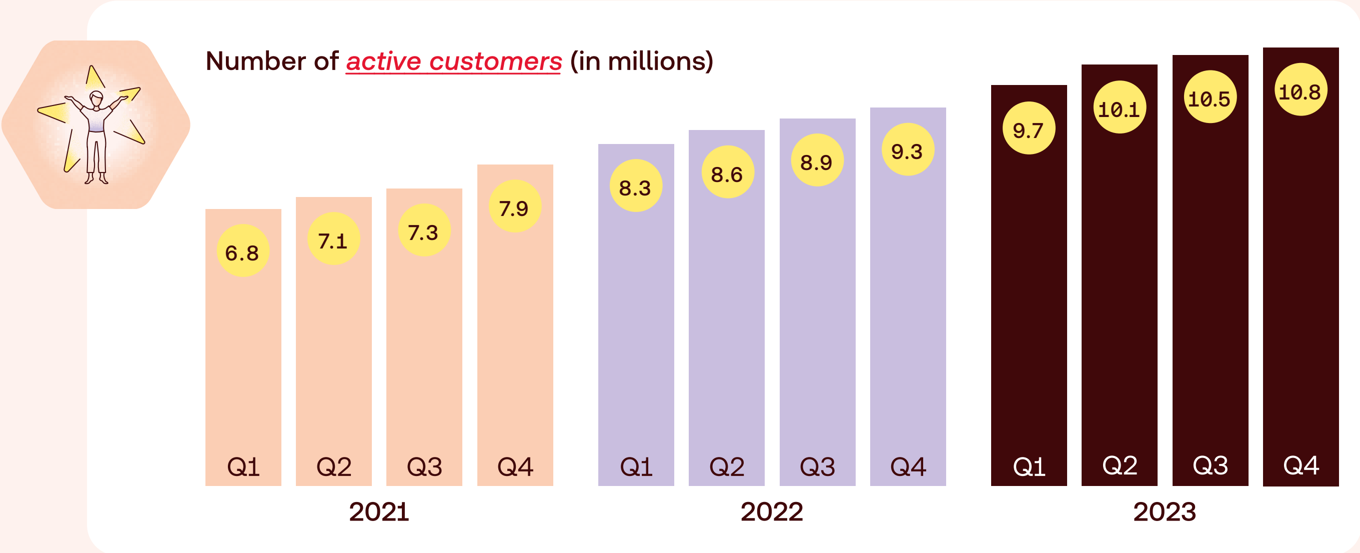
Redcare Pharmacy is the leading online pharmacy in Europe, with total Group sales of EUR 1.8 billion in 2023 and an active customer base of 10.8 million as of 31 December 2023. In 2023, Redcare Pharmacy was active in Germany, Austria, Switzerland, Italy, France, Belgium and the Netherlands.

Our overriding business objectives are continuous and dynamic growth in our existing markets, assessing, and if warranted, moving into additional markets, continuing on our path toward overall sustainable profitability, while doing good according to ESG standards.

Since our foundation in 2001 we have continually expanded our business and geographical reach across Europe. In June 2010, a warehouse was opened in Venlo, the Netherlands, for logistics and distribution operations. Through the successful acquisition of the Europa Apotheek Group on 8 November 2017 we significantly expanded our offering, which until then had been focused on OTC and BPC, to also include prescription medications. At the time of the acquisition, Europa Apotheek was one of the largest online mail order pharmacies in Germany, with a customer profile focusing on chronically ill patients with low churn rates. In 2018, our offering expanded with the acquisition of Berlin-based nu3 GmbH, a specialist for functional nutrition products. The high-quality product range of nu3, which comprises natural food and health products, low carb products and sports nutrition, provides us with a USP in a growth market with good margins.

Over the years, we have improved our business by transforming Redcare Pharmacy from an online retailer to a customer-centric e-pharmacy platform, which opens new revenue and margin streams for the Company. With the acquisitions of the digital medication management experts smartpatient and MedApp and the quick-commerce company GoPuls, we have reached further important milestones of our strategy of creating the customer-centric online pharmacy across our countries and in particular also to prepare for an anticipated shift to online sales of prescription medications in Germany. In 2021, we successfully launched our first own marketplace in our biggest market Germany, followed by the launch of a second marketplace in Austria in 2022. In 2023, we concluded a strategic partnership with the Swiss healthcare provider Galenica AG in MediService AG, Switzerland's largest online pharmacy.

Redcare Pharmacy's continuously growing active customer base.



Since 2020, our headquarters have been in Sevenum, a village close to Venlo and to the Dutch-German border. Shipping orders to Germany is efficient, but the facility also acts as a central processing and distribution hub from which we ship to our customers in our different continental European markets, barring Italy, where we have a distribution centre that was opened in 2022. We operate offices in Cologne, Berlin, Munich (Germany), Eindhoven (the Netherlands), Tongeren (Belgium), Lille (France), Milan (Italy), Warsaw (Poland) and Zuchwil (Switzerland).

With more than 2,300 employees, Redcare Pharmacy delivers a broad range of more than 150,000 original products to over 10 million active customers (as per 31 December 2023) quickly, securely and at attractive prices. In addition, Redcare Pharmacy provides comprehensive pharmaceutical consulting services and last mile delivery options in certain of its geographies in cooperation with local third-party pharmacy partners.

To a large extent, the Group's business success is measured by growing both its German (DACH) core market and its European market leadership. Result-oriented key financial performance indicators are used in managing the Group. Besides sales growth, these include gross profit, EBITDA, and adjusted EBITDA as well as cash flow-focused metrics. To track customer satisfaction, we closely monitor the NPS (Net Promoter Score)* across our operations and the development of our base of active customers.

Our business is supported by strong digital and other technological know-how. Redcare Pharmacy has built an enterprise resource planning (ERP) system and an IT-platform with design principles of robustness, security and scalability. They were designed to support the continuous growth that is key to the Company's strategy. In addition, the Company's infrastructure is designed to deliver economies of scale.

GRI disclosures in this section: 2-6

* Net promoter score of our B2C own stock and platform business for a given period of time.
NPS does not yet include MedApp, GoPuls and MediService. We track NPS as an indicator for customer satisfaction.

Strong growth drivers support our business.

Demographic changes, growing health awareness and the trend towards self-medication are all driving the demand for OTC medications and pharmacy-related beauty and personal care products. Furthermore, there is a clear offline-to-online shift in retailing that positively influences the growth of our target markets. This trend was already strong from the rapidly growing use of mobile devices, which allow customers to conveniently shop from any place, at any time, but the shift seems to have been accelerated by the coronavirus pandemic and measures of social distancing. Redcare Pharmacy was and is in pole position to actively drive the market with its strong foundation and country-specific cultural know-how.

Our key competitive strengths.

The currently still low online penetration rate compared to other retail verticals for Rx and OTC medications, as well as pharmacy-related BPC products in many continental European markets, the increasing demand for pharmaceutical products in general and the absence of leading online and offline pan-European brands in these markets represent a unique opportunity for Redcare Pharmacy's business to further leverage its pole position towards the one-stop online pharmacy. The Company has developed several crucial competitive strengths:

- We are focused on a large addressable market in Europe that has historically demonstrated stable growth and is now gradually moving online.
- We pioneered the OTC and BPC online pharmaceutical retail markets in Germany and continental Europe and over the years have developed market-leading expertise in online pharmacy B2C retail, which we will leverage for the emerging Rx online retail opportunity.
- We have a strong value proposition for customers that includes attractive prices for a relevant and comprehensive product range while offering a convenient end-to-end customer journey, superior product information, expert consultation services and high pharmaceutical safety standards.
- Our ability to offer attractive prices is enabled by our efficient cost structure as well as economies of scale that we achieve across the value chain.
- Our parcels and services include personalisation to the customer that provides relevant product instructions and alerts customers to any medication interactions or side-effects that have been detected by our automated checks.
- Our operating platform and corresponding market entry barriers have been developed over time, which give us an advantage now.
- We possess an attractive profile, as demonstrated by relevant key performance indicators (KPIs). We strive to further increase the share of repeat customers in the future in order to reduce the blended customer acquisition costs.
- We have a management team with expert know-how in the pharmacy and e-commerce space and a proven track record of successfully growing business through excellence in execution and strategic insights.

Our technology platform, including our webshop and app, reflects an industry-leading customer focus. We will continue to focus on IT and invest where necessary to stay ahead of the competition.

We focus on attracting top talent by offering them opportunities to play an active role in shaping the future of Redcare Pharmacy and our journey toward enabling everyone to live their healthiest life possible.

Redcare Pharmacy's value-added process.

The Company's value-added process is the procurement of medications as well as beauty and personal care and related products, which are then sold via country-specific online shops to consumers. In order to operate in a sustainable manner and to work with the right suppliers, Redcare Pharmacy attaches great importance to sustainable supply chain management. The number of our pharma suppliers is around 1,600. More than 99 % of our suppliers are based in a member state of the Organisation for Economic Cooperation and Development (OECD). The OECD brings together 38 countries committed to the economic and social well-being of people worldwide. We divide our suppliers into two main categories: Pharma and Indirect Spend. Pharma is subdivided into two further categories, Wholesale and Direct, which both include the procurement of OTC, Rx as well as beauty and personal care and related products.

The three main pillars of the sales process are Redcare Pharmacy's pharmaceutical and e-commerce know-how, its IT-expertise in designing and running online web shops and its logistics system tailored towards pharmacy.

Redcare Pharmacy's country-specific websites provide access to more than 150,000 products. With the launch of our own marketplaces in Germany and in Austria, as well as the strategic partnership (MediService) in Switzerland, we have significantly broadened our product range by adding tens of thousands of healthcare-related products from third parties. This is a substantially larger range of products than offered in traditional brick-and-mortar pharmacies.

Our online shops are optimised continuously and provide a state-of-the-art user-friendly and convenient shopping experience on a 24/7 basis from any location with online access.

Redcare Pharmacy has received numerous awards for its services, assortment and prices over the past years and also in 2023 from well-known institutions like Sempora, Handelsblatt, F.A.Z. Institute, Computer Bild and Statista.

An important part of Redcare Pharmacy's business strategy is the commitment to comprehensive customer support and services. This encompasses a pharmaceutical consulting hotline and pharmaceutical services such as pharmaceutical advice videos, instruction videos and comprehensive medication interaction checks. With the acquisitions of smartpatient and MedApp in 2021, we accelerated our technological and digital health capabilities, all aimed at guiding our customers through their health.

GRI disclosures in this section: 2-6

Sustainability is an integrated part of our strategy.

Our vision is not to stop "until every human has their health". Because of this, at its centre, our core business has a drive to positively impact people's health (social capital) as well as to build easy access to medication infrastructure in European markets (manufacturing capital). With this business model and a promising growth story, we create secure employment opportunities (human capital). However, our materiality analysis has shown that environmental external risks are inherent to our business activities, specifically carbon emissions along our value chain. Therefore, we have an integrated management process to minimise our negative impact (environmental capital). The Company has been offsetting carbon emissions in Scopes 1 and 2, as well as emissions in scope 3 resulting from the following activities since autumn 2020: logistics, packaging, employee travel, marketing and IT. In 2022, we took the next step and publicly committed ourselves to bringing emissions along the entire value chain – including product emissions – to net zero by 2040. As a result of our efforts, MSCI improved the ESG rating of our business operations from AA to the highest possible rating of AAA in Q1 2023. In Q1 2024 also Morningstar Sustainalytics upgraded the Company's rating to 'low risk'. Within the scope of Redcare Pharmacy's strategic positioning as a sustainable Company, a direct report function to the Management Board ensures the comprehensive and holistic integration of sustainability into the overall strategy. The executive oversight of Sustainable Development is held by the CEO, while accountability for dedicated material topics lies with the respective Board member to whom the implementation of the initiatives is functionally assigned.

GRI disclosures in this section: 2-12, 2-13, 2-14, 2-22, 2-25, 3

Redcare Pharmacy is Europe's leading e-pharmacy platform.

We are the largest online pharmacy in continental Europe. At our core, we are a pharmacy that specialises in selling prescription and over-the-counter medicines (OTC), pharmacy-related beauty and personal care (BPC) and other related products, as well as own-brand nutrition, sports nutrition and health products to end-customers. We sell our broad range of products directly to customers, but in December 2021 we launched our first own marketplace in Germany with health-related assortments from specialised third-party suppliers to expand the offer for our customers and create additional leverage for our business model. During 2022, we launched the next marketplace in Austria, and in 2023 we formed a strategic partnership to better service the Swiss market. To be the best pharmacy, as our ambition is, we continuously invest in our digital medication management with disease-specific programmes and other digital tools to help people in a life with medicines. We partner with online doctor services (tele-medicines) and offer same-day delivery services in Germany's main metropolitan areas, as well as in Austria and Belgium, in cooperation with local physical pharmacies. In the end, it's our top priority to provide people with the right products, the right knowledge and the right services, every day.

We aim to achieve this by pursuing the following strategy:

- Continuously keeping or further improving our high customer satisfaction with our one-stop pharmacy.
- Attaining and expanding market leadership in our existing geographies.
- Assessing and, if warranted, entering new geographies.
- Making tech- and digital-driven investments throughout our value chain from logistics and fulfilment to last mile, to commercial and marketing as well as in our front-end websites and apps.
- Yielding efficiency and scale gains in procuring products and services.
- Continuously optimising our products and services portfolio.
- Further developing our own brand portfolio of products.
- Via our platform, offering the services of online doctors, the services and assortment of local physical pharmacies and broadening our product range with the products and expertise of third-party merchants in healthcare-related assortment.
- Continuing our dedicated patients' disease programmes and investing in the development of state-of-the-art digital medication management services.
- All in all, rigorously focusing on improving our underlying unit economics in all possible areas, with a target of becoming cash flow positive in future years and generating adjusted EBITDA profitability in excess of 8 %.

Strategic review 2023: Consistent execution of our strategy.

In 2023, we made significant progress in executing our business strategy:

- We became the largest European e-pharmacy. In non-Rx, which accounted for close to 75 % of our total sales in 2023, we organically grew sales by around 25 %, having gained market share according to our estimates in all our markets.
- Customer satisfaction expressed in terms of NPS (Net Promoter Score) was repeatedly strong at 71.
- We increased our base of active customers by 1.5 million to 10.8 million.
- We entered a strategic partnership with Swiss healthcare provider Galenica AG in MediService AG, founding Switzerland's leading online pharmacy, offering customers an extensive range of products, including health and beauty products as well as prescription drugs and healthcare services.
- Redcare Pharmacy achieved a AAA MSCI ESG rating driven by the disclosure of its 1.5° aligned net zero 2040 target as well as strengthening its corporate governance.
- Throughout 2023, Redcare Pharmacy continued to receive electronic prescriptions (eRx) in Germany like it did already in 2022, but the impact on the Company's total sales was still marginal. Management is confident that electronic prescriptions will move forward in Germany and now assumes a significant increase of e-scripts throughout 2024.

General and industry-specific economic environment.

Expected recovery in the eurozone: projections point to gradual growth.

The growth in the eurozone is expected to gradually recover over the course of the coming year, according to forecasts from the Kiel Institute for the World Economy (IfW Kiel). After a robust rebound following the pandemic, the eurozone economy is currently in a phase of stagnation. Rising living costs, which have had a dampening effect on consumption, deteriorating financing conditions due to a rapidly more-restrictive monetary policy, and limited external economic stimuli have led to an economic standstill.

In the further course of the year, the European economy is expected to gradually regain momentum. On the one hand, real wages are increasing again due to accelerated wage growth and declining inflation, favouring a revival of private consumption. On the other hand, financing conditions are likely to improve with the expected easing of monetary policy. Additionally, the external economic environment is expected to improve. However, GDP growth is expected to remain relatively weak at 0.8 % in 2024, after 0.5 % in 2023, and only accelerate to 1.5 % in 2025.

Inflation in the eurozone is projected to decrease from an average of 5.4 % in 2023 to 2.2 % (2024) and 1.9 % (2025), thereby approaching the inflation target of the European Central Bank.

In Germany, the biggest single market for Redcare Pharmacy, the economy is grappling with stagnation, projecting a modest GDP increase in 2024 amid persistent economic challenges. Although real disposable income growth is expected to boost private consumption, rising interest rates continue to hamper construction investment. Global economic impulses are lacking, and fiscal consolidation measures are set to slow economic expansion. The forecast indicates a reduced GDP growth rate of 0.9 % in 2024, down from the previous estimate of 1.3 %. Economic output is expected to increase by 1.2 % in 2025. Inflation has significantly decreased, with rates expected at 2.3 % (2024) and 1.8 % (2025). The labour market is impacted by low economic momentum, partially mitigated by demographic changes.

Overview of the overall pharmacy market in Europe.

The European pharmacy market, which includes the categories prescription medications, non-prescription medication and pharmacy-related beauty and personal care (BPC) products, has been growing steadily over the past years and is expected to continue growing at a compound annual growth rate (CAGR) of 5.4 % from 2021 to 2028 (Source: Grand View Research). According to the business data platform Statista, revenues in the European pharmacy market will hit EUR 314 billion in 2023, a plus of 2.6 % compared to 2022, and are expected to reach EUR 380.4 billion by 2028. In 2022, 23.6 % of all pharmacy customers bought their products online. This number is expected to grow to 42.4 % by 2028.

Germany was the leading pharmaceutical market in Europe in 2022, with total revenue of EUR 69 billion and expected revenue of EUR 71.6 billion in 2023. Germany also has a significantly higher share of customers buying their medication online, with 40.5 % in 2022 and 47.8 % by 2028. When the revenue of the German pharmaceutical market in 2022 is broken down, it is prescription drugs that account for most of the revenue. Prescription medication accounted for EUR 57.8 billion of revenue, followed by OTC drugs at EUR 11.2 billion. France and Italy followed with total 2022 revenue of EUR 43 billion and EUR 25.8 billion, respectively. The top five were rounded off by Spain (EUR 18.5 billion) and Poland (EUR 10.6 billion). We expect that the overall European pharmacy market will continue to grow over the next years and that such growth will be supported by the continued shift towards e-commerce by consumers.

Overview of the online pharmacy market.

The global e-pharmacy market is expected to grow from USD 60 billion in 2022 (Source: Grand View Research) to USD 107.5 billion by 2027, at a CAGR of 16.8 % during the forecast period 2022 – 2028, according to a study by Market Data Forecast. During the same period, the online pharmacy market in Europe is expected to grow at a CAGR of over 15 % (Source: ePharmacy Market (Online Pharmacy Market) Research Report, Market Data Forecast).

The e-commerce penetration for Rx medications and OTC and BPC products is still relatively low in the core European markets compared to other retail verticals. According to Market Data Forecast, the global e-pharmacy market is expected to grow from USD 67 billion in 2023 to USD 1.47 billion by 2028, at a CAGR of 16.8% during the forecast period 2023 – 2028. During the same period, the online pharmacy market in Europe is expected to grow at a CAGR over 15 % (Source: Europe ePharmacy Market Research Report, Market Data Forecast). Total revenue in the fifteen leading pharmaceutical markets in Europe was EUR 210 billion in 2022 (Source: Statista); Redcare Pharmacy is present in six of these leading markets. Online penetration is relatively low in the core European markets and at 6 %, the penetration for Rx medications and OTC and BPC products is still far behind other categories such as apparel, electronics and contact lenses.

Competitive environment in the online pharmacy market.

The e-commerce channel allows online pharmacies to offer a broader range of products than local pharmacies, as they are not constrained by physical shelf storage space. We believe that the following factors are key to operating successfully in the online pharmacy market:

- Offering products at attractive prices to attract and retain customers
- Establishing and maintaining brand and domain awareness to attract new customers
- Developing strong e-commerce capabilities including a scalable IT-platform, an optimised and efficient logistics centre, sustained customer care as well as fulfilment capabilities
- A diverse range of product offerings in stock to meet consumer demand in a timely fashion

Our competitors generally include other online pharmacies focused on the sale of OTC medications and/or online pharmacies focused on the sale of prescription pharmaceuticals, local brick-and-mortar pharmacies and general e-commerce players including global giants, which offer marketplace functions for local pharmacies. Not all brick-and-mortar pharmacies have great e-commerce capabilities. In addition, the restrictions on outside or corporate ownership of pharmacies in several continental European countries limit the ability of both brick-and-mortar and online pharmacies to access external financing, which limits their potential for expansion. General e-commerce players that offer a limited number of OTC medications currently lack pharmacy licenses and pharmaceutical expertise. In the pharmacy-related BPC market, our competitors generally include drugstores, supermarkets and para-pharmacies.

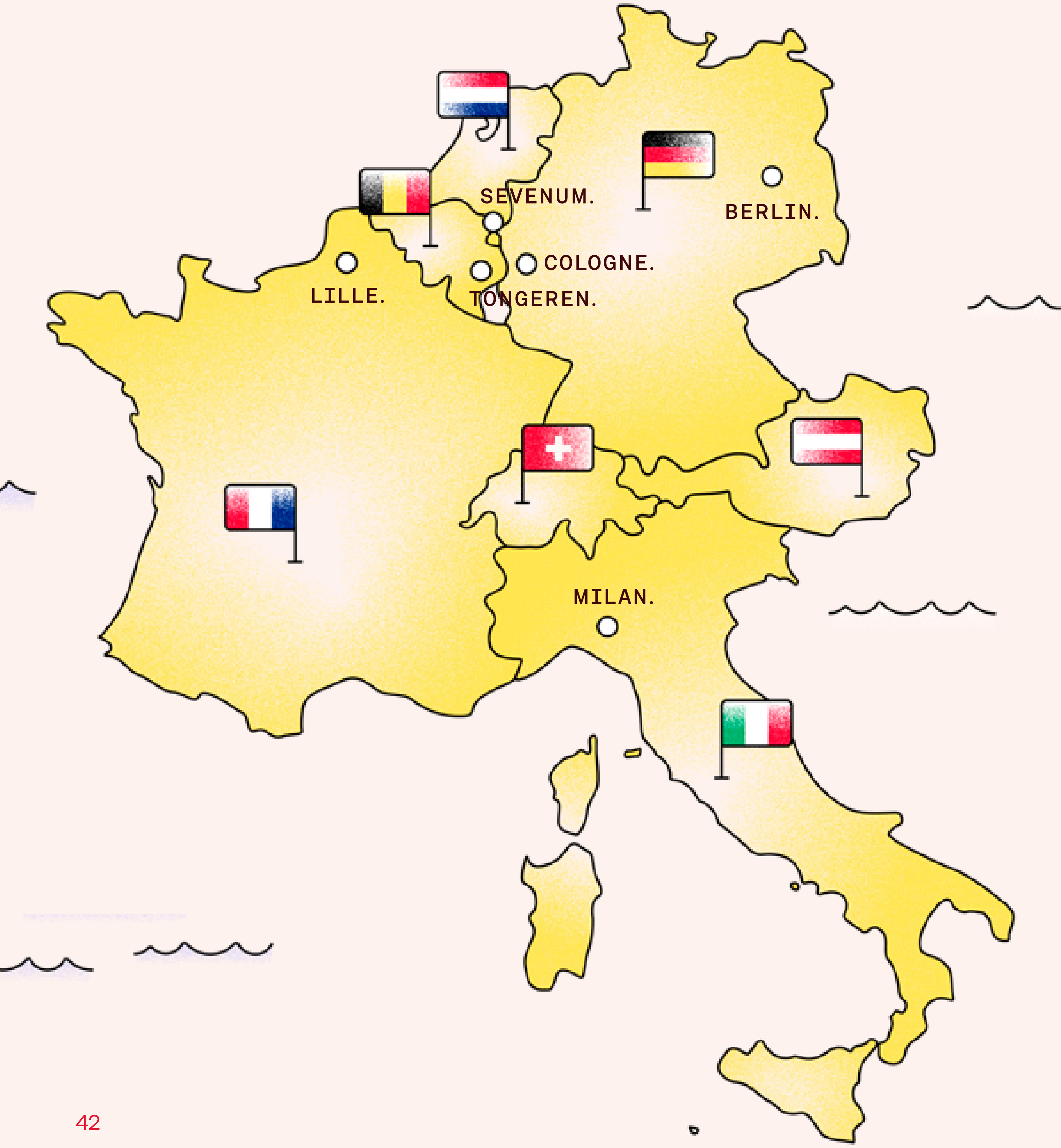
Overview of Redcare Pharmacy’s current markets.

In 2023, Redcare Pharmacy was active in Germany, Austria, Switzerland, Italy, France, Belgium and the Netherlands.

Although the regulatory environment is sometimes different in detail, we believe that limited online penetration in these markets provides significant market opportunities for us.

The continental European market is fragmented, which we believe gives us the opportunity to accelerate penetration by replicating our established business model.

Overview of *Redcare Pharmacy's* current markets.



Regulatory Environment.

Continuously subject to regulatory changes.

A responsible trade in medications requires specialised knowledge and diligence. To ensure these conditions are met, both the European Union and its member states have put comprehensive regulatory frameworks in place. Thus, Redcare Pharmacy's business is subject to regulatory restrictions regarding the medicinal and pharmaceutical aspect of the products it delivers as well as regarding the e-commerce framework.

A verdict by the European Court of Justice (ECJ) in December 2003 confirmed that the principle of the free movement of goods within the EU also applies to non-prescription medications. National laws prohibiting the mail order sale of such products were found to be incompatible with European (i.e. EU) law. Hence, the cross-border sale of non-prescription medications within the EU is permitted for pharmacies registered in the EU. With this verdict, online suppliers secured access to the over-the-counter market, after which their share of that market went from low levels to 16 % in Germany in a decade, and it is believed that the level has exceeded 20 % in the meantime.

On 19 October 2016, the ECJ passed a judgement allowing pharmacies based outside Germany, including Redcare Pharmacy, to sell Rx medications to German consumers at discounted prices (the so-called bonus). This regulatory change allowed online pharmacies to partially offset a structural competitive disadvantage versus brick-and-mortar pharmacies. Nevertheless, with the latest regulatory changes in Germany, an Rx bonus ban has been in force effective since December 2020. Although it is highly controversial whether this legislation is compliant with EU law, the ban has affected Redcare Pharmacy's Rx business since 2021. Several cases which are currently pending at German national courts may ultimately provide some more clarity. In addition, in July 2023, in a case between Redcare Pharmacy's competitor DocMorris and the Apothekerkammer Nordrhein, the German Federal Supreme Court referred prejudicial questions to the European Court of Justice, the outcome of which may also shed new light on the various bonus variants that are the subject of this procedure, and the compatibility of German restrictions with EU law.

Other national restrictions in most major EU countries, such as the prohibition of pharmacy chains and of third-party ownership of pharmacies, limit the growth potential of pharmacies in these countries. In the Netherlands, however, there are no restrictions on third-party ownership, i.e. a pharmacy may be owned by a pharmacist or by a legal entity. As in all countries, the pharmaceutical responsibility lies with the responsible pharmacist regardless of the pharmacy's ownership structure.

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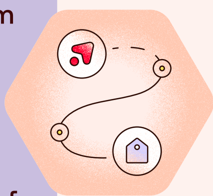

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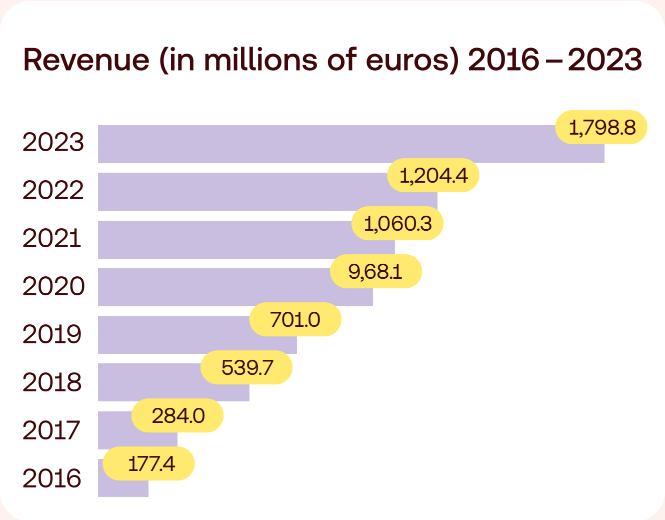
Economic report.

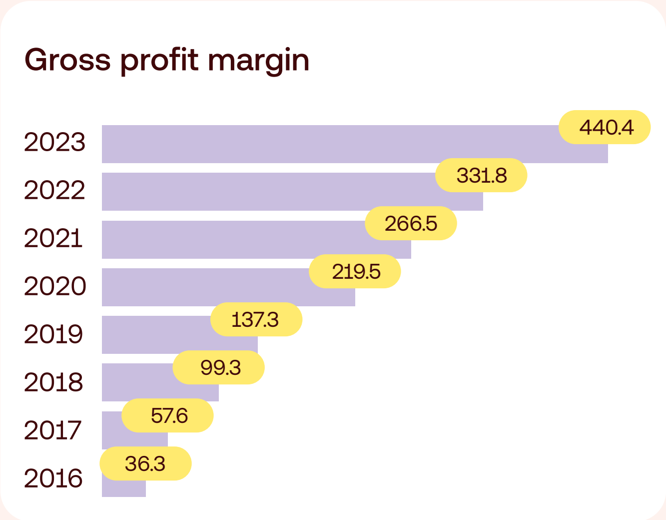
Forecast vs. Actuals.

Business across the Group expanded significantly in 2023. For the full year, we predicted total group sales of EUR 1.7 to EUR 1.8 billion, a sales growth of between 20 % and 30 % for non-Rx and an overall adjusted EBITDA margin in the range of 1.5 % to 3 %. Furthermore, the free cash flow was forecasted in a range from EUR – 20 to EUR + 20 million. Ultimately, we achieved total sales of EUR 1.8 billion, non-Rx sales growth of 24.9 % and an adjusted EBITDA margin of 3.0 %.

Forecast for our ongoing business[1]	Actual	Guidance reached
Total Sales of EUR 1.7 to 1.8 billion	EUR 1.8 billion	Yes
Non Rx sales growth of 20 % to 30 %	24.9 %	Yes
Adjusted EBITDA margin 1.5 % to 3 %	3.0 %	Yes
Free Cash flow EUR – 20 to EUR + 20 million	EUR 8.2 million	Yes

Revenues and earnings position.





The Company reports the following two business segments:

The DACH segment, which includes medications and pharmacy-related BPC and other related products sold to customers in the German, Austrian and Swiss markets, and the International segment, related to customers in the Belgian, Dutch, French and Italian markets.

[1] Ongoing business is defined as the business as at the time of issuing the revised guidance in August 2023.

Sales of prescription and non-prescription pharmaceuticals as well as medications and pharmacy-related beauty and personal care products are subject to seasonal fluctuations, with demand for pharmaceuticals typically especially high during the first and fourth quarters of the year. However, since 2020, typical seasonal patterns have been distorted by the effect of the Covid-19 pandemic.

For better orientation, we also provide adjusted figures, which reflect extraordinary items (the non-cash IFRS specific expenses on accounting of the business acquisitions, the non-cash IFRS expenses to the Employee Stock Ownership Plan, and one-of costs related to business projects).

A detailed reconciliation of adjustments can be found in the following table:

	Adjustments 2023					Adjustments 2022				
	Non-adjusted	1.	2.	3.	Adjusted	Non-adjusted	1.	2.	3.	Adjusted
Revenue	1,798,758	–	–	–	1,798,758	1,204,352	–	–	–	1,204,352
Cost of sales	– 1,358,375	–	–	–	–1,358,375	– 872,566	–	–	–	– 872,566
Gross profit	440,383	–	–	–	440,383	331,786	–	–	–	331,786
Other income	319	–	–	–	319	148	–	–	–	148
Selling & Distribution	– 336,447	–	700	–	– 335,747	– 299,650	–	874	–	– 298,776
Segment EBITDA	104,255	–	700	–	104,955	32,284	–	874	–	33,158
Administrative expenses	– 64,262	3,507	1,211	8,084	– 51,460	– 61,946	5,797	814	14,133	– 41,202
EBITDA	39,993	3,507	1,911	8,084	53,495	– 29,662	5,797	1,688	14,133	– 8,044
Depreciation	– 57,288	–	–	–	– 57,288	– 39,510	–	–	–	– 39,510
EBIT	– 17,295	3,507	1,911	8,084	– 3,793	– 69,172	5,797	1,688	14,133	– 47,554
Net finance cost and income tax	5,689	–	–	– 12,873	– 7,184	– 8,474	–	–	–	– 8,474
Net loss	– 11,606	3,507	1,911	– 4,789	– 10,977	– 77,646	5,797	1,688	14,133	– 56,028

Description of adjustment:
1. IFRS expenses of the employee stock option plans. Also see Note 27. These expenses are non-cash for Redcare Pharmacy.
2. One-off external project expenses related to other projects. This mainly concerns external advisory costs.
3. Other major non-recurring one-offs. Comprises two elements: (1) In 2022 and 2023 this concerned the impact of contingent considerations to former owners of the acquired companies smartpatient and MedApp. In the light of these acquisitions of 100 % of the shares of smartpatient and MedApp, the total purchase price for the shares which Redcare Pharmacy agreed upon with the selling shareholders amounts EUR 70,545 thousand and EUR 8,004 thousand, respectively. Along with the acquisitions contingent considerations are provided to the former owners which contain a service condition. Payments in the form of cash and shares under this contingent consideration forfeit if employment is terminated. The total contingent consideration amounts to EUR 47,839 thousand. On the basis of an IFRIC decision on IFRS 3.B55 Business Combinations – the contingent part of this purchase price should be accounted for as consideration for post-combination services – employee expenses during the vesting period. The total impact of the recognition of the cash component and share component of the contingent considerations of both business combinations in the result of the year 2023 amounts to EUR 8.1 million. These costs are included in the employment expenses presented in the profit and loss statement under "administrative expenses". The P&L impact of this accounting method distorts the view on our underlying financial result of our business for management reporting purposes, which is the reason we adjust for it in the presented adjusted EBITDA. Reference is made to Note 28 to the consolidated financial statements of the financial year 2022 for detailed explanation. (2) This year included a release (gain) with no cash impact of EUR 12.9 million due to a fair value adjustment of the contingent consideration liability related to the acquisition of First A later renamed to goPuls.

During the reporting period, sales surged by 49.4 % from EUR 1,204.4 million in 2022 to EUR 1,798.8 million in 2023. Organic growth accounted for 24 % of the sales, but our transaction with Swiss healthcare provider Galenica AG also contributed.

Consolidated gross income climbed 32.7 % in the year under review from EUR 331.8 million to EUR 440.4 million. Hence, as a proportion of sales, gross margin decreased from 27.5 % in 2022 by 3.0 percentage points (pp) to 24.5 % in 2023. The lower gross margin at Group level for 2023 results from the inclusion of MediService sales of prescription drugs, which generally have lower gross margins than other products. Excluding MediService, the margin was 28.2 % or 0.8 pp higher than in 2022 thanks to an improved product mix.

Selling and distribution (S&D) expenses rose by EUR 36.7 million, from EUR 299.7 million in the financial year 2022 to EUR 336.4 million, an increase of 12.3 %. As percentage of sales, this marks a significant decline of 6.2 pp from 24.9 % to 18.7 %. The adjusted consolidated S&D ratio was 18.7 % compared to last year's 24.8 %. Excluding MediService, adjusted S&D expenses were 21.8 % of sales, an improvement of 3.0 pp. This development demonstrates further efficiency gains in marketing during the year as well as increased labour productivity. The main categories within S&D are marketing expenses, distribution costs, operations and personnel expenses for marketing. A more detailed split of S&D costs is provided in the consolidated financial statements, Note 7.

Administrative costs including depreciation and amortisation increased by EUR 5.0 million in absolute terms from EUR 67.9 million to EUR 72.9 million and included extraordinary items and one-off expenses. In both 2023 and 2022, a large part of the one-off costs was related to the non-recurring impact of the contingent consideration in respect of the acquired companies smartpatient and MedApp. In total, one-off expenses and employee stock option expenses amounted to EUR 12.8 million (2022: EUR 20.7 million). The adjusted administrative cost ratio was 3.0 %, down 0.4 pp from 3.4 % a year earlier.

Other income increased slightly by EUR 171 thousand to EUR 319 thousand and was mainly related to the sale of fixed assets.

With depreciation expenses of EUR 57.3 million (2022: EUR 39.5 million), EBIT was EUR 17.3 million this year (2022: EUR –69.2 million). The higher depreciation is largely related to investments in the new logistics facility in Sevenum, the Netherlands, IT product development and amortisation on fair value step-up from business combinations. Net finance costs decreased by EUR 12.6 million from EUR 15.3 million in 2022 to EUR 2.7 million.

The net loss amounted to EUR –11.6 million after EUR –77.6 million in 2022.

Revenues and earnings by segment.

Redcare Pharmacy's business activities are divided into two segments. The DACH core segment posts the highest sales and essentially consists of sales of prescription drugs (in Germany and Switzerland), OTC pharmaceutical products, functional foods and mostly pharmacy-exclusive beauty and healthcare products in Germany, Austria and Switzerland. With the inclusion of MediService, the share of prescription drugs has significantly increased.

The second segment, International, is made up of sales of OTC pharmaceutical products, functional foods, beauty and healthcare products in our other European markets: Belgium, France, Italy and the Netherlands. Our entity MedApp pharmacy in the Netherlands also sells prescription drugs.

The following segment performance analysis shows a significant increase of the business volume for both segments. Consolidated adjusted EBITDA amounts to a positive EUR 54.0 million compared to an adjusted EBITDA of EUR –8.0 million in 2022. Relative to sales, the adjusted EBITDA margin for the Group increased from –0.7% in 2022 to +3.0% in the reporting period.

DACH segment sales accelerated.

During the 2023 reporting period, DACH segment sales in the German, Austrian and Swiss markets rose profitably at a rate of 54.6%, with Rx-sales rising by 251.9%. Rx-sales include EUR 307 million in prescription sales of MediService AG. Non-Rx-sales grew by 23.0%. With a total business volume of EUR 1,453.6 million in financial year 2023, the DACH segment generated around 81% of total consolidated sales. In 2022, DACH segment sales accounted for EUR 940.2 million or around 78% of total consolidated sales.

Cost of sales went up from EUR 678.6 million in 2022 to EUR 1,097.9 million in 2023. The increase of 61.8% was above the sales growth ratio, which is due to the higher proportion of Rx-sales with generally lower gross margins by the Swiss partner company MediService. As a result, the segment's gross profit margin decreased from 27.8% to 24.5%.

Adjusted selling and distribution (S&D) expenses as a percentage of sales were significantly lower, down 6.3 pp year-over-year to 17.0% in 2023. This includes an impact of 3.7 pp resulting from the MediService transaction. Thus, adjusted EBITDA for the DACH segment rose from EUR 17.8 million to EUR 76.6 million, translating into an adjusted EBITDA margin of 5.3%, after the prior year's 1.9%.

Segment information 2023

non adjusted and adjusted (in EUR 1,000)	DACH	International	Total
Revenue	**1,453,551**	**345,207**	**1,798,758**
Cost of sales	– 1,097,883	– 260,492	– 1,358,375
Adjusted cost of sales	– 1,097,883	– 260,492	– 1,358,375
Gross profit	**355,668**	**84,715**	**440,383**
Adjusted gross profit	355,668	84,715	440,383
% of revenue	24,5 %	24,5 %	24,5 %
Other income	290	29	319
Adjusted other income	290	29	319
Selling & Distribution	– 248,129	– 88,318	– 336,447
Adjusted S&D	– 247,593	– 88,154	– 335,747
Segment EBITDA	107,829	– 3,574	104,255
Adjusted segment EBITDA	108,365	– 3,410	104,955
Administrative expense	– 41,591	– 22,671	– 64,262
Adjusted AE	– 33,611	– 17,849	– 51,460
EBITDA	**66,238**	**– 26,245**	**39,993**
Adjusted EBITDA	74,754	– 21,259	53,495
Depreciation	– 37,009	– 20,279	– 57,288
Adjusted depreciation	– 37,009	– 20,279	– 57,288
EBIT	**29,229**	**– 46,524**	**– 17,295**
Adjusted EBIT	37,745	– 41,538	– 3,793
Net finance cost and income tax			5,689
Adjusted net finance cost			– 7,184
Net loss			**– 11,606**
Adjusted net loss			– 10,977

Segment information 2022

non adjusted and adjusted (in EUR 1,000)	DACH	International	Total
Revenue	**940,169**	**264,183**	**1,204,352**
Cost of sales	– 678,559	– 194,007	– 872,566
Adjusted cost of sales	– 678,559	– 194,007	– 872,566
Gross profit	**261,610**	**70,176**	**331,786**
Adjusted gross profit	261,610	70,176	331,786
% of revenue	27.8 %	26.6 %	27.5 %
Other income	116	32	148
Adjusted other income	116	32	148
Selling & Distribution	– 219,437	– 80,213	– 299,650
Adjusted S&D	– 218,923	– 79,853	– 298,776
Segment EBITDA	42,289	– 10,005	32,284
Adjusted segment EBITDA	42,803	– 9,645	33,158
Administrative expenses	– 37,453	– 24,493	– 61,946
Adjusted AE	– 24,997	– 16,205	– 41,202
EBITDA	**4,836**	**– 34,498**	**– 29,662**
Adjusted EBITDA	17,806	– 25,850	– 8,044
Depreciation	– 23,888	– 15,622	– 39,510
Adjusted depreciation	– 23,888	– 15,622	– 39,510
EBIT	**– 19,052**	**– 50,120**	**– 69,172**
Adjusted EBIT	– 6,082	– 41,472	– 47,554
Net finance cost and income tax			– 8,474
Net loss			**– 77,646**
Adjusted net loss			– 56,028

International segment revenue significantly higher.

Revenue outside the DACH region, which is posted to the International segment, includes sales in the Netherlands, Belgium, France and Italy. At 30.7 % sales rose strongly in the period under review from EUR 264.2 million to EUR 345.2 million. In 2023, international sales accounted for around 19 % of 2023 consolidated sales versus 22 % in the year before. The lower share is attributable to the inclusion of MediService's sales to the DACH segment.

Cost of sales in 2023 was EUR 260.5 million compared to EUR 194.0 million in 2022. This translates into gross profit of EUR 84.7 million compared to EUR 70.2 million in 2022. Thus, the gross margin was at 24.5 %, 2.1 pp lower than in the previous year at 26.6 % which is mainly caused by product mix.

Due to a significantly higher proportion of orders from new clients and other effects, adjusted EBITDA for the International segment stood at EUR – 23.1 million after previous year's EUR – 25.9 million, translating into an adjusted EBITDA margin of – 6.7 %, up 3.1 pp vs. the prior year's – 9.8 %.

Cash flow.

in EUR million	2023	2022
Operating loss for the period	– 17.3	– 69.2
Net cash flow for/from operating activities	61.5	– 29.1
Net cash flow for/from investing activities	– 60.0	– 138.0
Net cash flow for/from financing activities	15.0	– 13.5
Cash and cash equivalents at the beginning of the period	66.8	247.4
Change in cash and cash equivalents	16.5	– 180.6
Cash and cash equivalents at the end of the period	84.2	66.8

In the period under review, cash and cash equivalents increased from EUR 66.8 million to a year-end figure of EUR 84.2 million. In order to benefit from financial results, EUR 6.7 million was invested in short-term securities (fixed deposits) during the reporting period and is shown in other financial assets, which now amount to EUR 120 million of the total of other financial assets of EUR 127 million. Cash and cash equivalents at the end of 2023, including EUR 120 million which was on a short-term fixed deposit, amounted to EUR 204.2 million (previous year: EUR 180.1 million).

Operational cash flow was EUR 61.5 million compared to EUR – 29.1 million for the financial year 2022. This development was substantially driven by inventory increases as well as a decreases of trade payables as of the reporting date.

EUR 60 million was used for investing activities in 2023 (previous year: EUR 138 million). EUR 7.3 million of the investing cash flow relates to investments in securities, shown in other financial assets (previous year: divestment of EUR 80.5 million). Net of cash acquired, the cash outflow for the strategic partnership with Galenica AG amounted EUR 23.4 million. EUR 38.2 million (2022: EUR –53.5 million) were investments in intangible assets and property, plant and equipment.

Cash flow from financing activities shows an outflow of EUR 15.0 million vs. an outflow of EUR –13.5 million last year. The year's development was essentially driven by a capital increase of EUR 29.4 million related to the strategic partnership in MediService AG with Swiss partner Galenica AG. Interest payments are related to payments to service providers.

Total free cash flow in 2023 is at EUR 8,2 million resulting from the cash flow from operating activities (EUR 61.5 million), the cash flow from investing activities (EUR –60.0 million) adjusted for the movement in other short-term financial assets of EUR 6.7 million.

The working capital as of 31 December 2023 was EUR 15.2 million.

The Group member companies were able to always meet all payment obligations during the past financial year.

Assets and liabilities.

As of the reporting date, the balance sheet total was EUR 1,021.6 million after EUR 729.5 million at the end of the 2022 financial year. Within the non-current assets, intangible assets rose by EUR 139.0 million, driven by an increase of the cost base of EUR 180 million of which EUR 148 million by acquisitions from the strategic partnership with Galenica AG and EUR 32 million additions mainly related to investments in software development. Current assets increased by EUR 155.6 million from EUR 343.9 million to EUR 499.5 million. Inventories were up from EUR 99.7 million to EUR 135.8 million, largely due to the higher business volume. Cash and cash equivalents increased from EUR 66.8 million to EUR 84.2 million. Loans and borrowings within the non-current liabilities slightly decreased from EUR 247.7 million as per year end 2022 to EUR 236.1 million. Current liabilities amounted to EUR 223.7 million after EUR 119.4 million and within current liabilities. Trade and other payables grew by EUR 84.7 million to EUR 157.6 million.

The equity capital ratio stood at 54 % as of the reporting date after 48 % last year.

Non-Financial Performance Indicators.

Operating Performance Indicators.

In addition to financial performance indicators, Redcare Pharmacy also uses non-financial performance indicators to manage the business.

Besides its OTC online pharmacy market share, Redcare Pharmacy uses the following non-financial key performance indicators, which also reflect the significant business expansion.

	2023	2022
Site visits	439,676,007	347,765,913
Mobile visits	330,088,835	251,718,600
KPI – mobile share	75 %	72 %
Number of orders	29,413,020	23,421,138
Repeat orders	85 %	83 %
Return rate	0.78 %	0.73 %
# Active customers	10,848,777	9,311,375
Average basket size	EUR 59.40	EUR 58.28

Number of site visits/number of mobile site visits.

As a performance indicator with a significant impact on the growth of Redcare Pharmacy, the number of website visits is a central tool for company management. As a growing number of people use mobile devices to access the internet, the number of mobile website visits is recorded separately. This indicator is also used to examine the success of the mobile websites and apps that Redcare Pharmacy is permanently developing and expanding.

Number of active customers.

Redcare Pharmacy measures its business success based on the development in the number of customers. An active customer is defined as a customer who has placed at least one order within the past twelve 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 shopping cart size.

Average gross basket size.

In addition to the number of orders, there is a direct correlation between the average basket size and the development of consolidated revenue. The average gross value of received orders from end-customers and patients (B2C), predominantly via our online shops for our own-stock business, divided by the total related number of orders placed in a given time period. Current prescription medication sales (Rx) in Switzerland and the Netherlands are not included because we believe current non-comparable customer types would distort visibility on relevant trends in this metric. Business-to-business (B2B) orders are excluded for the same reason. The average shopping basket includes value-added tax (VAT).

Repeat orders.

This shows the proportion of orders placed by existing customers and is an important indicator of customer loyalty. As marketing costs for existing customers are lower than for newly acquired customers, there is also a correlation with profit.

Return rate.

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

Research and Development.

As a Company with a focus on retail and other healthcare services, Redcare Pharmacy does not produce its own products and therefore does not conduct research and development in the strict sense of the term. The pharmacy sector and its customers currently find themselves in a profound transformation process, which is driven by such megatrends as digitalisation and social change. These trends have a great impact on the way customers live, work and consume.

Redcare Pharmacy is a customer-centric e-pharmacy platform that offers technology-driven solutions for these changes. Most of our customer-facing systems are primarily initiated, refined and maintained internally. We use external partners to obtain specific expertise or to increase our development capacity.

Our front-end platform, which is developed in-house, represents a custom-made solution to our customers' needs and expectations. We are convinced that we can respond to new customer needs faster by having sizable in-house development capacities. Going forward, we intend to continue investing strongly in our IT capabilities and capacities to expand our technological advantage versus the competition.

In addition, we constantly develop our ERP and our warehouse management systems to increase operational efficiency and processing capacity in line with sales growth. This is mainly accomplished with the support of external IT specialists.

Environmental and Social Report.

Sustainable development is an integral part of Redcare Pharmacy's strategic positioning within the European online pharmacy market which aims to create shared value for the Company and its stakeholders simultaneously. Being deeply convinced that a healthy life is only possible on a healthy planet, Redcare Pharmacy focuses holistically on the topic of sustainability. The focus is on enabling and empowering every employee to work and act sustainably – rather than building a separate sustainability function. Holistically integrating environmental, social and governance (ESG) aspects in Redcare Pharmacy's organisational structures and processes and its business model will ultimately create long-term value for all our stakeholders.

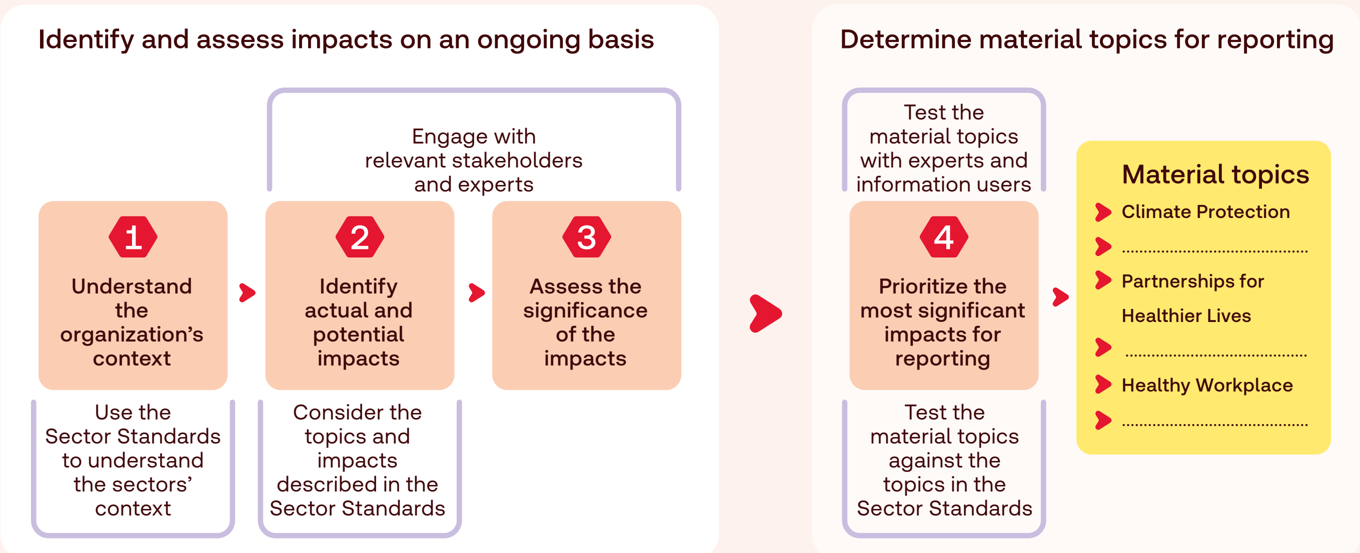
Materiality & stakeholder engagement.

Beyond the focus on the three prioritised stakeholder groups – customers, employees and shareholders – we are committed to behaving responsibly and with integrity in our interactions with suppliers, political parties and non-governmental organisations.

The process of determining Redcare Pharmacy's material topics is aligned to the four steps outlined by the GRI standards. In 2020, the Company worked intensively on identifying the actual and potential, negative and positive impacts across its activities and business relationships (internal and external stakeholders) on the economy, environment and people, including the impact on their human rights.

On the Environmental and Social Report as part of the Annual Report 2023, no external assurance has been planned and provided. From 2024 onwards, Redcare Pharmacy will be reporting in line with the new EU Regulation – the Corporate Responsibility Reporting Directive (CSRD), including external assurance. Therefore, the materiality approach will be revised to a Double Materiality Approach, which considers the effect of the environment on the Company and vice versa. In preparation of the 2024 CSRD requirement our external auditor has been engaged to perform procedures on the Double Materiality Approach and certain sustainability KPI's and will report on the findings to Management and the Supervisory Board.

GRI disclosures in this section: 3-1, 3-2, 2-5, 2-29



1 Understanding the organisation's context: GRI recommends its sector standards to understand the organisation's context. Since there is no sector standard yet available for service-related business models, the materiality definitions of Sustainalytics and MSCI ESG rating were considered. Understanding internal and external stakeholder expectations allows Redcare Pharmacy to efficiently use resources to work and report on the topics which have underlying materiality with respect to the Company's business model. The focus on three main stakeholder groups – employees, customers and shareholders – is derived from Redcare Pharmacy's core strategy on customer centricity and the Company's belief that its employees are a core competitive advantage, complemented by the Company's investors who engage in a proactive dialogue on ESG.

2 Identify the actual and potential impacts: This step was realised via an extensive internal analysis and workshop series with all core departments of Redcare Pharmacy to identify the actual and potential impacts. Based on the United Nation's Sustainable Development Goals (SDGs), we analysed as to which of the 169 targets mentioned in the SDGs the Company could have a positive or negative impact. To make this analysis feasible and profound at the same time, the target-level approach was based on the scientific work of Van Zanten and Van Tulder published in "Multinational enterprises and the Sustainable Development Goals: An institutional approach to corporate engagement" (van Zenten, J.A., van Tulder, R., 2018). Customers and investors were presented the long list of actual and potential impacts and had the opportunity to extend the list.

3 Assess the significance of the impacts: This was analysed through internal stakeholders, first based on the workshop sessions with functional departments, then followed by an assessment of the Board. Subsequently, the external stakeholder perspective on the significance of impacts was again provided by customers and investors via questionnaires.

4 Prioritise the most significant impacts for reporting: In 2021, a materiality review took place, with the primary objective of improving the understanding of stakeholders through the change of terminologies. Firstly, the wording for CO_2 emissions was changed to Climate Protection; Sustainable Packaging was changed to Circular Packaging; Data Protection became Data Privacy and Security; Employee Health and Safety changed to Healthy Workplace. Secondly, to better manage positive and negative impacts per material topic through increased granularity, the list of topics was extended from nine to twelve. Health Services and Medical Supplies was separated into Partnerships for Healthier Lives, Digital Medication Management and Pharmaceutical Quality. Corporate Governance and Sustainable Products were added explicitly to the list to ensure a streamlined management process of material topics and to integrate these as separately managed topics. Development and Training and Education to Promote Sustainable Development were streamlined into Education and Development and separated from Equal Opportunities. The following twelve topics are the building blocks of Redcare Pharmacy's Sustainable Development Strategy "Because we care", clustered in the three pillars Patient Care, Planetary Care and Employee Care and addressing the prioritised SDG targets.

2. Patient Care.

- 2.1 Partnerships for Healthier Lives.
- 2.2 Digital Medication Management.
- 2.3 Pharmaceutical Quality.
- 2.4 Data Privacy & Security.

List of the material topics

1. Planetary Care.

- 1.1 Climate Protection.
- 1.2 Circular Packaging.
- 1.3 Sustainable Products.
- 1.4 Green Workplace.

3. Employee Care.

- 3.1 Healthy Workplace.
- 3.2 Equal Opportunities.
- 3.3 Education & Development.
- 3.4 Good Governance.

In the following, the management of each material topic is described separately, including a description of actual and potential, negative and positive impacts on the economy and people, including impacts on their human rights and the Company's involvement, as well as policies, commitments, and actions taken or intended to be taken. Where not stated differently for single material topics, processes to track effectiveness, progress evaluation indicators and targets as well as lessons learned and stakeholder insights are reviewed, incorporated and aligned to the Company's overall annual operating planning processes and its management review.

GRI disclosures in this section: 2-29, 3, 3-1, 3-2, 3-3

Prioritised SDG Targets

3.8	4.4 I 4.7	5.5	8.4 I 8.7 I 8.8	9.6	11.6	12.5	13.A	16.6

1. Planetary care.

93 % of packaging material from recycled input

4TH sustainability attribute added in webshop for products without microplastic

83 % renewable energy across all locations

81 % of waste gets recycled

72 % reduction of Scope 1 & 2 emissions compared to 2020

A healthy life is only possible on a healthy planet. Redcare Pharmacy has identified negative impacts its business relationships have on the environment, which are mainly related to resource usage and emissions caused due to packaging and shipping of parcels, as well as the production of products sold. Both are indirect impacts. Thus, the Company is focusing on collaborative approaches with partners and suppliers. In light of Redcare Pharmacy's growth rate, the Company wants to find ways to decouple environmental impacts from economic growth. Within Planetary Care, Redcare Pharmacy reports within Climate Protection on GRI 305-Emissions based on the GHG protocol, within Circular Packaging and Sustainable Products on GRI 301-Material and within Green Workplace on GRI 302-Energy and 306-Waste. Quarterly internal reporting and steering of the environmental impact in line with the GRI KPIs allow the Company to stay accountable and make data-driven decisions that enhance its sustainability efforts.

1.1 Climate Protection.

Redcare Pharmacy has committed to a science-based net zero 2040 target – in alignment with the Paris Agreement's 1.5 °C target, including Scope 1, 2 and 3 emissions. This objective requires not only detailed carbon accounting, but also a systematic and consequent steering of the emissions across all business activities and along the supply chain. Redcare Pharmacy therefore uses effective science-based tools to keep on track to 1.5 °C, no matter how dynamically its business evolves. The commitment entails decarbonisation along the Company's value chain.

Redcare Pharmacy's carbon management consists of three recurring steps: Measure, offset, reduce. Redcare Pharmacy reports entirely in accordance with the GHG-Protocol and GRI.

1.5 °C
Paris-aligned Target
right°

Measure.
In collaboration with the external carbon accounting service provider Cozero, Redcare Pharmacy calculated the Corporate Carbon Footprint (CCF) for 2023. The CCF does not include upstream emissions of products sold by the company, this is defined as the product carbon footprints (PCFs) of sold products. The consolidation approach for Scope 1, Scope 2 and Scope 3 emissions is operational control. The Company accounts for all entities with operational control. Redcare Pharmacy's organisational boundary is therefore everything over which the Company has operational control.

In addition to CO_2, the greenhouse gases included are the six other gases regulated in the Kyoto Protocol: Methane (CH_4), nitrous oxide (N_2O), sulphur hexafluoride (SF_6), hydrofluorocarbons (HFCs and HFCs) and nitrogen trifluoride (NF_3). These are converted into the greenhouse potential of CO_2 and thus form CO_2 equivalents (CO_2e), here simply referred to as CO_2. Emission factors and global warming potential (GWP) rates are provided by Cozero and taken from the following international databases: DEFRA, EPA, EEA, UBA, GHG Protocol, ADEME, AIB, EU OSR, EXIOBASE, FOEN, GEMIS 5.0 and World Bank. Where possible, the databases use GWP of the 100-year assessment from the IPCC. Redcare Pharmacy does not emit any biogenic emissions.

The baseline year for reporting Scope 1, Scope 2 and Scope 3 emissions is defined as 2020, since this is the year when detailed emission accounting started. In 2022, the Company switched to the CO_2 accounting platform Cozero. In 2023, equipment gas leakage was included in the Scope 1 emissions and recalculated back until base year 2020 for all entities in scope for the first time. These recalculations were based on the 2023 results of the category, allowing us to conservatively account for the organic growth that has occurred within the entities in scope since the base year. Methodological improvements were also achieved in the following categories: logistics of sold products, purchased logistics, facility management, purchased services (call centre emissions), production goods and materials (packaging material and IT hardware). According to the Company's recalculation policy which is based on the requirements of the GHG protocol, these values have been adapted to gain comparable results throughout all reporting years. Emissions from all acquired entities have also been added until the base year, including 100 % of those of MediService (acquisition in 2023), since Redcare has consolidated MediService AG figures as of the closing of the transaction as disclosed in the financial accounting policies in the consolidated financial statements. MediService emissions for Scope 1, Scope 2 & Scope 3 categories in the years up to and including base year of 2020 were based on conservative 2023 calculations (in cases where year specific data was not available for categories in scope). This ensured that the historical emissions of MediService are not underrepresented due to lack of available (historical) data and that the new entity inclusion would not disproportionately influence the results of other locations and entities. The emissions are accounted for in Redcare Pharmacy's Corporate Carbon Footprint (CCF) as shown in the graph below:

SCOPE 1 emissions include the following GHG protocol categories, across all facilities:

- Facility fuel use. Facility fuel use contains gas consumption which is partly Scope 1 and partly Scope 3 emissions. Only the Scope 1 emissions are accounted for here.
- Company vehicles (vehicles leased by the organisation which are under operational control). Company vehicles contain fuel consumption, which is partly Scope 1 and partly Scope 3 emissions. Only Scope 1 emissions are accounted for here.
- Equipment gas leakage (fugitive emissions of refrigerants).

SCOPE 2 emissions include the following GHG protocol categories, across all facilities:

- Purchased Electricity (only those that are Scope 2 emissions).
- Purchased Heat, Cooling (only those that are Scope 2 emissions).

SCOPE 3 emission calculations include the following GHG protocol categories, across all facilities:

- Business travel.
- Employee commuting (including home-office and contingent workers).
- Logistics of sold products (outbound logistics from Redcare warehouse to the customer as well as returns, including print-marketing logistics).
- Operational waste.
- Operational water management (water supply and water discharge).
- Production goods and materials (focus on the main drivers and steerable elements: Packaging material and copy paper, print-marketing material, IT hardware).
- Purchased electricity (only that which is a Scope 3 emission).
- Purchased heat, steam, cooling (only those that are Scope 3 emissions).
- Purchased fuel use for facilities and company vehicles (only those that are Scope 3 emissions).
- Purchased logistics (inbound logistics from the supplier to the Redcare warehouse).
- Purchased services (IT CapEx and OpEx for software, telephone & internet, call centre emissions, print-marketing services, website visits, digital newsletters, marketing software, postal service).

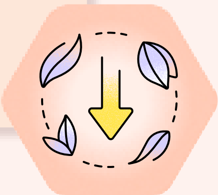


Table 1 shows the GHG emissions for 2020, 2022 and 2023 divided into Scope 1, Scope 2 (location-based and market-based) and Scope 3. Since 2020 is the base year from which Redcare Pharmacy defined short- and long-term decarbonization targets, 2020 comparatively shows the base line to the reporting year and the previous year. After switching to 100 % renewable energy in Sevenum and Milan in 2022, the gap between location and market-based Scope 2 emissions increased significantly. This is especially the case for emissions from downstream transportation, packaging material and marketing, which increased between 2020 and 2023. In the case of transportation and packaging, this was due to a 75 % increase in orders in 2023 compared to 2020. In 2022, the Company was able to switch both logistics locations to 100 % renewable energy, drastically reducing Scope 1 and market-based Scope 2 emissions (while location-based emissions are increasing due to increasing energy consumption as a result of organic growth). Additionally, packaging material was switched to a more sustainable option lowering the Company's Scope 3 emissions. The overall increase in Scope 3 emissions is due to business growth.

Compared to the numbers reported in 2022, the reduction in Scope 1 values compared to base year is lower than reported previously due to the first-time inclusion of emissions from equipment gas leakage as well as other recalculations performed for all entities up to the base year. Consequently, the recalculation of Scope 1 and 2 emissions results in significantly different values compared to the previous year statements. Compared to previously reported Scope 1 values, an increase of 33.96 t CO_2 for 2020 and 158.54 t CO_2 for 2022 can be noted. For Scope 2 (market-based) results, 2020 reported value was restated as 237.07 t CO_2 lower, while 2022 got increased by 55.75 t CO_2.

Redcare Pharmacy managed to grow emissions significantly less from 2022 to 2023 while increasing the order rate and therefore reduced the emission intensity significantly by 8.24 % (compared to 2022). To steer a decoupling of emissions from its economic growth, Redcare Pharmacy considers emissions on a per order basis; where orders are excluding orders from third-party sellers via the Redcare marketplace (Table 2). Therefore, all emissions (Scope 1, Scope 2 and Scope 3) from all GHGs shown in Table 1 are included.

Table 1: GHG emissions in 2020, 2022, 2023 presented per Scope

GRI	Scope	unit	2023	2022	2020
305-1	Direct (Scope 1) GHG emissions	t CO_2	249.1	246.5	384.2
305-2a	Energy indirect (Scope 2) GHG emissions (location-based)	t CO_2	3,228.3	2,922.5	1,513.4
305-2b	Energy indirect (Scope 2) GHG emissions (market-based)	t CO_2	197.0	196.8	1,228.2
305-3	Other indirect (Scope 3) GHG emissions	t CO_2	23,905.4	21,469.5	12,501.5

GRI disclosures in this section: 305-1, -2, -3

Table 2: GHG Emission intensity per order for 2020, 2022, 2023

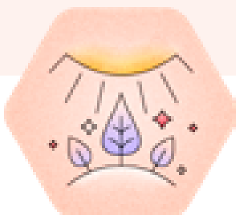
GRI	Scope	unit	2023	2022	2020
305-4	Scope 1	kg CO_2/unit	0.009	0.010	0.023
	Scope 2	kg CO_2/unit	0.007	0.008	0.074
	Scope 3	kg CO_2/unit	0.822	0.894	0.752
	Total	kg CO_2/unit	0.837	0.913	0.849

GRI disclosures in this section: 305-4

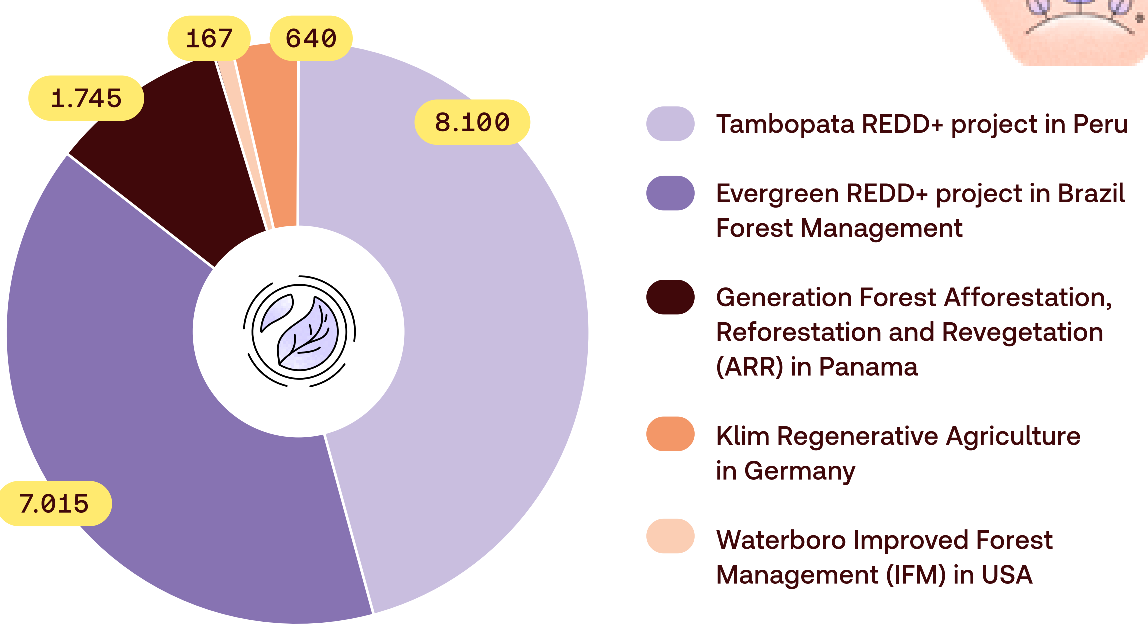
Offset.

Redcare Pharmacy completely offsets the emissions of its Corporate Carbon Footprint (CCF) as defined above (excluding upstream emissions of products sold via the platform). The offsetting costs are allocated internally to those cost centres responsible for causing the emissions; internalising environmental costs and having a price per ton emitted is incentivising more ambitious CO_2 reduction.

In 2023, CCF emissions were offset via the following projects: 1,745 credits from the VCS/CCB Generation Forest ARR (Afforestation, Reforestation, and Revegetation) project in Panama with vintage dates 2018 – 2021; 7,015 credits from the REDD+ Evergreen project in Brazil with 2021 vintage; 8,100 credits via the REDD+ Tambopata project in Peru with 2019 vintage; 640 credits from Klim Regenerative Agriculture projects with a 2022 vintage date; 167 credits from the Waterboro. This results in a share of removal credits of 14.45 % over the total offsetting portfolio.



Carbon Offsetting Projects in t CO_2e



Reduce.
The Company's long-term reduction target is the net zero 2040 target. In 2021, the Company developed science-based reduction pathways aligned to the Paris Climate Agreement. This was done in collaboration with right. Based on science GmbH (right.), the developer of the X-Degree Compatibility (XDC) model calculating the impact of Redcare Pharmacy on global warming, thus its temperature alignment. The model calculation is based on the Company's gross value added (GVA) and its earnings before interest, taxes, depreciation and amortisation (EBITDA) as economic dimensions. It calculates an emission budget the Company is allowed to emit over time given its share of the global economy. This budget is in line with a global temperature rise of a maximum of 1.5 °C and is allocated over the years to net zero emissions in 2040. Redcare Pharmacy monitors its emissions on a quarterly basis. The science-based reduction targets include Scope 1, 2 and Scope 3 emissions, including upstream emissions of products sold in the retail business. The mid-term reduction target is to reduce Scope 1 and 2 market-based emissions by 2025. While last year this target was reached in the meantime, acquisitions and the accounting changes of adding gas leakage emissions led to a revision of the past year's disclosures. This means that on the way to reach the 80 %, by 2023 a reduction of 72.3 % was reached. For short-term reduction steering, the above emission per order intensity KPI is steered internally on a quarterly basis with department-specific annual targets. A per order reduction of 8.24 % was achieved.

1.2 Circular Packaging.

In 2023, Redcare Pharmacy made further progress in reducing the negative environmental impact of packaging used for shipping. The Company's Circular Packaging Strategy aims to close the loop, while ensuring the safety and quality of the products shipped through three inherent building blocks: Reduce, reuse and recycle. To embody circularity into Redcare Pharmacy's DNA, the Company is actively researching and supporting recycling initiatives that encourage consumers to dispose of packaging materials responsibly. The key is to invest in innovative packaging materials that are not only eco-friendly but also ensure product safety and quality.

Redcare Pharmacy's goal for 2023 was to reach a share of recycled materials of 90 %. Through several improvement projects, the Company has reached a recycled share of 92.52 % (excluding packaging material utilized in Dutch market). The development between 2022 and 2023 can be seen in Table 3. It is also introducing a new KPI, namely recyclability of packaging materials. This provides more transparency into one of the three circularity building blocks: recycle. Additionally, throughout 2023, improvements were made to the packaging data structuring and the methodology that is used in packaging data analysis. These improvements allowed us to identify and correct the accounting mistakes stemming from less accurate historical data used previously. Additionally, more detailed and accurate supplier specific data allowed us to further improve the methodological approach and result accuracy of the material use. This impacted the total reported amount of packaging used in 2021 and synthetic material used in 2022. Such methodological and data quality changes subsequently improved the overall result quality from historical data perspective as well allowed us to ensure accurate that an 2023 reporting can take place. These improvements resulted in a number of restatements. An increase of total material weight in 2021 by 76,293 kg and 2022 by 30,517 kg can be noted. In addition to the changes in reported total packaging amounts, a recycled share data correction for historical data also occurred. The 2021 result was restated to 80.73 % (previously reported as 0.65 %), and a reduction for 2022 from 88.71 % reported previously to 88.39 % is stated (reduction of 0.32 %). The final recalculated values for 2021, 2022 and 2023 can be seen in the Table 3 below.

Table 3: Materials used for packaging and their recycling share in 2021, 2022 and 2023 at the logistic location Sevenum including NOW! services.

Materials used by weight or volume: Total weight (kg)		2023	2022	2021
Boxes	Cardboard	3,524,583	2,063,751	2,635,019
Filling materials, labels, tapes	Synthetic materials	199,315	243,065	206,302
Total		**3,723,898**	**3,306,816**	**2,841,321**
Per order		0.128	0.138	0.144

Recycled input materials used (share %)		2023	2022	2021
Boxes	Cardboard	96.53 %	93.34 %	83.36 %
Filling materials, labels, tapes	Synthetic materials	21.67 %	22.96 %	47.08 %
Total		**92.52 %**	**88.39 %**	**80.73 %**

All data are sourced from packaging materials procured from external suppliers within the defined time period and reported from direct measurements.

GRI disclosures in this section: 301-1, 301-2

1.3 Sustainable Products.

Customers' purchasing decisions are an important lever for Sustainable Development. Redcare Pharmacy developed and launched its sustainable assortment strategy to offer customers more sustainable choices by increasing the portfolio of sustainable products as well as transparency on sustainability attributes. In 2022, the first three sustainability categories were revised and launched in the webshop for organic, vegan and certified natural cosmetic products. In 2023, a further category, namely no microplastic, went live, and the first marketing activities were realised to educate customers and increase awareness of more sustainable choices.

Another initiative is the ambitious management of product return rates, directly affecting impacts on the climate and resource usage. Redcare Pharmacy has been able to keep the return rate stable over the past years (Tables 4 and 5). The low return rate of 0.73 % in 2023 indicates that the environmental impact of returns is kept to a minimum. The packaging material for the returned products is calculated as the percentage of returns applied to the packaging material. Due to the improved methodology and correction of historical data of total packaging used (as described in the sub-chapter "Circular packaging"), the returned product packaging estimations have also been restated in the Table 5 below for the years 2021 and 2022. Compared to previous reporting, 2021 returned packaging total weight increased by 0.27 tonnes and 2022 by 0.17 tonnes.

Table 4: Return rates 2021, 2022, 2023

Return Rate	2023	2022	2021
Total	0.73 %	0.72 %	0.72 %

Table 5: Packaging of returned products 2021, 2022 and 2023

Reclaimed products and their packaging materials (t)	Material	2023	2022	2021
Boxes	Cardboard	25.63	22.06	18.97
Filling materials, labels, tapes	Synthetic materials	1.45	1.75	1.49
Total material used to package returns		**27.08**	**23.81**	**20.46**

GRI disclosures in this section: 301-3

1.4 Green Workplace.

In the following sections, the main impact on the environment resulting from Redcare Pharmacy's operations and facilities and the development of the main KPIs measuring this impact are discussed. By the end of 2025, the company aims to build up an international environmental management system according to ISO 14001.

Energy.

A pivotal step forward to decrease energy consumption was VENLO 2020 – the construction of a new building with the highest environmental standards outlined by BREAAM – for which the Company received a Very Good certification for the office building. Heat pump and photovoltaic installations ensure energy supply without fossil fuels. By running the Redcare Pharmacy headquarters in Sevenum and the new warehouse in Milan on 100 % renewable energy, the Company reached a share of 83.09 % renewable energy across all locations in 2023. A share of 23.65 % (2,168,628 kWh) of Redcare Pharmacy's total energy consumption is estimated to be generated by a photovoltaic installation on the rooftop of the Sevenum headquarters and logistics location. As photovoltaic system energy production report for Q4 was not available when this reporting period was closed, estimates based on previous confirmed production performance were used to estimate the expected Q4 solar energy production. For 2020, 2021 and 2022, a recalculation of the actual energy consumption for a number of international locations was done. As new and more representative energy use data became available, mistakes in previously reported (2020, 2021 and 2022) data were noticed and corrected, or the calculation methodology changed (e.g. due to switch to a new carbon accounting platform Cozero), all facilities in scope were reviewed. For the facilities that were impacted by the new data or methodological changes, recalculations were performed to ensure carbon emission and energy use statements are based on only the most accurate available information. After recalculations, 2021 total energy consumption increased by 40,538 kWh and 2022 by 665,025 kWh total. In 2021, the Company had set a target of 100 % renewable electricity by the end of 2023 but only a share of 92.58 % was reached. The target was missed because some facilities have very restricted options for switching the electricity mix. Nevertheless, the initiative will continue, and we aim to reach the target in 2024.

Table 6: Energy consumption within the organisation in 2021, 2022, 2023 at all location facilities

		Unit	2023	2022	2021
Electricity	Grid mix	kWh	610,890	608,442	1,639,361
	Renewable	kWh	7,619,289	6,739,583	5,887,236
	Total	kWh	8,230,180	7,348,025	7,516,114
	Share of renewables		92.58 %	91.72 %	78.33 %
Heating & Cooling	Gas, district, generators	kWh	837,579	827,241	1,005,614
Fuel (diesel)		kWh	97,141	92,901	49,548
Fuel (petrol)		kWh	4,910	4,910	759
Energy	**Total**	**kWh**	**9,169,810**	**8,273,077**	**8,572,036**
Renewable energy	**Total**	**kWh**	**7,619,289**	**6,739,583**	**5,887,236**
Share of renewable energy consumption		%	83.09	81.46	68.68

GRI disclosures in this section: 302-1

Relating the total energy consumption to the economic growth, the energy intensity inside the organisation shows the energy consumption per order. From 2022 to 2023, the Company achieved a reduction of 8.48 % (based on a direct year-over-year comparison between 2022 and 2023 energy intensity values).

Table 7: Energy reduction inside the organisation as energy consumption per order for 2021, 2022, 2023. All types of energy are included.

Energy intensity (per order)	Unit	2023	2022	2021
Total	kWh	0.32	0.34	0.43

GRI disclosures in this section: 302-3

Waste.

While it is significant to rethink the Company’s procurement of resources needed to operate, including energy or materials, it is similarly important to ensure sustainable waste management and thus continuously improve circularity of resources.

Waste data has been recalculated for the years 2021 and 2022 so that all years presented include waste generated in own operations at all international locations in most representative and unified way (Table 8), with any mistakes found in historical data corrected during the process. Recalculations were performed by using newly acquired primary data directly from waste management companies where possible, as well as by utilizing an improved methodology for estimating total waste amounts for locations where no primary data was available previously. This allowed all locations to report more accurate waste data than it was done before. This meant restatements for hazardous and non-hazardous waste reported values, due to both methodological changes and improvements in available data quality used for reporting. For 2021, the restatement of hazardous waste amounts meant a total decrease of 0.21 tonnes (from 8.23 to 8 tonnes) and in 2022 an increase by 0.94 tonnes (from 11.77 to 12.71 tonnes). As for total waste, recalculations performed meant an increase of 646.9 tonnes (from 1,417.7 to 2,064.6 tonnes) in 2021 and 641.69 tonne increase for 2022 (from 1,438.98 to 2,080.67 tonnes). The amount of waste remained relatively constant throughout the years 2022 and 2023 even as orders increased strongly, leading to a reduction of waste per order from 86.7g to 72.5g by 16.3 %.

GRI disclosures in this section: 306-3

Table 8: Waste generated within all locations classified by hazardous and non-hazardous waste for 2021, 2022, 2023

Waste generated (total)	Unit	2023	2022	2021
Hazardous waste				
Medical	t	9.60	12.71	8.00
Non-hazardous waste				
Residual	t	371.33	341.25	424.72
Wood/bio	t	412.97	567.76	212.74
Metal	t	7.14	8.52	13.08
Electronics	t	0.81	1.95	0.29
Foil/plastics	t	38.07	17.13	19.60
Paper	t	1,269.37	1,131.34	1,386.16
Total	**t**	**2,109.29**	**2,080.67**	**2,064.60**

GRI disclosures in this section: 306-3a

Waste-related impacts can be classified in two categories: Hazardous and non-hazardous waste. Hazardous waste, as in medical waste, is non-recyclable. The inadequate treatment or disposal of hazardous waste crucially impacts both humans and the environment. The use of certified waste disposals ensures an adequate treatment of hazardous waste. When medical waste is disposed of in the sewage system by the Company's patients, the municipal wastewater treatment plants cannot filter the substances, and this enables them to enter the water cycle as well as the soil via sewage sludge from the wastewater treatment plants (Umweltbundesamt, 2022). Impacts consider water, air or soil exposure (Zhang et al., 2022).

Most of the waste created onsite, e.g. paper and plastics, is non-hazardous but may still have impacts on ecosystems and human health. Poor waste management contributes to climate change and pollution across multiple sectors. Plastics frequently contain additives that often extend their life to at least 400 years to break down (Parker, 2019) with consequences for humans, marine organisms, soils and groundwater (Knoblauch, 2020).

GRI disclosures in this section: 306-1

Whenever waste is produced there is a certain risk for the environment and human health, but certified waste management companies ensure management of waste according to contractual and legislative obligations. In Sevenum, accounting for >85% of the total waste, the external waste management provider is certified in line with ISO 9001:2015 (TÜV Nord, n.d.) and ISO 14001:2015 (ISO, 2015). Working with certified waste management companies keeps the waste-related impacts to a minimum.

GRI disclosures in this section: 306-2

2. Patient care.

71
strong net promoter score

10.8 MILL.
of active customers

+2 MILL.
users of REDCARE'S digital medication management services

+45%
adherence increase for MyTherapy users

INCREASED NUMBER
of local partner pharmacies in Germany and Austria for NOW! delivery

Until every human has their health. The Company's vision represents how Redcare Pharmacy creates positive societal value, with its core business facilitating affordable and safe access to medication and health services. Being a pharmacy, Redcare's role is putting care at the heart of everything it does, guiding people through their health to help turn bad days into better ones. This makes PATIENT CARE the most crucial part of Redcare Pharmacy's Sustainable Development strategy. All revenue generated comes from services which contribute to SDG target 3.8, defined as "achieving access to quality essential healthcare services and access to safe, effective, qualitative and affordable essential medicines and vaccines for all". The significant responsibility in ensuring societal health became even more tangible during the Covid-19 developments which prioritised the consistent supply of medication.

2.1 Partnerships for Healthier Lives.

In 2023, Redcare Pharmacy strengthened its e-pharmacy platform by extending the number of local partner pharmacies in Germany and Austria. For patients' access to medication, the pharmacies' promise to fulfil a same- and next-day delivery is key. For this, Redcare Pharmacy has strategic partnerships with carefully selected local pharmacies. But partnerships to enable healthier lives go beyond local pharmacies. Redcare Pharmacy engages in regular and valuable exchanges with political decision-makers on the further development of the European Health Union, as well as the development and digitalisation of the national healthcare systems. Redcare Pharmacy places collaboration above competition when it comes to patients' health outcomes and is an active player in the European Association of e-pharmacies (eaep). Partnerships to work together with other important healthcare players, amongst others, health insurances or doctors, are encouraged.

2.2 Digital medication management.

Beyond the Company's excellent provision of access to medication, Redcare Pharmacy improves the lives of people taking medications through its medication management services. Medication management places a particular focus on people taking prescription medications. Additionally, designated, disease-specific offerings provide expert support for people living with chronic diseases. Dedicated programmes e.g. for multiple sclerosis, asthma, rheumatism, diabetes, psoriasis and HIV, offer people the experience and knowledge that the Company's pharmaceutical experts have gathered over the years about living with these diseases. Scalable digital services, such as the MyTherapy App and MedApp support people 24/7 to administer and adhere to their medications safely and to have informed conversations with their healthcare providers. Every year more than two million people use the Company's medication management services globally. Scientific evidence shows that medication adherence increases by more than 45 % for users of the MyTherapy App. Many of these patients engage with the application several times a day. This creates the opportunity for Redcare Pharmacy to improve the lives of patients and establish the Company as a leading provider of high-quality pharmaceutical remote care. The medication management roadmap foresees a further expansion of digital services to maintain and further build out Redcare Pharmacy as the leading e-pharmacy platform in Europe. In 2023, the Company worked on increasing the measurability of its patient services to demonstrate and steer positive impact on people's lives through scientifically validated instruments within the MyTherapy app. In 2024, the Company will advance the quarterly steering of two social KPIs to measure users' mental well-being and medication adherence.

2.3 Pharmaceutical quality.

As a pharmacy, Redcare Pharmacy is committed to the highest safety and quality standards. Customer safety and quality of care are considered the top priorities within the organisation. Redcare Pharmacy guarantees the safety and quality of products and services by continual compliance with international and national regulations and standards. These standards include primarily the Good Distribution Practices (GDP) for the safe distribution of human and veterinary medicines, the certified audit of ISO 9001:2015 for an optimal quality management system, regulation on organic products for the safe storage and selling of organic products, and the Royal Dutch Pharmacists Association (KNMP) guidelines for reliable and safe pharmaceutical care.

A dedicated Quality department is responsible for the provision of continuous insight and steering information on all quality and safety aspects, which lead to the identification of risks and opportunities for continuous quality improvement. As a pharmacy, Redcare provides a yearly overview of important quality and safety indicators to the KNMP. By digitalising these indicators, the Company has continuous information on the quality and safety level of the pharmaceutical services which is used to continuously improve the care provided by the pharmacy.

Beyond this, additional risk-based internal audits are conducted throughout the organisation to determine the extent to which the products and services meet internal and external guidelines, protocols and/or standards. Based on the audits and deficiencies, opportunities for improvement can be identified, and the measures required to maintain and/or improve the required safety and quality become visible and tangible. In 2023, the Company published a policy setting out standards and procedures as well as increasing transparency on ensuring these; the Quality and Safety Practices can be found on the Company's website.

2.4 Data Privacy and Security.

The General Data Protection Regulation (EU) applies to all business lines and entities. However, being a pharmacy at its core, Redcare Pharmacy has a special responsibility to ensure exceptional data privacy and security that goes beyond legal requirements. Detailed information regarding the Company's comprehensive data privacy and security policies, processes and commitments can be found in Redcare Pharmacy's Information Security Practices published on the Company's corporate website. The Company's practices are audited in an ISO 27001 surveillance audit and have been validated without conditions, ensuring confidentiality, integrity and availability of information the Company handles. The ISO certification covers Redcare Pharmacy's risk assessment and risk mitigation practices and security controls. The target for 2025 is to additionally become ISO 27701 certified. In 2023, the Company did not receive any substantiated complaints concerning breaches of customer privacy from an outside party or from regulatory bodies.

GRI disclosures in this section: 418-1

In 2023, a dedicated Corporate Governance and Compliance department was formed responsible for, amongst others, data and privacy protection and information security. The team reports to the Chief Financial Officer, securing Board-level oversight.

Each employee receives training on data protection and security, privacy and cybersecurity at a minimum on an annual basis. Redcare Pharmacy has concluded data protection agreements/addendums with its service providers to ensure that the same level of confidentiality and data security is implemented by its subcontractors. Redcare Pharmacy has the right to perform audits to monitor the compliance of its subcontractors with the agreed technical and organisational measures regarding data confidentiality and security. A service provider management system has been implemented.

GRI disclosures in this section: 416-1

3. Employee care.

2,396
employees (measured in headcount)

32%
female share of top and sub-top

Publication of **DIVERSITY & INCLUSION** policy and targets

Launch of **PERFORMANCE AND DEVELOPMENT** review programme

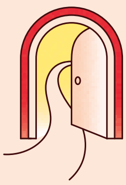
The third pillar of the BECAUSE WE CARE strategy enhances again the SOCIAL and the GOVERNANCE dimension of the Company's ESG approach, focusing solely on its employees with the main aim of caring about its employees' lives as it does about those of patients and customers. The company's culture is based on five clear values formulated as actions:

We start everything *with people.*

We only move forward if we've put others' needs first.

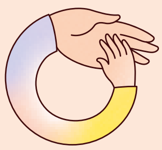
We stay *mission critical.*

We take it seriously, demand accuracy and do it urgently. Every day.



We open doors for *anyone.*

We try harder so more people can reach their best.



We think in *lifetimes.*

We build what lasts so we can be there for life.

We thrive in *change.*

We seek out what's next, because people's health depends on it.

At Redcare we start everything with people. In a world where all persons have their health, we make sure that not only our customers, but also our people are healthy. Redcare invests in a culture that cares for people and creates equal opportunities. A culture that enables constant learning and development and balances work, life and health. At Redcare we believe that only healthy people are happy people that give their best for other people. Health is different for every human, depending on their lifestyle, age and story. For all, we find the right offers and services because it might be critical for their lives. We take special care and rethink what we do every day. The redefined company values were successfully launched with the rebranding of the company to Redcare Pharmacy in 2023, and there are no plans to changes them in 2024. We will continue to foster and promote our culture especially considering our rapid FTE growth and our international setting. Reference is made to the Governance section for the effectiveness of and compliance with our Company Code of Conduct.

Universal Declaration of Human Rights (UDHR).

As an average across the reporting period 2023, Redcare Pharmacy employed 2,075 FTEs, comprised as follows compared to 31 December of previous years:

		2023	% of total	2022	% of total	2021	% of total
By gender	Number of employees (male)	922	44.4 %	903	41.7 %	1,057	57.9 %
	Number of employees (female)	1,151	55.5 %	1,261	58.2 %	769	42.1 %
	Number of employees (other)	2	0.1 %	2	0.1 %	0	0.0 %
By age group	Under 30 years	494	23.8 %	586	27.1 %	593	33.0 %
	30– 50 years	1,223	58.9 %	1,198	55.3 %	894	49.0 %
	Over 50 years	358	17.3 %	382	17.6 %	339	18.0 %
By employment type	Full-time employees	1,725	83.2 %	1,638	75.6 %	1,341	73.4 %
	Part-time employees	349	16.8 %	528	24.4 %	485	26.6 %
By region	Netherlands	1,178	56.8 %	1,433	66.2 %	1,316	72.1 %
	Germany	646	31.1 %	589	27.2 %	430	23.5 %
	Belgium	72	3.5 %	70	3.2 %	65	3.6 %
	Italy	72	3.5 %	63	2.9 %	10	0.5 %
	Switzerland	96	4.6 %	0	0.0 %	0	0.0 %
	Other international locations	10	0.5 %	11	0.5 %	5	0.3 %

These disclosures do not include contingent workers, freelancers or voluntary workers but do include permanent and temporary employees.

GRI disclosures in this section: 2-7

3.1 Healthy Workplace.

Redcare Pharmacy places a special emphasis on employees' health, embracing the pharmaceutical core of the Company through responsibility for its workforce. By the end of 2025 the Company aims to build an occupational health and safety (OH&S) management system in line with ISO 45001 standards. The following disclosures deal with the management approach for the health and safety of employees working at the Company's logistics locations in Sevenum and Milan, covering 45.6 % of the group's employees (FTE's in logistics including contingent workers). In Sevenum, 222,2 FTEs employees (16.5 % of the total employees including contingent workers in Sevenum) are not employees, but their work is controlled by the organisation and covered by the OH&S system that is internally audited and, on an irregular basis, externally audited by the labour inspectorate. In general, the topic of employee health and safety is managed on a cross-departmental basis by Human Resources and Facility Management and reviewed by management on a daily basis. Within the Change and Deviation Management policy, all employees from all operational locations are encouraged to communicate and report every deviation from approved processes, procedures, instructions or established standards to the team lead or during their daily meetings. They are also encouraged to come up with ideas on how a recurring issue can be prevented or resolved. Everyone is free to give feedback on processes, procedures or work instructions to minimise the recurrence of deviations in the future. Additionally, exit interviews of employees leaving help reveal discrepancies and room for improvement. This way, the Company's standard operating procedures (SOP) are in place at the headquarters in Sevenum and Milan enabling continuous evaluation and improvement of the company's OH&S. All guidelines for driving licenses and transport within logistics as well as regulations for first aid, fire prevention and handling of dangerous goods are complied with at both operational locations.

GRI disclosures in this section: 403-1, 403-2, 403-4, 403-8

Redcare encourages its employees to report concerns by using easy and safe reporting channels. Reference is made to the Corporate Governance Report.

Sevenum specifics.

A key element of Redcare's OH&S management is the creation of a dedicated position for a Health & Safety expert, ensuring continuous development. The OH&S management system implemented by the Company for the Sevenum location is in accordance with the Dutch legal requirements (Dutch Working Conditions Act, Arbowet). The Arbowet requires all staff, visitors, trainees and other external parties who are in Sevenum to be under the responsibility of Redcare Pharmacy.

GRI disclosures in this section: 403-1

When first aid is provided by a first-aid team member, the first-aid response logbook is filled in for small incidents and the accident registration logbook for heavy incidents. In an accident analysis procedure, the workflows, responsibilities and instructions for action are documented for all small and large incidents. This is monitored daily to respond directly to incidents of any kind.

An integral part of ensuring a healthy workplace is Risk Inventory and Evaluation (RI&E) according to the Fine & Kinney method that is continuously updated in order to identify risks based on legal workplace safety regulations. Each employee can report risks and hazards via a ticket system or near miss report that helps mitigate these and at the same time documents workers' needs. The RI&E allocates a score to all risks based on severity and likelihood, that either do or do not require action for prevention. All departments are analysed separately for their individual risks in offices, logistics, outer terrain, etc. The rating score is assigned by the Health & Safety expert of Redcare Pharmacy, together with affected and involved stakeholders. If action is needed, a responsible person is appointed to the action and given a deadline for a solution. A weekly audit is conducted by the Facility Management, while a safety and facility audit is conducted every month under the coordination of the Quality Management and the Health & Safety expert. Since 2021, there is a Workers' Council in Sevenum that is committed to the well-being and health of employees and provides an option for communicating difficulties at work while protecting workers from reprisals. In Sevenum, an action tracker is included in the RI&E to ensure the transparent and thorough management of identified risks. These are registered via a standard form for deviation management and assessed with five levels of severity and likelihood that each follow a strict process on reporting, responsibilities and necessary actions. A Health & Safety policy is under development and will be available from 2024. The risk management and action plan is regularly assessed by a Health and Safety Task Group composed of Facility Management, Human Resources, the Workers' Council, the company doctor and the Legal department to ensure the complete coverage and correct treatment of work risks and relevant policies. On an annual basis, the health and safety KPIs are reviewed by the Executive Management.

On a weekly basis, a warehouse check is performed by the Logistics department and reviewed by the Quality department to ensure that safety standards are maintained and to keep work-related risks to a minimum. As an integral part of the GDP requirements, every employee at the operational locations receives quality, safety and security training. In the event of dangerous situations arising, every employee can remove himself from the situation and communicate the risk to the team-lead. In case of a near miss, a Near Miss report must be filled out and sent to the Quality department and Facility Management. Redcare Pharmacy provides a physiotherapist for employees working at the logistics warehouse in Sevenum to advise them how to work ergonomically in the warehouse and prevent injuries. A gym is also provided to all employees in Sevenum at no charge, including a high-efficiency group workout.

GRI disclosures in this section: 403-2, 403-3, 403-4, 403-5, 403-6

Milan specifics.

The OH&S system in Milan is managed according to Italian law D.Lgs 81/2008, ensuring adequate employee training, first aid, fire prevention and licenses as well as risk assessments, emergency plans and documentation of external companies and the usage of machines. In 2023, two teams for fire prevention and first aid were formed consisting of 10 people each and with specific educational training on the respective topics. In Milan, risk assessment and prevention are performed by an approved external consultancy for health and safety management together with the facility manager. Each risk is classified by its severity and probability. For all risks, a mandatory improvement plan is in place and is reviewed on a yearly basis. In Milan, it is mandatory for employees to nominate a safety representative who is involved in all safety decisions and risk assessments. In accordance with legal requirements, a company doctor offers regular medical checks to all employees. In 2023, a certification process for ISO 45001 was started and will be finalised in early 2024.

GRI disclosures in this section: 403-1, 403-2, 403-4

General.
Employees are offered regular consultation hours and additional voluntary appointments with a medical officer. This offer is made available in-house, under strict compliance and data protection rules for employees. Company-wide initiatives promoting employee health include flu vaccinations and a health scan programme to enable employees to receive feedback on their health status and suggestions to improve their physical health and well-being.

To generate a mentally healthy work environment at Redcare Pharmacy, several mental health initiatives were launched in 2023. Free digital psychological support is offered to employees, providing access to early and immediate help whenever needed. Through different educational seminars, the Company has focused on stress reduction and resilience, providing information on how to deal with and overcome stress at work. A mental coach offers weekly mindfulness and resilience training. Additionally, Redcare Pharmacy supports stop-smoking-actions. For critical personal or work-related situations, the Company has established a comprehensive, yet informal network of employee representatives. While all of them have received specialised training, dedicated persons had been additionally trained and certified in the field of harassment. These confidantes protect workers from reprisals and allow them to report risks and incidents anonymously. Redcare Pharmacy offers employees the possibility to work from home, enabling them to balance family and work and to take care of family members and children.

GRI disclosures in this section: 403-2, 403-3, 403-4, 403-6

3.2 Equal Opportunities.

At Redcare Pharmacy we strive to be a good and fair employer. We respect human rights and apply global labour principles, which are reflected in our employment agreements, global and local policies and the way we treat our employees. This list of principles is not exhaustive, as we strive to adapt all principles that fall within the scope of being a good employer.

Redcare Pharmacy’s core belief is that diverse and inclusive teams create the most sustainable value and thus prioritises equal opportunities for people with diverse demographic, cultural or sexual backgrounds, perspectives and beliefs. This includes the professional and personal development of employees, fair and equal pay and long-term social protection, as well as ensuring that any form of discrimination has no place at Redcare Pharmacy.

We aim for diversity across all management levels. We already consider ourselves as a well-diversified and inclusive company, but in addition also last year, several key management positions were filled with female candidates to enhance management’s gender diversity. In early 2023, Redcare Pharmacy published its Diversity & Inclusion (D&I) Policy with specific and ambitious targets. The Company has set a target for 2027 to increase the number of women on the Managing Board and the number of women in top management positions (consisting of Director roles) to one-third. In 2022, the Company executed a grading and levelling system which enabled the definition and reporting of gender diversity shares as set out in the Corporate Governance section of this report as well as the definition of quantitative targets. These steps are the basis for our initiatives looking forward including for instance a pay gap analysis.

2023	Female	%	Male	%	Other	%	Total
SUPERVISORY BOARD	2	40 %	3	60 %	0	0 %	5
MANAGEMENT BOARD	1	20 %	4	80 %	0	0 %	5
SUB-TOP	15	32 %	32	68 %	0	0 %	47
TOTAL EMPLOYEES	1,151	56 %	922	44 %	2	0 %	2,075

A key driver identified by the Company for more female leadership positions is increased flexibility. In 2021, Redcare Pharmacy implemented a remote working policy to ensure flexibility. Another key driver to foster a culture of inclusion and belonging in a broader sense of diversity and equity going beyond gender aspects is awareness and the reduction of unconscious biases. That is why the executive management as well as the recruiting team participated in unconscious bias trainings providing awareness and enabling recruiting in a way that it further embraces the values defined in the D&I policy. In addition, a program for internal ambassadors was launched and is going to be rolled-out in 2024 covering the topic of diversity and inclusion. This employee engagement initiative aims to facilitate bottom-up initiatives and create a platform for dialogue around the topic.

In terms of long-term social protection, in 2021 a Company pension plan was launched for all employees with Dutch employment contracts whose pensions are not already covered by either the occupational pension fund for pharmacists (SPOA) or the scheme for pharmacist staff (PMA). Additionally, all Shop Apotheke Service GmbH employees are offered a Company pension programme on a voluntary basis and an individual and independent consultancy service. Information regarding employee stock option-plans is published in the notes to the financial statements as part of the Annual Report.

Redcare Pharmacy´s compensation philosophy aims to promote and reinforce the quality and commitment of employees. The Company is committed to paying its employees fair and appropriate compensation in the form of wages and salaries, social components and other perks. The ratio between the average and the highest base salary is 1:13.6. In terms of total compensation, including variable salary components, the spread is 1:22.3.

GRI disclosures in this section: 2-21, 405-1

3.3 Education & Development.

A dedicated team within the Human Resources function was established in 2022, further accelerating Redcare Pharmacy's learning culture, making it a learning organisation as well as promoting a feedback culture and feedback skills. The Company's approach to employee education and development can be clustered into three pillars: People Development, Leadership Development, and Organisational Development. All three pillars reflect sustainability, contributing to the objective of enabling and empowering every employee to take ESG aspects into account on a day-to-day basis as well as in strategic decision making. This is partly achieved through monthly learning sessions on ten Company-related ESG-topics as well as the integration of a sustainability session in the onboarding programme of employees to strengthen their sustainability knowledge. The target is to reach all employees with different formats of the BECAUSE WE CARE ACADEMY, the Company's own sustainability course.

GRI disclosures in this section: 404-1, 404-3

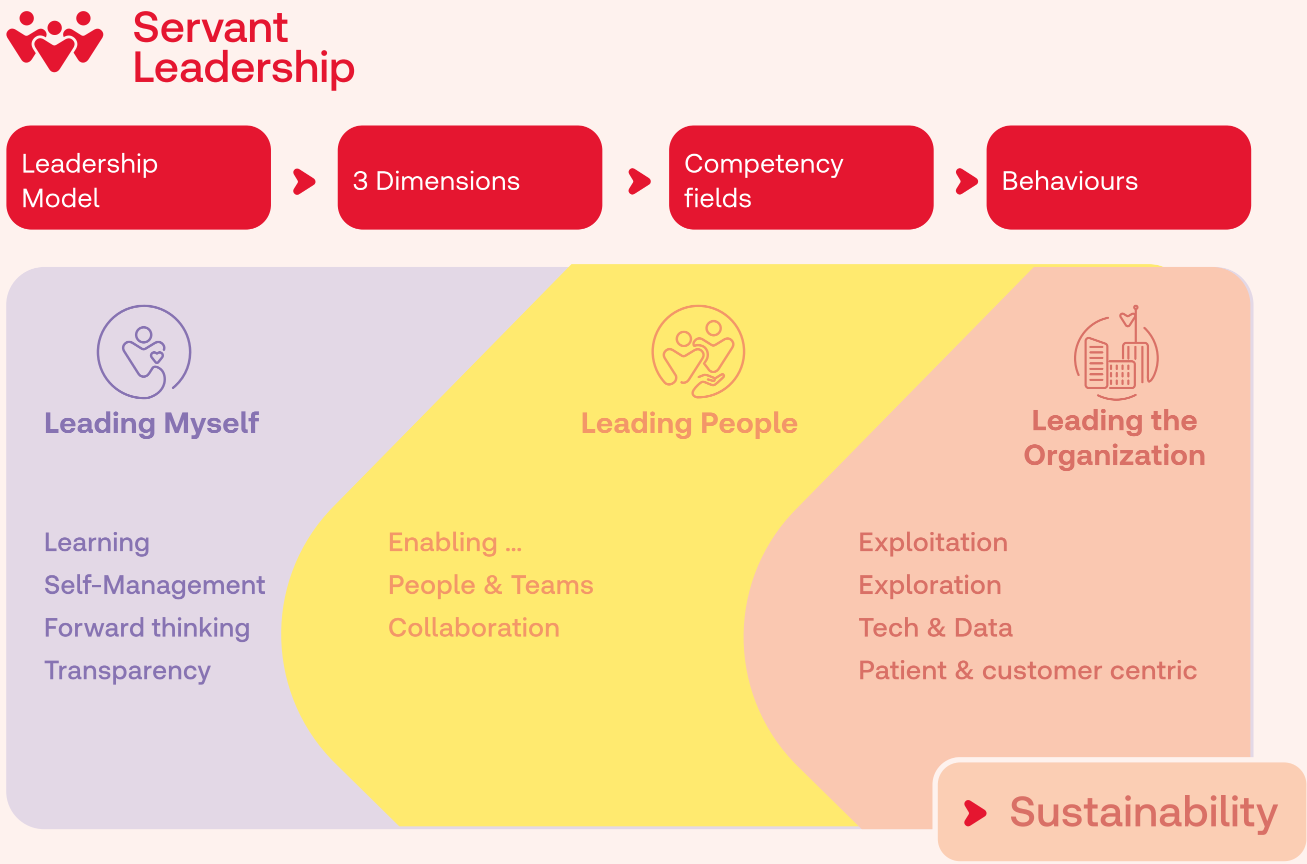
People development.

One major initiative taken in 2023 was the launch of a comprehensive and mandatory development and performance review for all employees in office functions, with different touchpoints throughout the year. The structure of these talks between employees and managers entails the key aspects of the servant leadership dimensions shown below, as well as the five actions that define the Company's culture. To cultivate a culture of learning at Redcare Pharmacy, people development is comprised of digital and self-directed offers as well as more classical personal offerings. This ensures full scalability of people development at Redcare Pharmacy, in line with the Company's growth plans. The combination of self-directed and personal courses is reflected in the language classes offered to all employees. A central role in promoting self-directed learning is the rollout of the online learning platform Udemy and its flexible, on-demand learning opportunities, including 5,000+ top rated, engaging professional and personal development courses. Furthermore, an internal marketplace for learning offers will be made available Company-wide. We further optimized our onboarding program by introducing online business and compliance presentations and trainings to ensure a great employee experience right from the start.

GRI disclosures in this section: 404-1, 404-3

Leadership development.

In 2022 the Company developed and rolled-out its comprehensive leadership model, "Redcare Pharmacy's Model of Servant Leadership", creating a common understanding for leadership and management development. A key milestone was reached in 2023 with the further roll-out of 270° feedback for the Company's middle management, incorporating the competency fields from all three dimensions of the leadership model which will be repeated regularly: "Leading Myself", "Leading People", and "Leading the Organisation".



Building on this, the Company successfully completed its first development programme tailored to the needs of young leaders, participants across various departments and entities of Redcare Pharmacy. Diverse training programmes were also developed and launched for very specific leadership and management challenges in functional departments such as customer service, logistics and IT product development. Individual leadership coaching or career orientation and reflection opportunities continued to be offered.

GRI disclosures in this section: 404-3

Organizational development.

One of Redcare Pharmacy's strategic initiatives for 2022 was to develop and start implementing a new organisational design, aimed at ensuring continued customer-centricity while growing rapidly. This was executed and established in 2023, reflecting the empowerment of the expert level with proximity to the respective markets, instead of decisions being made in line with hierarchies. It included a redefinition of formalised management bodies as well as decision-making powers, responsibilities and accountabilities. The implementation of new structures and processes was accompanied by the introduction and development of a new HR management software system which enables learning management, including data analytics of time invested per employee. The system will continue to be rolled-out in the coming year to increase internal analytics competencies, in line with increased external transparency on social indicators aligned to the CSRD and its inherent ESRS disclosure requirements.

3.4 Corporate Governance Report.

The Managing Board and the Supervisory Board of Redcare are firmly committed to the principles of transparent, responsible corporate governance and supervision. Redcare recognises the importance of clear rules on corporate governance and, where appropriate, we have adapted our internal organisation and processes to these rules.

An outline of our corporate governance structure is provided below.

Governance structure.

Redcare is a Dutch public limited liability company listed on the Prime Standard Segment of the Frankfurt Stock Exchange.

Our corporate governance practices are principally derived from our Articles of Association, the provisions of the Dutch Civil Code, the Dutch 2022 Corporate Governance Code ("Corporate Governance Code") and complemented by our Code of Conduct and our internal policies and procedures. Given our stock listing in Germany, Redcare also complies with the German capital market law and intends to also comply – on a voluntary basis and where possible – with the recommendations of the German Corporate Governance Code.

Redcare has a two-tier board structure. The company is managed by a Managing Board consisting of executive directors acting under the supervision of a Supervisory Board (consisting of non-executive directors). Both boards are composed of members who have the knowledge, skills, experience and ability to properly fulfil their roles and tasks. For a competence matrix, reference is made to the Supervisory Board Report.

Since 2021, a Works Council for employees at the Sevenum location has been in place.

GRI disclosures in this section: 2-9, 2-30

Capital structure.

On 31 December 2023, Redcare had a total of 20,203,286 ordinary bearer shares with voting rights. Each share has a nominal value of EUR 0.02. The total share capital amounts to EUR 404,065.72. The Company does not hold treasury shares. There are no share types other than the ordinary bearer shares.

There are no shares with special rights conferring powers of control.

Managing Board.

Responsibilities
The Managing Board is entrusted with the management of the Company and is responsible for creating long-term value by establishing and achieving the Company's strategic objectives, managing an adequate risk management and internal control system, managing compliance with laws and regulations and embedding its sustainability strategy into operations. In doing so, the Managing Board must take the interests of all stakeholders into account.

The Managing Board consults with the Supervisory Board on important matters and submits certain decisions to the Supervisory Board or to one of its committees for approval, as further described in the Articles of Association. The Managing Board Rules are defined in consultation with the Supervisory Board. The Managing Board has a Chief Executive who coordinates the work of the Managing Board and represents it in dealings with the Supervisory Board.

The Managing Board is accountable for its actions to the Supervisory Board and the General Meeting of shareholders.

The Managing Board requires the approval of the Supervisory Board for certain important transactions. Transactions and measures that require Supervisory Board approval are submitted in good time to the Supervisory Board, or to one of its committees to which particular powers are delegated.

GRI disclosures in this section: 2-13

Composition and appointment

The Supervisory Board determines the number of Managing Directors. Managing Directors are appointed by the General Meeting on the basis of a non-binding nomination made by the Supervisory Board. A person nominated by the Supervisory Board may be appointed as a Managing Board member by the General Meeting by a resolution adopted by an absolute majority of the votes cast. If a person has not been nominated for appointment as a Managing Board member by the Supervisory Board, the resolution of the General Meeting to appoint such a Managing Board member requires an absolute majority of the votes cast representing more than one third of the issued capital. The notice for any such General Meeting should state if a nomination has been made by the Supervisory Board.

The full procedure for the appointment and dismissal of members of the Managing Board is explained in Article 14 of the Company's Articles of Association.

No Managing Board member holds more than two supervisory board positions at Dutch "large companies" in accordance with Article 2:132a of DCC.

Each member of the Managing Board is appointed for a maximum period of four years, provided that if a Managing Board member retires earlier, his term expires on the day following the day of closing of the Annual General Meeting that will be held in the year in which his term expires.

The Supervisory Board is authorised to suspend a Managing Board member at any time. The General Meeting may suspend and dismiss a Managing Board member at any time. A Managing Board member may be suspended and dismissed by the General Meeting only based on a resolution passed by an absolute majority of the votes cast representing at least one third of the issued share capital, unless the dismissal or suspension has been proposed by the Supervisory Board, in which case the majority does not apply. Furthermore, in case of a suspension, the Supervisory Board is obliged to convene a General Meeting to pass a resolution either on lifting the suspension of the respective member of the Managing Board or on his dismissal.

The Managing Board currently consists of five members: Olaf Heinrich (CEO), Jasper Eenhorst (CFO), Stephan Weber (CCO and deputy CEO), Theresa Holler (COO) and Marc Fischer (CIO). For their profiles, reference is made to page 14.

Diversity
The composition of the Managing Board is based on diversity of experience, personality, gender and ethnicity, background, skills, knowledge and insights. Redcare currently has one female Managing Board member (20 %).

Redcare believes in the strengths of diversity and inclusion and will further enhance diversity across all management levels, including the Supervisory Board and Managing Board, but without compromising our commitment to hiring the best individuals for positions without any discrimination. The more we make use of the differences between us and learn from each other, the stronger we will be as a company in serving a highly diverse society and creating value for our stakeholders.

We published our Diversity & Inclusion policy last year in which we have set our specific and ambitious targets. The Company has set a target for 2027 to increase the number of women on the Managing Board and the number of women in sub-top management positions (consisting of Executive Director and Director roles) to one-third. We comply with this target with respect to the composition of our Supervisory Board. The gender composition within the company is shown below.

Category	Female 2023	%	Male 2023	%	Other 2023	%	Total
Supervisory Board	2	40	3	60	–	0	5
Management Board	1	20	4	80	–	0	5
Sup-top	15	32	32	68	–	0	47
Total employees	**1,151**	**55**	**922**	**44**	**2**	**0**	**2,075**

Category	Female 2022	%	Male 2022	%	Other 2022	%	Total
Supervisory Board	2	40	3	60	–	0	5
Management Board	1	20	4	80	–	0	5
Sup-top	12	24	37	76	–	0	49
Total employees	**1,160**	**58**	**860**	**42**	**1**	**0.1**	**2,021**

The inflow of total female employees has slightly decreased in 2023 compared to the male inflow which resulted in an improved male/female ratio. In our sub-top management level, we mainly see a decrease in male representations. In 2024, we will continue to work on our plan of actions to further progress on our set targets, as also described in the Equal Opportunities section. Currently, there are no considerations to adjust the 2027 target date for achieving our targets.

Conflict of interest
The Managing Board members are obliged to disclose any conflicts of interest to the Chairman of the Supervisory Board without delay and to inform the other Managing Board members accordingly. The Supervisory Board shall decide whether a conflict of interest exists as soon as possible after such notice.

Members who have a conflict of interest shall refrain from participation in the consultation and decision-making of the Managing Board with respect to the relevant subject. In case of a conflict of interest in respect of all members of the Managing Board, the decision shall be adopted by the Supervisory Board. Decisions to enter transactions under which members of the Managing Board have conflict of interest that are of material significance to the company and/or to relevant members of the Managing Board, require the prior approval of the Supervisory Board. No such transaction has been concluded in 2023.

GRI disclosures in this section: 2-15

Risk management and internal control framework

We have a comprehensive Enterprise Risk Management framework in place to better ensure we have a systematically updated overview of the risks that we run as a company, and how those risks can be mitigated by appropriate controls. Risk-based thinking enables our organisation to proactively determine factors that could lead to deviations from planned results and the execution of our strategy, and to implement preventive measures to minimise the likelihood and magnitude of possible negative effects.

Strategic, operational, financial and compliance risks are structurally monitored as part of our Enterprise Risk Management framework. Our risk profile is considered when establishing our strategy and budget plans. The Audit Committee assists the Supervisory Board in its responsibility to oversee the risk management and internal control system. Reference is made to the Risks and Opportunities section.

Remuneration

The Supervisory Board determines each Managing Board member's remuneration in line with the Remuneration Policy. The Remuneration Policy is subject to a binding vote of the General Meeting of shareholders once every four years. This vote last occurred in 2022.

For the application of the Remuneration Policy in 2023, reference is made to the Remuneration Report, which is subject to an advisory vote of the General Meeting in 2024. The remuneration of the members of the Managing Board can be found in the 2023 Remuneration Report. The Remuneration Policy can be found on our corporate website.

Supervisory Board.

Responsibility

The Supervisory Board oversees the Managing Board in how it executes its strategic objectives and the general course of business. The Supervisory Board members assist the Managing Board by providing solicited and unsolicited advice. In fulfilling its duties, the Supervisory Board shall act in accordance with the interests of the Company and the business enterprise it operates. In practice, this means supervising the corporate strategy, the achievement of the Company's operational and financial objectives, the design and effectiveness of the internal risk management and control systems, the main financial parameters, compliance with applicable laws and regulations and risk factors.

GRI disclosures in this section: 2-11, 2-12, 2-14

Composition and appointment of Supervisory Board members

The General Meeting determines the number of members of the Supervisory Board. The Supervisory Board members are appointed by the General Meeting based on a non-binding nomination to be drawn up by the Supervisory Board. The General Meeting is at any time entitled to suspend or dismiss any Supervisory Board member. The appointment, dismissal or suspension of a Supervisory Board member is decided by the General Meeting by way of an absolute majority of votes cast. If a person has not been nominated for appointment as Supervisory Board member by the Supervisory Board, the resolution of the General Meeting to appoint such Supervisory Board member requires an absolute majority representing at least one third of the issued capital.

Each member of the Supervisory Board is appointed for a maximum period of four years, provided that, except if a Supervisory Board member retires earlier, his term expires on the day following the day of closing of the Annual General Meeting that will be held in the year in which his term expires.

Members may be appointed for a maximum period of 12 years. After the initial four years, re-appointment for another four-year period is possible, and subsequently again for a period of two years, which appointment may be extended by at most two years. The full procedure for the appointment and dismissal of members of the Supervisory Board is explained in Article 20 of the Company’s Articles of Association.

Members may retire periodically in accordance with a rotation schedule, as published on our corporate website.

The Supervisory Board of Redcare consists of five members: Björn Söder, Frank Köhler, Jérôme Cochet, Henriette Peucker and Jaska de Bakker. For their profiles, reference is made to the Supervisory Board Report.

GRI disclosures in this section: 2-10, 2-11

Diversity

The Supervisory Board currently complies with the gender diversity target set by the Company; two Supervisory Board members are female (40 %).

Remuneration

The General Meeting determines the remuneration of the Supervisory Board members, including the members of its committees. The Supervisory Board Remuneration Policy is subject to a binding vote of the General Meeting of shareholders every four years. This vote occurred for the first time in 2020. A new Supervisory Board Remuneration Policy was submitted for approval of the General Meeting of shareholders in 2023 but was rejected, resulting therein that the 2020 version still applied in 2023.

The application of the Remuneration Policy in 2023 is described in the Remuneration Report, which is subject to an advisory vote of the General Meeting of shareholders in 2024.

The remuneration of the members of the Supervisory Board can be found in the 2023 Remuneration Report. The Remuneration Policy can be found on our corporate website.

GRI disclosures in this section: 2-19, 2-20

Conflict of interest
The Supervisory Board members are obliged to inform any (potential) conflicts of interest to chairperson of the Supervisory Board without delay. The Supervisory Board shall decide whether a conflict of interest exists as soon as possible after such notice. Members who have a conflict of interest shall refrain from participation in the deliberation and decision-making of the Supervisory Board with respect to the relevant subject. If all members of the Supervisory Board have a conflict of interest, the Supervisory Board may nevertheless decide on the relevant subject. All transactions of the Company in which there are conflicts of interest with members of the Supervisory Board shall be agreed upon on terms that are at least customary in the market. Decisions to enter into transactions under which members of the Supervisory Board have a conflict of interest that is of material significance to the Company and/or to relevant member of the Supervisory Board require the prior approval of the Supervisory Board. This also applies to transactions between the Company and a person or entity that holds at least 10 % of the shares in the Company and that are of material significance to the Company and/or to such persons.

Considering Henriette Peucker's husband's position at FGS, a strategic advisor for the stakeholder economy, a potential conflict of interest was assumed and was addressed to the Chairman of the Supervisory Board. The Supervisory Board concluded that the services agreement with the Company was concluded under terms which are customary in the market and that the transaction was not deemed to be of material significance for either Henriette and/or the Company.

A planned transaction was reported in advance and submitted for approval to the Supervisory Board by Jérôme Cochet. Jérôme is 28 % shareholder and statutory director of Goodcarbon GmbH which concluded a transaction with Redcare regarding the sale of carbon credits for the amount of EUR 242,660. The Supervisory Board concluded that this transaction was agreed upon under terms which are customary in the market and that the transaction is not deemed to be of material significance to Jérôme and/or the Company

GRI disclosures in this section: 2-15

Committees of the Supervisory Board
In line with the Corporate Governance Code, the Supervisory Board has established an Audit Committee, a Remuneration Committee and a Nomination Committee. Each of these committees is staffed by members of the Supervisory Board. At least one of the members of the Audit Committee is a financial expert, and the majority of the members of the committees are independent in accordance with the criteria of the Corporate Governance Code and the Decree Establishing Audit Committee.

Audit Committee (in place since 2018): The Audit Committee's role is to oversee all material aspects of the organisation's financial reporting, internal control and audit functions on behalf of the Supervisory Board. The three members of the Audit Committee are: Jaska de Bakker (Chairman), Frank Köhler (not independent) and Henriette Peucker. Reference is made to the Audit Committee Rules.

Remuneration Committee (in place since 2022): This committee prepares the decisions of the Supervisory Board regarding the remuneration of the individual Managing Board members and the individual Supervisory Board members. It oversees the effectiveness, relevance and implementation of the Remuneration Policy. The three members of the Remuneration Committee are: Jérôme Cochet (Chairman), Björn Söder and Frank Köhler (not independent). Reference is made to the Remuneration Committee Rules.

Nomination Committee (in place since 2022): This committee is responsible for the size and composition of the Supervisory Board and Managing Board, their succession planning and the functioning of the members. It also focuses on the Company's talent management and succession planning for key positions. The two members of the Nomination Committee are: Henriette Peucker (Chairwoman) and Björn Söder. Reference is made to the Nomination Committee Rules.

General Meeting.

The General Meeting of shareholders is held at least once a year and usually takes place in Sevenum, the Netherlands, where the company has its corporate seat. The convocation of this meeting is done through public notice on our corporate website. Recurrent agenda items are the compilation of our annual report, the adoption of our annual accounts, the release from liability of Managing Board members and Supervisory Board members, the application of the Remuneration Policy in the previous calendar year and the Company's corporate governance. An extra-ordinary General Meeting of shareholders may be convened by resolution of the Managing Board or the Supervisory Board.

Voting rights
Each share issued by Redcare entitles its bearer to one vote. There are no restrictions on voting rights. As far as is known to Redcare, there is no agreement involving a shareholder of Redcare that could lead to any restriction on the transferability of shares or of voting rights on shares.

Rules governing amendments to the Articles of Association and other special resolutions.
On the basis of a Managing Board proposal approved by the Supervisory Board, the General Meeting is authorised to resolve amendments to the Articles of Association, to dissolve the Company or to conclude a legal merger (juridische fusie) or a demerger (splitsing) as referred to in Title 7 of Book 2 DCC, unless the Company acts as acquiring company.

A resolution of the General Meeting referred to above which has not been proposed by the Managing Board and given prior approval by the Supervisory Board requires a majority of at least two thirds of the votes cast in a meeting in which at least fifty per cent (50 %) of the issued capital is represented.

A resolution of the General Meeting to conclude a legal merger or a demerger as referred to in Title 7 of Book 2 DCC which has been proposed by the Managing Board and approved by the Supervisory Board requires a majority of two thirds of the votes cast if less than fifty per cent (50 %) of the issued capital is represented. If less than fifty per cent (50 %) of the issued share capital is represented in a meeting, a second meeting should be convened, to be held no later than six weeks after the first meeting. In the second meeting, valid resolutions can be adopted with respect to the proposals placed on the agenda for the first meeting, regardless of the share capital represented in the second meeting, provided there is a majority of at least two thirds of the votes cast. The notice convening the second meeting should indicate and set forth the reasons why a resolution may be adopted at such second meeting, irrespective of the share capital represented at the meeting.

Issue of shares
At the Annual General Meeting held on 21 April 2021, the General Meeting appointed the Managing Board for a period of five years from the date of the meeting (i. e. up to and including 20 April 2026), or until such date on which the General Meeting revokes or again extends the authorisation, if earlier, as the corporate body authorised to issue shares and grant rights to acquire shares subject to the prior approval of the Supervisory Board and up to a maximum of 20 % of the total number of issued shares on the date of the meeting (i. e. up to a maximum of 20 % of 17,935,121 shares).

This authorisation was granted to the Managing Board under the explicit reservation that the General Meeting reserves its rights that it is at any time during such authorisation also authorised to issue shares and grant rights to acquire shares in the share capital of the Company.

Repurchase of shares
At the Annual General Meeting held on 14 April 2022, the General Meeting authorised the Managing Board to repurchase shares on the stock exchange or otherwise, for a period of 18 months as of the date of the meeting (i. e. up to and including 13 October 2023) up to a maximum of 10 % of the total number of issued shares outstandingon the date of the meeting (i. e. up to a maximum of 10 % of 18,199,281 shares), provided that the Company does not hold more shares in treasury than a maximum 10 % of the issued and outstanding share capital at any given time. The repurchase can take place at a price between the nominal value of the shares and the weighted average price on the Xetra trading venue at the Frankfurt Stock Exchange for five trading days prior to the day of purchase plus 10 %. This price range enables the Company to adequately repurchase its own shares even in volatile market conditions.

Anti-takeover measures.
According to the Code, the Company is required to provide an overview of its actual or potential anti-takeover measures, and to indicate under what circumstances it is expected they may be used. The Company is not subject to any anti-takeover or restrictions of control. The Articles of Association of the Company do not contain any binding nomination rights (bindende voordrachtsrechten).

In the event of a hostile takeover bid, or other action which the Managing Board and the Supervisory Board consider to be adverse to the Company's interests, the boards reserve the right to use all available powers (including the right to invoke a response time in accordance with provisions 4.1.7 of the Corporate Governance Code) while taking into account the relevant interests of the Company and its affiliate enterprise and stakeholders.

Substantial shareholdings and short positions
Shareholders owning 3 % or more of the issued share capital of a listed company (a substantial shareholding or short position) must report this to the Netherlands Authority for Financial Markets (AFM) as soon as this threshold is reached or exceeded. Subsequently, notifications to the AFM must be made as soon as a substantial shareholding or short position reaches, exceeds or falls below set thresholds.

The thresholds are 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 40 %, 50 %, 60 %, 75 % and 95% of the company's issued share capital. Shareholders' disclosures can be inspected in the register kept by the AFM.

As per 31 December 2023, the following substantial shareholdings were recorded in this register:

Date of notification	Shareholder	Share in Company's share capital
16.05.2023	Galenica Ltd.	7.93 %
19.05.2023	C. Laubmann	4.21 %
19.05.2023	H.R. Hess	3.24 %
10.08.2023	Smallcap World Fund, Inc	4.84 %
11.12.2023	M.S.R. Kohler	3.10 %
11.12.2023	MK Beleggingsmaatschappij Venlo B.V.	7.28 %
29.12.2023	DWS Investment GmbH	3.06 %
29.12.2023	UBS Group AG	5.82 %

Stakeholder's engagement

Redcare aims to forge good relationships with all relevant stakeholders. Stakeholders are groups and individuals who directly or indirectly influence, are or may be influenced by the achievement of Redcare's activities. We continuously engage with our stakeholders to understand their expectations towards Redcare as well as the impact of our sustainable objectives and business operations on their interests. Only through proactive engagement, we will be able to create long-term value for all our stakeholders, including society and environment. Our Stakeholder Engagement Policy, as published on our corporate website, describes the process how we identify and interact with stakeholders in general. In our Policy on Bilateral Shareholders Contacts we set out our rules of engagement with shareholders. In addition to that, more specific principles that we apply when engaging with the public sector are set out in our Public Affairs Policy. We are part of various associations, to which we pay a membership fee, which represent the interests of a broader group of like-minded organisations with the aim of speaking with a collective, coordinated and stronger voice, achieving better results than lobbying as a single company. In 2023, we have a membership with the following associations and interest groups:

- European Association of E-Pharmacies (EAEP)
- UN Global Compact
- Leaders for Climate Action
- Allianz für Cyber Sicherheit des Bundesamtes für Informationstechnik
- Bitkom – Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.
- Wirtschaftsrat der CDU e.V.
- BVDVA - Bundesverband Deutscher Versandapotheken (only Europa Apotheke)
- The Dutch Employers' Federation VNO-NCW
- DHNK - Deutsch-Niederländische Handelskammer
- Bundesverband Managed Care e.V.
- Bundesverband Gesundheits-IT – bvitg e.V.
- Qualitätsring Medizinische Software e.V.

GRI disclosures in this section: 2-28

Non-compliance with Dutch Corporate Governance Code.

Redcare complies with all relevant best practice provisions of the Corporate Governance Code, except for provision 1.3, a dedicated internal audit function, which was deemed not necessary till last year as is explained below.

Given the size of the Company, the central set-up, and the existence of a centrally staffed comprehensive Quality Assurance department which is responsible for, inter alia, maintaining an extensive system of standard operating procedures through the Company and the execution of internal audits on all (major) logistic and IT processes, including the Finance department, the establishment of the internal audit function has been assessed as not a necessity yet in past year. In addition, implemented in 2021, the enterprise risk management system (ERM) has been further enhanced significantly leading to proper control processes in place and in development. Considering the continued fast growth and ambitions of the Company, its operations in a highly regulated field and the many technological components involved, the Supervisory Board has concluded that it is now advisable to implement an internal audit function. The Managing Board has adopted this recommendation, which will result in the establishment of an internal audit function in 2024 for which preparations have started already.

The Company will publish its Stakeholder Engagement Policy in Q1 2024.

Compliance.

The success of Redcare is reliant on the confidence the Company enjoys among patients, customers, suppliers, investors and employees. Accordingly, high standards of behaviour and responsibility are set for the Company as a whole and for each individual employee. In addition, compliance with relevant laws, regulations and best practices is a matter of course for us and forms the foundation for everything we do. This includes, among others, the respect and protection of workers' and human rights, providing a safe work environment, the avoidance of cartel violations, corruption or the acceptance of advantages and other illegal business practices, as well as compliance with all pharmaceutical requirements.

Our Code of Conduct is intended to help employees implement our key principles and values in their everyday working life and to give guidance on responsible business conduct. The Code of Conduct provides a framework where sub-policies and principles are defined to cover a specific topic such as Labour Principles, Anti-Bribery and Corruption Policy, Gift and Hospitality Policy, as well as Anti-Trust Policy. Our compliance programme is designed to permanently instil an awareness of everyone's responsibility to uphold Redcare's business principles and to speak up in case of any irregularities. Our corporate policies are all approved by the Managing Board, and those published on our corporate website are also approved by our Supervisory Board.

Our employees and external stakeholders are provided the opportunity to speak up about any (potential) misconduct or (alleged) irregularities without fear of retaliation, as laid down in our whistleblowing policy. In addition, reports can also be submitted to internal and external trusted counsels. All reports are diligently assessed and, where needed, investigated by relevant experts. Appropriate actions are taken if and where needed. The process is owned by the Compliance Officer who reports regularly on corporate compliance matters to the Managing Board and the Audit Committee. The whistleblowing policy can be found on the Company's website.

In 2023, no reports were addressed through our whistleblowing policy, and no other critical concern was reported to the Managing Board or the Supervisory Board. There were no significant instances of non-compliance with laws and regulations, and no significant fines were paid or non-monetary sanctions incurred during the reporting period.

Caring about patients and customers comes first in everything we do. We promote and safeguard a fair and equal world for people and the planet we all live on. Taking care does not stop with our own organisation. In 2023, we took the next step in delivering on this promise in close collaboration with our partners by introducing our Supplier Code of Conduct, which sets out the principles and standards Redcare expects from the partner, to foster sustainable partnerships that benefit people. In defining our principles, we rely on established standards such as the Principles of the UN Global Compact, the Universal Declaration of Human Rights (UDHR), the OECD Guidelines for Multinational Enterprises, and the Principles of the Pharmaceutical Supply Chain Initiative (PSCI). We have informed our suppliers about our Supplier Code of Conduct, which is also published on our company website.

No anti-bribery key performance indicators were set for 2023. Anti-bribery and corruption risks are being managed in accordance with our risk management system.

Corporate Governance-related documents are available on our website, including, amongst others:

– Articles of Association
– Managing Board Remuneration Policy
– Supervisory Board Remuneration Policy
– Supervisory Rotation Schedule
– Code of Conduct
– Open Ears Policy
– Diversity & Inclusion Policy
– Stakeholder Engagement Policy
– Policy on bilateral and other contacts with shareholders
– Insider Trading Policy

GRI disclosures in this section: 2-16, 2-23, 2-24, 2-26, 2-27

EU Taxonomy.

The EU Taxonomy identifies a list of environmentally sustainable economic activities. The main aim is to provide companies, policymakers and investors with a common definition for directing investments towards sustainable projects and activities in order to reach the European Green Deal's objectives. Thus, the taxonomy serves as a classification system to assess whether economic activities contribute towards one of the following six environmental objectives:

1. Climate change mitigation.
2. Climate change adaptation.
3. Sustainable use and protection of water and marine resources.
4. Transition to a circular economy.
5. Pollution prevention and control.
6. Protection and restoration of biodiversity and ecosystems.

The EU Taxonomy sets out reporting requirements, including the disclosure of information on the eligibility and alignment of a company's activities relative to the objectives, using Key Performance Indicators (KPIs) for the proportion of sustainable turnover, capital expenditure ('CapEx') and operational expenditure ('OpEx'). It also provides a list of activities which are relevant for reporting the aforementioned KPIs for the six different environmental objectives. The taxonomy regulation is supplemented by delegated acts which contain detailed technical screening criteria for determining when an economic activity can be considered sustainable. If the technical screening criteria are fulfilled, the minimum safeguards can be guaranteed and the activity does no significant harm to any other objective, it can be considered as taxonomy-aligned. Since the recent EU Taxonomy regulation is being extended, evolving guidance and interpretation guidance by the EU Commission may lead to changes in the application of the EU Taxonomy at Redcare in future reports.

As a company with more than 500 employees, Redcare Pharmacy falls into the scope of companies which are required to report eligibility for all six objectives and alignment for Climate Change Mitigation and Climate Change Adaptation. In order to do this, we performed a bottom-up analysis. Firstly, all activities were screened by Sustainable Development department and Finance department to identify those that are relevant. Subsequently, all activities were discussed with several departments in the company to determine which are eligible. Finally, the eligible activities were analysed for alignment to the EU taxonomy.

All eligible activities were screened according to Article 3 to determine whether they fulfil the technical screening criteria, do no significant harm on any other objective and guarantee the minimum standards of human rights according to Article 18. Only activities fulfilling all criteria mentioned in Article 3 were selected as aligned activities. The discrepancy between eligibility rates and alignment rates comes from activities where we could not substantiate the assessment on the "do no significant harm criteria" and/or minimum social safeguards.

Screening Redcare Pharmacy's activities for eligibility to the environmental objectives resulted in the conclusion that certain activities substantially contribute to Climate Change Mitigation, while no activities which contribute to the remaining taxonomy objectives were identified.

Calculation process KPIs.

Turnover, CapEx and OpEx were calculated using the Company's existing internal accounting and reporting structures. Business activities are labelled and posted by the Finance department as either Turnover, CapEx or OpEx, so that the differentiation between the three is guaranteed. The different ledger accounts allocate expenditure and income to the various reporting categories. The Company has only identified eligible activities for Climate Change Mitigation, which means that there are no activities that could contribute towards multiple objectives. Therefore, it can be guaranteed that no double counting between the different objectives has taken place.

Sustainable Development and Finance manually calculate the required KPIs – the calculation method in 2023 was kept equal to 2022 – and will continue to develop an improved taxonomy accounting process throughout 2024. Continuous improvements of the taxonomy-reporting process and the development of controlling mechanisms keep the risk of errors to a minimum. The analysis for EU Taxonomy has been performed for the scope of entities equal to the scope of the consolidated financial reporting. No CapEx plans are in place.

EU Taxonomy KPIs.

Based upon the current information available and a thorough analysis, Redcare Pharmacy has determined the 2023 EU Taxonomy-eligible and aligned economic activities per KPI as follows. None of the Company's activities are enabling activities and transitional activities as described in section 2 of Article 10.

Economic activities	Code(s)	Absolute turnover (in EUR x 1,000)	Proportion of turnover	Substantial contribution criteria				
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution
A. Taxonomy eligible activities								
A.1. Environmentally sustainable activities (Taxonomy aligned)								
Turnover of environmentally sustainable activities (Taxonomy-aligned)			0 %	0 %	0 %	0 %	0 %	0 %
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
6.4. Operation of personal mobility devices, cycle logistics	N77.21	156	0.01 %					
5.5. Collection and transport of non-hazardous waste in source segregated fractions	E38.11	116	0.01 %					
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		272	0.02 %					
Total A.1. and A.2.		**272**	**0.02 %**					
B. Taxonomy non-eligible activities								
Turnover of Taxonomy non-eligible activities		1,798,486	99.98 %					
Total (A. + B.)		**1,798,758**	**100.00 %**					

EU Taxonomy turnover assessment.

For Redcare Pharmacy's revenue streams, the EU Taxonomy-eligible revenue is determined to be 0.02 %, namely EUR 0.3 million of the total revenue of EUR 1.8 billion. Reference is made to Note 5 of the Notes to the consolidated Financial Statements.

Since Redcare Pharmacy's main revenue streams are not outlined in the delegated regulations, there is a high non-eligibility rate. The most valid classification according to the Statistical classification of economic activities in the European Community (NACE) on which the EU Taxonomy relies, would be as follows: G47 – Retail trade, except for motor vehicles and motorcycles, since retail of pharmaceuticals and beauty and care products is the core business of an e-pharmacy. For NACE G47, however, no eligibility is defined yet.

The EU Taxonomy-eligible revenue of Redcare Pharmacy is marginal and related to the following economic activities: the collection and transport of non-hazardous waste in source-segregated fractions, which covers waste management practices at the two main warehouse and distribution facilities in Sevenum and Milan; the operation of personal mobility devices, cycle logistics, covering the GoPuls entity's revenues from zero-emission delivery services operated via bicycles in urban areas.

	Does not significantly harm							Taxonomy aligned proportion of turnover 2022	Category (enabling activity)	Category (transitional activity or)
Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards			
								0.01 %		
0 %								0.01 %		
								0.01 %		
								0.02 %		
								0.03 %		
								0.04 %		

EU Taxonomy CapEx assessment.

For Redcare Pharmacy's CapEx streams, the EU Taxonomy-eligible CapEx is determined to be 2.43 %, namely EUR 1.1 million of the total CapEx of EUR 44.1 million. Reference is made to the amounts presented as Additions in Note 13 and Note 14 of the Notes to the consolidated Financial Statements.

In 2023, taxonomy-eligible CapEx is related to two activities. The first is the operation of personal mobility services, cycle logistics related to the entity GoPuls. Since the emission-free bicycle delivery services are

Economic activities	Code(s)	Absolute CapEx (in EUR x 1,000)	Proportion of CapEx	Substantial contribution criteria				
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution
A. Taxonomy eligible activities								
A.1. Environmentally sustainable activities (Taxonomy aligned)								
CapEx of environmentally sustainable activities (Taxonomy-aligned)		–	0 %	0 %	0 %	0 %	0 %	0 %
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
6.4. Operation of personal mobility devices, cycle logistics (GoPuls)	N77.21	985	2.23 %					
6.13. Infrastructure for personal mobility, cycle logistics	F43.32	86	0.20 %					
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		1,071	2.43 %					
Total A.1. and A.2.		**1,071**	**2.43 %**					
B. Taxonomy non-eligible activities								
CapEx of Taxonomy non-eligible activities		43,071	97.57 %					
Total (A. + B.)		**44,142**	**100.00 %**					

taxonomy eligible, all CapEx by this entity is also taxonomy eligible. In 2023, CapEx by GoPuls comprised mainly investments in intangible assets related to a rebranding. These costs are identified as infrastructure for personal mobility, cycle logistics aligned. The second activity relates to the investments in additional charging stations for employees' electric vehicles at the Sevenum and Cologne locations. These are identified as installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings) aligned investments. There are no CapEx plans in place for Redcare Pharmacy.

	Does not significantly harm							**Taxonomy aligned proportion of CapEx 2022**	**Category (enabling activity)**	**Category (transitional activity or)**
Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards			
								2.00 %		
0 %								2.00 %		
								22.00 %		
								0.00 %		
								22.00 %		
								24.00 %		

EU Taxonomy OpEx assessment.

In general, the KPI OpEx as defined under the EU Taxonomy only covers direct, non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the operation of property, plants and equipment, e.g. cleaning costs. For Redcare Pharmacy, the sum of these costs results in overall operating costs of EUR 3.3 million, a share of 0.7 % of our total selling and distribution and administrative expenses. The proportion of total OpEx that relates to taxonomy-eligible activities is determined by assessing the economic activities of the costs that are not capitalised but directly relate to assets on the balance sheet. In total EUR 0.2 million and thus a share of 5.09 % are eligible or aligned activities.

Economic activities	**Code(s)**	**Absolute OpEx (in EUR x 1,000)**	**Proportion of turnover**	**Substantial contribution criteria***				
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution
A. Taxonomy eligible activities (Taxonomy aligned)								
A.1. Environmentally sustainable activities (Taxonomy aligned)								
OpEx of environmentally sustainable activities (Taxonomy-aligned)		–	0 %	0 %	0 %	0 %	0 %	0 %
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)								
6.4. Operation of personal mobility devices, cycle logistics (short-term bike lease)	N77.21	52	1.61 %					
8.2. Data-driven solutions for GHG emissions reductions	J62	69	2.12 %					
7.3. Installation, maintenance and repair of energy efficiency equipment	F43.32	44	1.36 %					
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2.)		165	5.09 %					
Total A.1. and A.2.		**165**	**5.09 %**					
B. Taxonomy non-eligible activities								
OpEx of Taxonomy non-eligible activities		3,074	94.91 %					
Total (A. + B.)		**3,239**	**100.00 %**					

The EU-Taxonomy-eligible or aligned OpEx costs can be linked to the following economic activities: data-driven solutions for GHG emissions reductions, including costs for software solutions to account and steer carbon emissions in line with Redcare Pharmacy's net zero 2040 target; operation of personal mobility devices, cycle logistics, including the costs for short-term leases of bicycles needed for emission-free deliveries; the installation, maintenance and repair of energy efficiency equipment, which are costs for the maintenance of a heat pump at the Milan location; the collection and transport of non-hazardous waste in source-segregated fractions which include the payment of service providers recycling the waste of the two warehouse and distribution facilities in Milan and Sevenum.

	Does not significantly harm							**Taxonomy aligned proportion of OpEx 2022**	**Category (enabling activity)**	**Category (transitional activity or)**
Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards			
								1.64%		
0%								1.64%		
								1.82%		
								1.25%		
								0,75%		
								3.82%		
								5.46%		

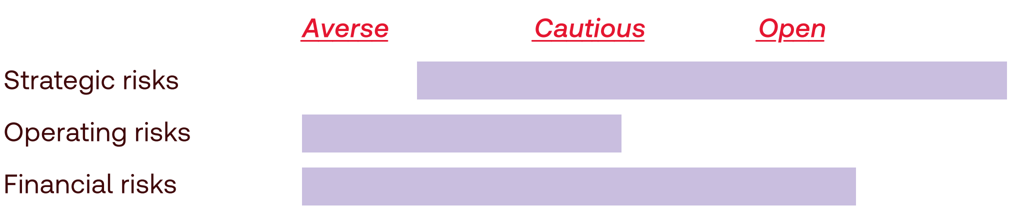
Risks and opportunities.

Redcare Pharmacy is exposed to various risks and opportunities. Given the size of the company, it is therefore deemed important to have a best possible and systematically updated overview of the risks that we run as a Company and how those risks can be mitigated. There are Company-specific risks and external risks regarding natural capital such as climate risks and social capital. Furthermore, it entails external risks and impacts on third parties that result from Redcare Pharmacy's business model. Risk-based thinking enables our organisation to proactively determine factors that could lead to deviations from planned results and the execution of our strategy. In addition, it enables our organisation to implement preventive control measures or take actions to minimise the likelihood and magnitude of possible negative effects. In addition, a risk-based thinking process reveals opportunities on which the Company could act. The risk management system of Redcare Pharmacy applies to all areas of the Group and considers the standards of ISO 31000, Good Distribution Practice (GDP) for human and veterinary medicines, and the Corporate Governance Code. With its risk management system and the Enterprise Risk Management (ERM) framework, Redcare Pharmacy can identify, analyse, evaluate and treat risks that it is entering into as a company.

Risk appetite.

Risk appetite expresses the aggregate level of risk that Redcare Pharmacy is willing to accept within the risk capacity to pursue its strategy of becoming Europe's one-stop pharmacy of the future, which supports every human having their health. Risk capacity is defined as the maximum level of risk that can be assumed before breaching regulatory constraints and obligations to stakeholders. Risk appetite is an integral element in the business planning processes to promote the appropriate alignment of risk, capital and performance targets, while at the same time considering risk capacity and appetite constraints from both financial and non-financial risks. The figure below qualitatively shows Redcare Pharmacy's risk appetite in the three main risk categories of strategic risks, operating risks and financial risks.

Redcare Pharmacy's risk appetite in the three main risk categories.



Managing risks with enterprise risk management.

The Enterprise Risks Management system (ERM) cycle continued in 2023. The primary objectives of ERM within the Company are:

1. To gain insight into risks and opportunities. This is achieved by a structured inventory process of the risks that Redcare Pharmacy runs as a company.
2. To create a framework to classify the risks and to mitigate them in an appropriate way.
3. To gain insight into and clarify the degree of risk management and the degree of risk appetite.
4. To realise a dynamic process with periodic reporting and dialogue across the Group.

In order to reach these objectives, a comprehensive process was developed within the Company. Chaired by CFO Mr J. Eenhorst, the ERM process is managed by the ERM Group. Other members of the ERM Group are Mrs T. Holler (COO and responsible pharmacist) and the directors of the Accounting & Tax, Controlling, Quality, Corporate Compliance, and IT Governance and Compliance departments. The ERM group ensures driving the ERM process within the Company, to make sure risks are identified and addressed in the right way. In the next paragraphs, the steps within the ERM process are described.

Step 1: Establishing the context
Redcare Pharmacy's strategic objectives, as well as external and internal parameters, need to be considered to establish the context. Strategic and operational events and actions with a significant impact on the existence and the economic situation of the Group are considered. These also include external factors such as the competitive situation, the regulatory and economic environment and developments and other factors that can compromise the achievement of corporate goals.

Step 2: Risk identification
A two-sided approach is used for the risk identification process. Starting with a bottom-up process for risk identification, a risk questionnaire was sent to each significant function or department of the Group. In addition, a top-down process for risk identification was also conducted by risk identification sessions with the ERM Group and with the Executive Management.

To create a framework for risk classification, a fixed risk identification format was developed. After the risk description, the risk was classified into a risk domain. For Redcare Pharmacy, thirteen relevant risk domains were defined (see Figure on page 98). As the figure shows, the risk domains encompass a broad perspective of topics all relevant for Redcare as an online pharmacy. Subsequently, the risk domains are used to cluster risks into relevant categories and enable comparable risks or synergetic relationships between risks to become apparent and be clustered. The risk domains used are based on international risk management literature and supplemented with domains relevant for Redcare as an online pharmacy. For each domain, a domain owner from senior management was appointed, who is responsible for continuously monitoring the risks in his domain and initiating and measuring the mitigation actions for risks within the respective domain.

Step 3: Risk analysis
To begin with, all risks identified are assessed on the basis of a risk score. The risk score is calculated by multiplying the probability of occurrence of the risks (likelihood) by the consequences should the risk occur (impact). Based on the risk score, we determine whether the risk is very high, high, medium or low. Both gross and net risk are considered, where the gross risk refers to the risk score without internal control and/or mitigating measures and the net risk score is the risk after implementation of actions.

Risk Domains.

- Governance, Legal & Regulatory
- Pharma Compliance
- Strategy
- Reputation & Trustworthy Brand
- Finance
- Facility & Equipment
- Operations (OPS)
- Quality & Customer Safety
- IT
- Human Resources & Health and Safety for the Employees
- Sustainability
- Data Security and Privacy/ Patient Data
- Procurement

Step 4: Risk evaluation
Based on the outcome of the risk analysis, decisions need to be made about prioritisation including which risks need to be mitigated. All identified risks are discussed with the domain owners, and, in consultation with the ERM group, a proposal to prioritise risks is drafted and used as input for reporting to the Executive Management. Subsequently, the final prioritised risks for the Company per domain are determined by the Executive Management.

In 2023, the prioritised risks of the previous reporting years were re-assessed by the domain owners. Changes were documented in a risk management tool. Next to that, newly identified risks were evaluated by the domain owners and eventually prioritised in collaboration with the Executive Management.

Step 5: Risk treatment
After final prioritisation, risks per domain are allocated to the responsible domain owner, and appropriate control measures are implemented to mitigate the risk if possible. The choice of a control measure depends on the risk score and the risk appetite of the Company. A decision is made on whether an action is taken to eliminate or control the risk; if a risk is within the organisation’s risk appetite, a risk can be accepted.

In 2023, the domain owners took several actions to mitigate prioritised risks of previous years. Because of successful mitigation actions, several risk scores were reduced and deprioritised.

Risk monitoring & review.

An integral part of the ERM is to continuously run the process, monitor the risks and evaluate the control measures. While domain owners are responsible for reporting progress on mitigation actions, the overall process driven by the ERM Group ensures that this takes place in a systematic way. All risks that were prioritised in previous years were re-assessed by the domain owners in 2023. The re-assessments were documented in our risk management tool.

External control.

Besides the internal control system, external institutions also provide assurance on the design and effectiveness of the risk management processes and compliance with the relevant standards, policies and norms within our Company.

External certifications.

Being a pharmacy, Redcare Pharmacy maintains strict pharmaceutical controls that are monitored by the Dutch Health and Youth Inspectorate, as well as several certifications including ISO 9001 certified by TÜV and Trusted Shops. The effectiveness of the Quality and Health, Safety and Environment (HSE) management systems is regularly audited internally and externally, alongside the continuous improvement process implemented for ongoing optimisation of the pharmacy and administrative processes.

External auditor.

The Company's independent external auditor Mazars Accountants N.V. in Rotterdam provides an independent opinion on the financial results of the Group. The auditor has unrestricted access to the Group's sites and documentation and communicates regularly with the Managing Board and the Supervisory Board. The Supervisory Board assesses the work of the external auditor at least once a year.

Overview of risks and opportunities.

This chapter provides an overview of the most important risks that Redcare Pharmacy currently identifies.

Strategic risks.

Risk – acquisition of businesses.

Risk description and its possible impact – Since being founded, we have prioritized organic growth, but during the years we have also executed several smaller and larger acquisitions. In 2021 two companies were acquired, smartpatient and MedApp. In 2022, the acquisitions of GoPuls (formerly FIRST A) and APS All Pharma GmbH were concluded, and in 2023 Redcare entered a strategic partnership with Galenica AG in Switzerland, by acquiring 51% of the shares in MediService AG. As part of the business strategy to further expand our offering across continental Europe, it is possible to engage in strategic and opportunistic acquisitions of other companies, businesses or assets. Acquisitions involve numerous risks, such as unanticipated difficulties associated with higher-than-expected costs for integrating the technologies, operations, existing contracts and personnel of acquired businesses or difficulties associated with higher-than-expected costs for integrating and coordinating sales and marketing functions and other administrative functions.

Risk mitigation approach – Careful planning of the acquisition and integration, including proper due diligence. The management bodies of the acquired business form part of our existing management structure and are integrated in our periodic internal management review process and planning processes.

Risk – adverse judgments or settlements resulting from legal proceedings.

Risk description and its possible impact – We are or might become involved from time to time in private actions, investigations and various other legal proceedings by employees, suppliers, competitors, government agencies or others.

Redcare Pharmacy is the subject of some court cases, mainly in the field of unlawful competition. The more significant ones are mentioned below.

In a procedure initiated against Europa Apotheek Venlo B.V. by the Wettbewerbszentrale, in the first instance, the Landgericht Frankfurt ruled that certain bonuses granted by Europa Apotheek to customers upon the placement of prescription orders were unlawful, because the discounts on future prescription-free orders were considered contrary to the German Zuwendungsverbot (§ 7 Heilmittelwerbegesetz). Europa Apotheek Venlo lodged appeal against this judgment. The procedure is currently pending at the Oberlandesgericht Frankfurt (2nd instance). In a procedure regarding the same subject-matter of the Apothekerkammer Nordrhein against Shop-Apotheke B.V., the Landgericht Köln (1st instance) has suspended the procedure in order to await the outcome of a procedure currently pending at the European Court of Justice between DocMorris and the Apothekerkammer Nordrhein, following prejudicial questions issued by the German Federal Supreme Court. This procedure against Redcare's Pharmacy will hopefully provide more clarity as to the above mentioned bonus variant.

Risk mitigation approach – Careful review and monitoring of applicable law and regulations. In case of legal proceedings, we have our own legal experts and also consult external specialised lawyers.

Regulatory risks.

Risk – change in legislation for e-commerce pharmacies and para-pharmacies.

Risk description and its possible impact – The pharmacy business is highly regulated. Failure to comply with laws and regulations, including but not limited to pricing regulations, can damage our reputation and have negative financial and operational consequences. From a compliance perspective, we are allowed to sell both Rx and OTC medicinal products via mail to our customers in Germany.

Furthermore, a change in the legislation relating to pharmaceutical e-commerce deliveries can have a big impact on the business models of online pharmacies. In Germany, the so-called Vor-Ort Apotheken Stärkungsgesetz came into force at the end of 2020. Among other things, this legislation prohibits offering Rx discounts. This applies equally to on-site and mail-order pharmacies. We believe that by doing so, German lawmakers are circumventing a 2016 Supreme Court ruling by the ECJ (AZ C-148/15), in which the Court ruled that pharmacies from other EU countries are not bound by regulated prices in Germany for prescription drugs and may grant their customers discounts to compensate for a competitive disadvantage.

At present, two civil procedures regarding alleged violations of the current bonus ban are pending against Shop Apotheke BV and Europa Apotheek Venlo BV before the first instance civil court of Cologne and the first instance civil court of Frankfurt. Both procedures will be suspended until the final judgement in a case currently pending before the European Court of Justice upon prejudicial questions posed by the German Federal Supreme Court (BGH) on a dispute between the chamber of pharmacists of North Rhein (Apothekerkammer Nord-Rhein) and DocMorris NV.

Risk mitigation approach – Our Legal and Public Affairs department are closely monitoring all relevant european legislative developments. In addition, we try to cooperate with other companies in the online pharmaceutical industry to bundle our interests and we invest significantly in communicating with relevant stakeholders.

Risk – Discrimination of online pharmacies.

Risk description and its possible impact – For Redcare Pharmacy as an online pharmacy, there are difficulties in the regulatory playing field in comparison to brick and mortar or local pharmacies.

An important example regards the redemption of e-prescriptions:
The issuing of e-prescriptions in Germany has been possible since the 1 January 2022 (it has become mandatory on 1 January 2024) and there are currently several options for patients to redeem their e-prescription. Among these is a partly digital customer journey designed by the publicly owned agency Gesellschaft für Telematikanwendungen der Gesundheitskarte mbH (gematik) that enables patients to insert their electronic health card (eGK) in a terminal in the pharmacy to redeem their e-prescription. This option, however, discriminates against mail order pharmacies, as it can only be used by patients at local pharmacies. Adoption of the aforementioned eGK prescription redeeming solution has been swift and currently clearly seems to become the solution patients prefer. This could lead to our online pharmacy not receiving sufficient e-prescriptions through the other redemption methods, which most likely would have significant financial consequences.

Risk mitigation approach – Public Affairs' initiatives to consider and include the interests of online pharmacies in the German Federal Ministry of Health's decision-making process. Furthermore, with regard to the redemption of e-prescriptions, we are currently in final discussions with the German Federal Health Ministry the Gesellschaft für Telematikanwendungen der Gesundheitskarte mbH (Gematik)" to implement another digital solution which is fully digital and non-discriminatory, i. e. can be used at all pharmacies.

Risk – continuation of our pharmacy license(s).

Risk description and its possible impact – We currently hold a pharmacy license that allows us to ship into all member states of the European Union. If we fail to comply with relevant Dutch and other applicable European pharmacy laws, our pharmacy licenses could be withdrawn and we would not be allowed to continue our current business. Our reputation would also be significantly harmed. Potential changes of government regulations for the healthcare and pharmacy industries expose us to risks that we may be fined or exposed to civil or criminal charges, that we might receive negative publicity or be prevented from shipping products into one or all of our markets. This could have a material adverse effect on our business, financial position and operational results.

Risk mitigation approach – The Quality department closely monitors and reviews all the applicable legislation and performs internal audits to assess compliance with the law and regulations, as well as requirements for improvement. Furthermore, we cooperate with other online pharmacies in the industry that are facing similar regulatory requirements, to find common solutions.

Operating risks.

Risk – dependency on people.

Risk description and its possible impact – Redcare Pharmacy is proud of all employees. Without enough qualified staff our business would be disrupted and our strategic development would be hindered. As an online pharmacy we are highly dependent on IT, pharmaceutical and operational colleagues. In addition, we have a duty to deliver our parcels in time to our customers. When we do not have sufficient and qualified employees, this poses a risk to the quality of the care that we can deliver. Furthermore, our future success is heavily dependent on the continued service of our key, management-level employees. A lack of qualified and motivated personnel could impair our development and growth, increase our costs and harm our reputation.

Risk mitigation approach – For Redcare Pharmacy it is important to be an attractive employer for both current and prospective employees. We continue to develop our recruiting processes and capacity and are currently actively working with embedded recruiting organisations to hire personnel. Furthermore, we are initiating marketing campaigns and are internally promoting employer branding and the creation of internal brand ambassadors to become a more attractive employer for both potential and existing employees. Learning and development is an important topic for us as a Company, as we want to offer professional and attractive training and development opportunities. In addition, we learn from exit interviews with colleagues who have decided to leave the Company. Compensation and benefits are regularly reviewed and compared to the market; the Company has taken actions in areas where it was deemed necessary.

Risk – high dependency on automation and IT systems.

Risk description and its possible impact – As an e-commerce pharmacy platform we are highly dependent on our Webshops both on the front- and back-ends. Furthermore, we are highly dependent on automated systems and their related software in our warehouse. Failures or bugs in IT systems can have a major impact on our business continuity.

Risk mitigation approach – Changes in our Webshops or IT environment are thoroughly tested prior to implementation. An emergency power generator is installed for IT systems as a back-up measure in the event of power outages. In addition, we have a team of technical engineers that is responsible for maintaining all the automated systems and fixing technical issues.

Risk – data security risks and unauthorised use of one or more systems.

Risk description and its possible impact – In our Company personal data is processed to ensure that the right parcels are sent to the right customer. To deliver high quality pharmaceutical care, sensitive customer health data need to be analysed by our pharmaceutical staff. Threats to information security, intentional misuse of confidential data or breaches in one of our systems are therefore risks that need to be mitigated.

Risk mitigation approach – To control all the threats to data security within our Company, an information security management system has been implemented which integrates the procedures for mitigating risks to data security issues. Penetration testing, access management, bug bounty programmes and 2-factor authentication are some examples of technical data security measures, which are well described in our cyber security guidelines. Furthermore, we continued to provide the mandatory data security training and awareness programme during 2023 to all our employees.

Risk – management of our inventory levels.

Risk description and its possible impact – We must maintain sufficient inventory levels to operate our business through our online Webshops successfully. However, many of our products have limited shelf-life dates and we seek to avoid accumulation of excess inventory, while at the same time minimising out-of-stock levels and maintaining in-stock levels across all product categories. If we do not accurately anticipate the time it will take to obtain new inventory or sell existing inventory, our inventory levels will not be appropriate and this may result in a loss of sales, a loss of customers who are unsatisfied with our delivery times or increased costs of maintaining inventory. Furthermore, we could incur additional costs for the disposal of expired products, which is required in light of e-Rx regulatory requirements.

Risk mitigation approach – We have specialised staff and departments working on this. In addition, we have an automated purchasing tool in place that calculates the required purchase volumes for the right inventory levels. Furthermore, via various information dashboards we monitor stock levels per country and specific article information for articles with a potential future inventory risk.

Financial risks.

Risk – financial consequences due to environmental pollution.

Risk description and its possible impact – We are aware of negative environmental impacts that occur across our supply chain. We are aware of the environmental impact of our business model and want to reduce our carbon footprint extensively in the coming years. As an e-commerce player, we have a large volume of parcels that are sent to customers with different carriers daily. Because of the costs arising from extended carbon taxation, we run the risk that the transportation cost for our parcels will rise in the future. In 2023, we maintained a AAA rating by the renowned ESG institution MSCI. This means that we are considered an industry leader in respect of our ESG efforts.

Risk mitigation approach – We are working hard to eliminate waste, replace plastic with recyclable materials in our operations and reduce our carbon emissions. Most of our offices now use only green electricity. With the expert help of our Sustainability department, we are continuously investigating where we can make the next improvements.

Risk – dependency on advertising partners.

Risk description and its possible impact – A significant part of our marketing and advertising activities is conducted via online advertising platforms, such as Google AdWords. In the past, Google stipulated country-specific rules to use their platform for advertising pharmaceutical products or pharmacies. It cannot be excluded that in the future Google, affiliated marketing partners or other advertising platforms will increase similar restrictions which could limit our ability to launch marketing activities related to us, our websites or our product offering in the countries in which we are already active or in the countries which we plan to enter in the future. Furthermore, it cannot be ruled out that Google or other advertising platforms will be unable to adapt their terms and conditions for advertising in line with ongoing factual changes on the certification of online pharmacies in a timely fashion, or even unable do so at all. In that case, we would not be able to use these advertising platforms in compliance with their respective terms and conditions and might be prohibited from using them. No assurance can be given that we could find new advertising platforms or develop other forms of advertising at the same costs and/or with the same reach.

Risk mitigation approach – Continue to monitor the rules stipulated by Google and build our brand value and customer loyalty.

Opportunities.

Macro-economic and market conditions.

According to market information, the market for medications and pharmacy-related beauty and personal care products is expected to continue to grow. As a first mover and one of the leading pharmacies in Europe, Redcare Pharmacy has a good chance to benefit strongly from this general growth opportunity.

Trend towards switch from offline to online e-commerce.

While many retail stores were temporarily closed, e-commerce recorded significant growth in certain areas. Over the years, e-commerce has become a sustainable additional supply infrastructure for many business and retail channels. In most if not all continental Europe countries, the online penetration of pharmacy is still at a lower level compared to other retail verticals.

We believe that the pharmacy, pharmacy-related beauty and personal care, and related health-care e-commerce market in most of the countries we currently operate in will continue to grow above average over the coming years, and that we should continue to benefit strongly from this development because of our market-leading position. Also the increasing usage of mobile devices and general digitalisation have contributed to the growth of online retail. This also applies to the sale of medications and pharmacy-related beauty and personal care, and related health-care products because patients and customers have convenient access to the products anywhere and anytime.

Subsequent events.

There have been no significant subsequent events

Outlook.

In its summer forecast, the EU projected gross domestic product (GDP) growth in 2023 for the euro area to increase by 0.8 % – slightly below the previous estimate of 1.0 %. Similarly, the estimates for 2024 now only expect a GDP growth of 1.4 % (spring estimate: 1.7 %). Given the slower economic growth and the hesitant consumer behaviour in the first half of the year, inflation is expected to decrease, with an annual price growth of 6.5 % for 2023 and an expected inflation rate of 3.2 % for 2024.

Meanwhile, the German economy, the biggest single market for Redcare Pharmacy, stagnated for much of the year and even entered a slight recession, with GDP expected to have decreased by 0.4 % for full-year 2023. In the first half of the year, GDP growth was already significantly lower than expected due to weak exports, a decline in private consumption and a decrease in construction on the back of high prices for building materials. For 2024, the EU expects the German economy to grow slightly – by 1.1 % – signalling a pickup in private investments and consumption.

The ifo Business Climate Index, a well-known leading indicator for developments in the German economy, rose to 87.3 points in November, up from 86.9 points in October. This is its third consecutive increase. Companies assessed their current business situation as somewhat better. Expectations for the coming months were also less pessimistic. The German economy is stabilizing, albeit at a low level.

Overview of the overall pharmacy market in Europe.

The European pharmacy market, which includes the categories prescription medications, non-prescription medications and pharmacy-related beauty and personal care (BPC) products, has been growing steadily over the past years and is expected to continue growing at a compound annual growth rate (CAGR) of 5.4 % from

2021 to 2028 (Source: Grand View Research). According to the business data platform Statista, revenues in the European pharmacy market will hit EUR 314 billion in 2023, a plus of 2.6 % compared to 2022, and are expected to reach EUR 380.4 billion by 2028. In 2022, 23.6 % of all pharmacy customers bought their products online. This number is expected to grow to 42.4 % by 2028.

Germany was the leading pharmaceutical market in Europe in 2022, with total revenue of EUR 69 billion and expected revenue of EUR 71.6 billion in 2023. Germany also has a significantly higher share of customers buying their medication online, with 40.5 % in 2022 and 47.8 % by 2028. When the revenue of the German pharmaceutical market in 2022 is broken down, it is prescription drugs that account for most of the revenue. Prescription medication accounted for EUR 57.8 billion of revenue, followed by OTC drugs at EUR 11.2 billion. France and Italy followed with total 2022 revenue of EUR 43 billion and EUR 25.8 billion, respectively. The top five were rounded off by Spain (EUR 18.5 billion) and Poland (EUR 10.6 billion). We expect that the overall European pharmacy market will continue to grow over the next years and that such growth will be supported by the continued shift towards e-commerce by consumers.

Operational outlook for the Redcare Pharmacy Group.

After an already strong 2022, Redcare Pharmacy again improved sales numbers, achieving a new record. We continued to grow in both our DACH and International segments and became the largest European e-pharmacy. In our efforts to maintain our European market-leading role, we made a major investment in our DACH business by entering a strategic partnership with the Swiss healthcare provider Galenica AG in MediService AG. With this partnership we established the largest online pharmacy in Switzerland, offering our customers an unmatched variety of products and healthcare services.

The ongoing rollout of the e-prescription is expected to continue in 2024 and significantly improve the customer journey of ordering prescription drugs online. This could lead to fast growth in Rx sales. A continuation of dynamic growth is anticipated for subsequent years due to a likely ongoing shift of customers for pharmacy and related products from offline to online across Europe, an overall growing pharmacy market and the strength of Redcare Pharmacy's proposition in its markets. In key functions of Redcare Pharmacy, e. g. IT, pharmacy and quality specialists, commercial experts and logistics employees, the number of employees will grow to enable the fast-growth strategy.

Parallel to investing in fast growth, Redcare Pharmacy will continue to focus on the underlying unit economics to improve gross margins, increase efficiencies, scale and new income sources. Investments in IT will continue to grow.

Strategically, we will continue to develop Redcare Pharmacy into a technology-driven, customer-centric e-pharmacy platform, to aspire towards our vision "until every human has their health". High customer satisfaction is central to our strategy. We will sell our broad range of own products and offer our own medication management and pharmacy expert services, but also offer our customers access to services and a range of healthcare partners, local pharmacy partners and third-party merchants to improve both our customer satisfaction and our business model.

Compliance statements.

The Management report (consisting of page 32 up to and including 108), and such parts of the financial statements as referred to in the Management report, comprise the ‘Bestuursverslag’ within the meaning of Article 2:391 of the DCC.

In-control and responsibility statement.

The Managing Board states, in accordance with best practice provision 1.4.3 of the Corporate Governance Code, to the best of its knowledge, that:

- The Management Report provides sufficient insights into any important deficiencies in the effectiveness of the internal risk management and control systems that may have been detected during the 2023 financial year. No major failings have been detected
- the Company’s internal risk management and control systems provide reasonable assurance that its financial reporting does not contain any error of material importance
- the internal risk management and control processes in relation to financial reporting have functioned properly in 2023
- based on the Company’s current state of affairs, it is justified that the financial reporting is prepared on a going concern basis
- the Managing Board Report discloses the material risks and uncertainties that are relevant to the expectation of the Company’s continuity for the period of twelve months after the preparation of this Management report

The risk management and control sections of the Management Report provide a clear substantiation of the above-mentioned statements.

With regards to Art. 5.25c paragraph 2c of the Financial Markets Supervision Act, the Managing Board states that, to the best of its knowledge:

- the annual financial statements give a true and fair view of the assets, liabilities, financial position and loss of the Company and the undertakings included in the consolidation taken as a whole
- The Managing Board Report provides a fair view of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks faced by the Company

Corporate Governance Statement.

The information required to be included in this Corporate Governance Statement, as described in Articles 3, 3a and 3b of the Dutch Decree on the contents of Director’s Report (the Decree), are incorporated in the Management Report and the Supervisory Board Report.

The main characteristics of the Company’s internal risk management measures and control systems connected to its financial reporting process, as required by Article 3a of the Decree, are described in the Risk and opportunities Chapter.

Article 10 Takeover Directive Decree (Besluit Artikel 10 Overnamerichtlijn).

The Managing Board states that all information which must be disclosed pursuant to the Decree Article 10 Takeover Directive (‘Besluit Artikel 10 Overnamerichtlijn’) is included in the Corporate Governance section, the Supervisory Board Report and the notes referred to herein, to the extent that it is applicable to Redcare.

Non-financial statement.

Redcare is required to publish a non-financial statement based on Directive 2014/95/EU on the disclosure of non-financial information, which is implemented into Dutch law through the Decree disclosure on non-financial information (“Besluit bekendmaking niet-financiele informatie”). The information regarding environmental, anti-corruption and bribery matters and respect for human rights, as required by this Decree, is incorporated in the Corporate Governance Report. The information regarding social and employee matters, also required by this Decree, is incorporated in the Social and Environmental Report.

Sevenum, 4 March 2024

Olaf Heinrich
Stephan Weber
Marc Fischer
Theresa Holler
Jasper Eenhorst

3

Report of the *Supervisory Board.*

Supervisory Board Report.

Dear Stakeholders,

As Chairman of Redcare Pharmacy's Supervisory Board, I am pleased to present the 2023 Supervisory Board Report and the Remuneration Report for the members of the Managing Board and Supervisory Board.

2023 was another successful year for the company; it sustained double digit sales growth, maintained its market leadership in Germany, Austria and Belgium, generated again a positive adjusted EBITDA for the DACH segment and increased its active customer base with a continued high customer satisfaction score. Additionally, the company completed a strategic partnership with Galenica with respect to its specialty pharmacy MediService in Switzerland. Moreover, changes were implemented, encompassing the launch of a new corporate company branding, a new name and a new vision.

We welcomed Olaf Heinrich as the newly appointed CEO by the General Meeting on 26 April 2023, effective 1 August 2023. For the first time, performance criteria were introduced as an integral part of the stock option grant under the 2023 Stock Option Plan. Notably, no stock options were granted to other members of the Managing Board during the fiscal year 2023.

Throughout 2023, the annual base compensation of the Managing Board members remained at the same level as in 2022. Importantly, there were no deviations from the remuneration policies for the Managing Board and the Supervisory Board throughout 2023.

Your feedback is extremely valuable to us.
If you have any further comments or suggestions, please send them to the following e-mail address: *investor.relations@redcare-pharmacy.com*

Sincerely,

Björn Söder
Chairman of the Supervisory Board

Frank Köhler, Jaska de Bakker, Henriette Peucker, Jérôme Cochet, Dr. Björn Söder (from left to right).

Composition of the *Supervisory Board.*

REDCARE'S SUPERVISORY BOARD CONSISTS OF FIVE MEMBERS.

Biographies of the members of the Supervisory Board, as well as the information on the members as prescribed by the Corporate Governance Code (2022) ("Code"), including information about the Supervisory Board's Committees and its members, can be found below.

Dr. Björn Söder	Chairman
Nationality / age / gender:	German / 51 / Male
Date of first appointment:	23 September 2016
Term of office:	2023 – 2024
Current positions:	Founder of Parklane Capital Beteiligungsberatung GmbH and Parklane Capital Verwaltungsgesellschaft GmbH
Former positions:	Founder of several online companies (e.g. getgo.de), McKinsey & Company
Committees:	Remuneration Committee, Nomination Committee

Frank Köhler	Vice-Chairman
Nationality / age / gender:	German / 56 / Male
Date of first appointment:	23 September 2016
Term of office:	2023 – 2024
Current positions:	Co-owner of Aroma Company GmbH since 2005, Director of Humiecki & Graef, Chairman of the Supervisory Board of Vita34 AG since 2017
Former positions:	Management position at Loriot Design GmbH
Committees:	Audit Committee, Remuneration Committee

Jérôme Cochet

Nationality / age / gender:	German nationality / Age 45 / Male
Date of first appointment:	23 September 2016
Term of office:	2023 – 2025
Current positions:	Co-founder of goodcarbon GmbH
Former positions:	Chief Solutions Officer at Dunnhumby Ltd., Managing Director at Zalando Marketing Services, strategy consultant at McKinsey & Company
Committees:	Remuneration Committee (Chairman)

Henriette Peucker

Nationality / age / gender:	German nationality / Age 55 / Female
Date of first appointment:	21 April 2021
Term of office:	2021 – 2025
Current positions:	Member of the Supervisory Board Redcare Pharmacy
Former positions:	Deputy CEO of the Association of German Banks, Partner at Hering Schuppener (fgs global), Head of European Public Affairs at Deutsche Börse Group, investment banker at Schroders / Citigroup
Committees:	Remuneration Committee (Chairwoman), Audit Committee

Jaska de Bakker

Nationality / age / gender:	Dutch nationality / Age 53 / Female
Date of first appointment:	14 April 2022
Term of office:	2022 – 2026
Current positions:	non-executive board positions at Prysmian Group, The Ocean Clean-up and Nobian
Former positions:	CFO at Royal Friesland Campina, CFO at Royal HaskoningDHV, strategy consultant at Boston Consulting Group
Committees:	Audit Committee (Chairwoman)

Competence matrix.

The profile and composition of the Supervisory Board as a whole are aligned with the profile and strategy of the Company. The Supervisory Board strives for a balanced distribution of specific expertise in relation to the business activities, strategy and long-term goals of the Company. Below is a competence matrix.

Name	Nationality	General Management, Strategy	M&A	Finance, accounting, financial reporting and internal risk management and control	Commercial, Marketing, Digital Channels, Technology	Legal/ Regulatory, Governance, Compliance	HR, organisation and management development	Corporate responsibility, Sustainability
Björn Söder (Chairman)	German	X	X	X	X			
Frank Köhler (Deputy-Chairman) non-independent	German	X			X			
Jérôme Cochet	German				X			X
Henriette Peucker	German	X	X			X	X	X
Jaska de Bakker	Dutch	X	X	X		X		X

GRI disclosures in this section: 2–17

Term.

A Supervisory Board member is appointed for a period of four years and may then be reappointed once for another four-year period. Subsequently, a member may be reappointed again for a period of two years, which appointment may be extended by, at most, two years.

The term of eight years for Björn Söder expired in 2023, and a proposal was adopted by the Annual General Meeting of shareholders in 2023 to reappoint Björn for another one-year term. The reason for this re-appointment was the high level of Björn's commitment and the appreciation to maintain his accumulated expertise and knowledge.

Overview of committees and terms of office of SB members.

Name	Audit Committee	Remuneration Committee	Nomination Committee	Date of initial appointment	2021	2022	2023	2024	2025	2026
Björn Söder (Chairman)		X	X	23.09.2016	–	–	–	– 3		
Frank Köhler (Deputy-Chairman) non-independent	X	X		23.09.2016	–	–	–	–	– 3	
Jérôme Cochet		X		23.09.2016	–	–	–	–	– 3	
Henriette Peucker	X		X	21.04.2021	–	–	–	–	– 1	
Jaska de Bakker	X			14.04.2022		–	–	–	–	– 1

X – not independent X – Chair(wo)man X – member – term

Independence of Supervisory Board and its members.

The Supervisory Board is composed in accordance with the criteria set out in best practice provisions 2.1.7 to 2.1.9 of the Code, which relate to independence. For 2023, Frank Köhler is deemed not to be independent within the meaning of best practice provision 2.1.8 sub i. and vi. The Supervisory Board assesses at least annually whether it still complies with the independence requirements as set out in these principles.

Frank Köhler was part of a voting agreement with his brother Michael Köhler, formerly one of the largest shareholder and former CEO of the Company, and other shareholders, in total representing around 25 % of the actual outstanding voting rights of Redcare. This voting agreement was dissolved on 18 May 2023.

As a result of its assessment, the Supervisory Board resolved in December 2023 that Frank Köhler will be deemed to be independent as of 1 January 2024 now that i) more than five years have passed since Michael Köhler left the Managing Board of Redcare on 31 December 2018, and ii) Michael Köhler's shareholding in the Company does not exceed 10 per cent anymore as of 11 December 2023. As a result, Frank Köhler will be participating as an independent member of the Supervisory Board including its committees as of 1 January 2024.

Three Supervisory Board members hold long-term share positions: Björn Söder, Frank Köhler and Jérôme Cochet.

Conflicts of interest.

Supervisory Board members are alert to conflicts of interest, and the Rules of the Supervisory Board contain the process of how to act in such events. Resolutions to enter into transactions under which members of the Supervisory Board could have a conflict of interest with the Company and which are of material significance to the Company and/or the relevant Supervisory Board member require the prior approval of the Supervisory Board. The respective member who has the conflict of interest will not participate in the deliberations and decision-making process regarding such a transaction.

Considering Henriette Peucker's husband's position at FGS, a strategic advisor for the stakeholder economy, a potential conflict of interest was assumed when the Company considered to conclude a consultancy services agreement with FGS, and was addressed to the Chairman of the Supervisory Board. The Supervisory Board concluded that the consultancy services agreement with the Company was concluded under terms which are customary in the market and that the transaction was not deemed to be of material significance for either Henriette and/or the Company.

A planned transaction was reported in advance and submitted for approval to the Supervisory Board by Jérôme Cochet. Jérôme is 28 % shareholder and statutory director of Goodcarbon GmbH, which concluded a transaction with Redcare regarding the sale of carbon credits for the amount of EUR 242 thousand. The Supervisory Board concluded that this transaction was agreed upon under terms which are customary in the market and that the transaction is not deemed to be of material significance to Jérôme and/or the Company.

Diversity.

We aim for diversity across all management levels. We do not see diversity merely as a matter of gender or ethnicity, but also of personality, skills and knowledge. We need people from different backgrounds and cultures. Redcare Pharmacy will focus on further enhancing diversity across all management levels, including future appointments to its Supervisory Board and Managing Board, without compromising our commitment to hiring the best individuals for positions. The more we make use of the differences between us and the more we can cooperate and learn from each other, the stronger we will be as a Company in serving a highly diverse society and our diverse stakeholders. Currently, two out of five Supervisory Board members are female (40 %).

Meetings and attendance.

All members had sufficient time available for the duties related to their membership of the Supervisory Board, as demonstrated by their availability for ad hoc calls, prompt responses to emails, good meeting preparation and active participation in meeting discussions. Meetings were prepared in consultation with the Chairman of the Supervisory Board, the Managing Board and the Company Secretary. The Chairman of the Supervisory Board maintained regular contact with the CEO and CCO (as Vice-Chairman).

An Audit Committee meeting was held every quarter.
Meetings of the Remuneration Committee and Nomination Committee were held when necessary.

Board attendance	Supervisory Board		Audit Committee		Nomination Committee		Remuneration Committee	
Nr of meetings	Held[1]	Attended	Held	Attended	Held	Attended	Held	Attended
Björn Söder	10	9			3	3	3	3
Frank Köhler	10	9	5	5			3	3
Jérôme Cochet	10	9					3	3
Henriette Peucker	10	9	5	5	3	3		
Jaska de Bakker	10	10	5	5				

In 2023, ten meetings of the Supervisory Board took place with an attendance rate of 92 %: four regular meetings every quarter, one strategy session and one meeting where the annual operating plan was discussed and approved. The members of the Managing Board took part in the Supervisory Board meetings. In addition, six meetings took place with only members of the Supervisory Board attending (attendance rate of 100 %), where topics where brought forward by the Remuneration Committee and Nomination Committee.

[1] Six regular meetings and four additional meetings.

Activities during financial year 2023.

Strategic oversight and business review.

The Supervisory Board oversees the Managing Board in how it executes the Company's strategic objectives and operations. The Supervisory Board performs its duties pursuant to the law, the Company's Articles of Association and the Supervisory Board Rules. The Supervisory Board receives reports from the Managing Board within the scope prescribed by administrative rules, guidelines and law, in particular on all issues of relevance for the Redcare Group concerning strategy, planning, business development, risk situation, risk management, staff development, reputation and compliance.

Key subjects discussed were: the strategic partnership with Galenica AG combining the business activities of the specialty pharmacy MediService AG and the online pharmacy shop-apotheke.ch as announced on 30 March 2023; the search for a new CEO resulting in the appointment of Olaf Heinrich by the Annual General Meeting held on 26 April 2023; the corporate rebranding of SHOP APOTHEKE EUROPE N.V. to Redcare Pharmacy N. V.; the development of the Rx segment in Germany; customer satisfaction; the internal risk management and control system and the annual operating plan for 2024. A strategy session was held with the Managing Board during which the Company's strategy and its strategic priorities were discussed and industry trends and developments were exchanged. Every quarter, the Supervisory Board was updated on the quarterly business highlights of the Company, including its progress on the pre-determined sustainability KPIs. Public Affairs updates were provided to keep the members of the Supervisory Board fully up to date on the regulatory framework of Rx and eRx, particularly in Germany. During these meetings, the Supervisory Board ensured that the Managing Board's ideas were challenged and tested to reach decisions that would underpin the Company's strategy.

The Supervisory Board also engaged with Mazars Accountants N.V., who were appointed as auditors for the financial year 2023 by the Annual General Meeting held on 26 April 2023. Among other topics, the outcome of the audit procedures, including the findings regarding the Company's risk management and control systems, were discussed.

In the absence of an internal audit function, the Supervisory Board assessed whether adequate alternative measures have been taken and has concluded that it is now advisable to implement an internal audit function given the fast growth and ambitions of the Company, the highly regulated market the Company is operating in and the many technological components involved in its operations. The Managing Board has adopted this recommendation, which will result in the establishment of an internal audit function in 2024.

The Supervisory Board was regularly updated on the Company's governance and compliance with laws and regulations and best practices, including the Dutch Corporate Governance Code.

The Supervisory Board consulted with and received the advice of external experts such as legal, auditors and remuneration experts.

Sustainability.

The Supervisory Board was updated on the progress made by the Company on the pre-determined sustainability KPIs every quarter and on the identified material topics that represent the Company's most significant impacts on the economy, environment and people. In addition, Supervisory Board members were informed about the CRSD and the preparations which are being undertaken by the Company to start reporting accordingly as of 2024.

GRI disclosures in this section: 2-14

Supervisory Board effectiveness review.

Also in 2023, the Supervisory Board assessed its performance and composition and that of its committees. The aim of this continuous review is to determine what measures could further improve the effectiveness of Supervisory Board work and its interaction with the Managing Board and its members. The Supervisory Board used a questionnaire for its assessment, which all members answered. The results were discussed in detail by the Supervisory Board, and the outcome was shared with the Managing Board. The Supervisory Board is considering the engagement of an external facilitator to perform its effectiveness review every three years, beginning in 2024. The Supervisory Board concluded, among other things, that its relationship with the Managing Board is cooperative, transparent and effective. A better understanding of the Company's culture, including engagement with senior management, is a topic that will be focused on next year, especially given the Company's significant and international expansion. In addition, the Remuneration Committee and Nomination Committee have set a regular meeting structure for 2024, similar to Audit Committee's current practice.

GRI disclosures in this section: 2-18

Remuneration.

The Remuneration of the members of the Supervisory Board and of the members of its committees is determined by the General Meeting of Shareholders. The last amendment was in 2022. A proposal for adjustment of the Remuneration Policy for the Supervisory Board was submitted for approval to the General Meeting of Shareholders on 28 April 2023. This proposal was rejected by 50.85 % of the votes cast, where 54.09 % of the total issued and outstanding share capital was represented. For more information on the Remuneration Policy of the Supervisory Board, reference is made to the Remuneration Report.

The Remuneration Committee.

The Remuneration Committee met three times in 2023, with an attendance rate of 100 %. In relation to the search for and hire of a new CEO, the Remuneration Committee, supported by Korn Ferry, reviewed the market reference group (as established in 2020), while considering corporate events and updated scope parameters. This led to the removal of seven companies from the reference group and the replacement of these with five others. The selection process of the reference companies was performed in line with GICS best practices. For its validation, the ISS best practice guidelines regarding size criteria were used. The new market reference group formed the basis of a remuneration benchmark.

The outcome was discussed by the Remuneration Committee, and a remuneration package proposal for the newly appointed CEO was submitted to the Supervisory Board for approval. Furthermore, the Remuneration Committee defined performance criteria linked to the stock options granted to Olaf Heinrich, as agreed upon in his employment contract and in accordance with the 2023 Stock Option Plan, approved by the 2023 Annual General Meeting.

A scenario analysis was carried out to evaluate the variable component of the remuneration of the Managing Board. The Remuneration Committee also reviewed the pay ratio.

The Remuneration Committee also engaged Korn Ferry to perform a benchmark for the remuneration of the Supervisory Board. The new market reference group defined for the Managing Board remuneration benchmark performed earlier in the year was used as a starting point. Given the nature of the Company and its governance structure (two-tier board model), the benchmark observed governance models in the reference market. The outcome of the remuneration benchmark was discussed by the Remuneration Committee and resulted in the submission of a proposal to the Supervisory Board for its approval. The Chairman of the Supervisory Board reached out to some of the Company's major shareholders to explain the outcome of the benchmark, the content of the proposal and to gauge their concerns. After consideration of the feedback received, the Remuneration Committee submitted a revised proposal to the Annual General Meeting in 2024, which is similar to the one submitted at the Annual General Meeting in 2023.

For a full outline of the Remuneration Policy, its application in 2023 and the outlook for 2024, reference is made to the 2023 Remuneration Report.

Nomination Committee.

The Nomination Committee met three times in 2023, with an attendance rate of 100 %, and updated the other Supervisory Board members regularly on its activities. It engaged an executive search firm for a new CEO, following the announcement of Stefan Feltens's decision that he would not be available for another term after the 2023 Annual General Meeting. The search resulted in the appointment of Olaf Heinrich by the General Meeting of Shareholders on 28 April 2023.

The Nomination Committee has introduced and will further strengthen the performance review process for the members of the Managing Board.

Individual performance review meetings have taken place between each individual member of the Managing Board and the Chairman of the Nomination Committee and the member of the Remuneration Committee, where, among others, the Managing Board member was invited to provide his/her view with regards to his/her individual remuneration package.

The Nomination Committee reviewed the board size and composition of the Management Board given the Company's rapid growth, its' expansion into other markets and diversity footprint and concluded that the current size and composition is still appropriate. The Nomination Committee also considered the succession plan i) for the Supervisory Board, specifically with regards to Björn Söder (the Chairman of the Supervisory Board), whose term will expire at the 2024 Annual General Meeting, and, ii) for the Managing Board, specifically with regards to Stephan Weber (CCO) and Marc Fischer (CIO), whose term will expire at the 2025 Annual General Meeting.

Audit Committee.

The Audit Committee is charged with overseeing financial reporting and disclosure, the selection of the independent auditor and the receipt of audit results. For an overview of the meeting attendance rate, reference is made to the table above. Five meetings were held by the Audit Committee.

The Audit Committee discussed a number of issues: the audit findings were discussed with the external auditor and management; the initial audit plan of the external auditor; the latest financial figures and budget; evaluation of the external auditor, enterprise risk management and controls. Regular updates were provided by the responsible department heads on legal, regulatory, tax, Treasury, IT & cyber security, privacy and compliance matters.

The Audit Committee discussed the unqualified audit opinion issued by Mazars Accountants N.V. for the financial year 2023. The financial statements, the combined management report as well as the independent auditor's report and management letter were discussed by the Audit Committee and the auditors in the presence of the Managing Board. The Audit Committee also had a meeting with the external auditor without members of the Managing Board present to independently discuss their findings.

2023 financial statements.

The Supervisory Board believes that the 2023 financial statements of Redcare Pharmacy N.V. meet all requirements for correctness and transparency. The Supervisory Board has approved the financial statements for 2023. All members of the Supervisory Board and Managing Board have signed the financial statements for 2023 pursuant to the statutory obligations under Article 2:101 (2) of DCC.

The Supervisory Board recommends to the 2024 Annual General Meeting to adopt the financial statements for 2023 and requests to discharge the Managing Board members' responsibility for the conduct of business in 2023 and the Supervisory Board members' supervision in 2023. The Annual Report 2023 is available at the Company's offices on request and on the Company's website.

The Supervisory Board would like to thank Redcare's shareholders for their trust in the Company and its management and express its appreciation to all Redcare employees and the Managing Board members for their continued dedication and commitment to the Company.

Sevenum, 4 March 2024

The Supervisory Board

Björn Söder   Frank Köhler   Jérôme Cochet   Henriette Peucker   Jaska de Bakker

4

Remuneration Report.

Remuneration Report.

Introduction.

In this Remuneration Report an overview is provided of the remuneration awarded or due in the 2023 financial year to individual members of the Managing Board and Supervisory Board. It is the responsibility of the Supervisory Board and its Remuneration Committee to ensure that all remuneration elements comply with the remuneration policies of Redcare Pharmacy.

Renumeration policies of Redcare Pharmacy.

This report has been prepared in accordance with Article 2:135b of the Dutch Civil Code and the Dutch Corporate Governance Code. It will be subject to an advisory vote at the 2024 Annual General Meeting, which allows the Company's shareholders to express an opinion on the application of the remuneration policies. The 2022 Remuneration Report was approved by the 2023 Annual General Meeting with 93.16 % of votes cast in favour.

The Managing Board Remuneration Policy and the Supervisory Board Remuneration Policy were approved by the Annual General Meeting in 2022 by 83.4 % and 99.3 % respectively of the votes cast. The Managing Board Remuneration Policy will be submitted for approval to the General Meeting again in 2026 at the latest. The Supervisory Board Remuneration Policy will be submitted for approval to the General Meeting in 2024.

GRI disclosures in this section: 2-19

Objective of the Remuneration Policy.

The aim of the Managing Board and the Supervisory Board remuneration policy of Redcare Pharmacy ("Remuneration Policy") is threefold: i) it aims to attract, retain and reward highly qualified executives with the required background, skills, experience and entrepreneurial risk and return profile, in the context of competitive global labour markets for senior executives, ii) it fosters, incentivises and rewards the execution of the Company's strategy, and iii) it aligns the interests of the Managing Board with the interests of the Company's shareholders and other stakeholders (including its employees).

The Remuneration Policy is designed in the context of international competitive labour market trends, statutory requirements, corporate governance best practices and the stakeholders' opinion on remuneration at board level.

The Company strives to make good choices to build an ethical and sustainable business and drive sustainable profitable growth for its shareholders and other stakeholders.

The overriding principle of this Remuneration Policy is to ensure fairness and transparency. Our Remuneration Policy is based on the firm belief that sustainable value creation is essential for the Company's long-term financial success. The link to long-term value creation and sustainability is created not only, but in particular, by allocating a significant portion of the remuneration package to share-based remuneration for the members of the Managing Board, i.e. granting of stock options, that:
1. represents a fitting entrepreneurial risk and return profile
2. fosters and rewards sustainable performance of the Managing Board
3. provides an incentive for long-term commitment and retention of the members of the Managing Board
4. is designed to incentivise and reward sound, long-term decision making of the Managing Board

The Company aims to have a fair balance between the remuneration of the members of the Managing Board and the remuneration of the employees of the Company. In this regard, the Company strives to use the same benchmarking methods, e.g. grading, market medians, industry sectors, company size, for both groups and takes remuneration ratios of a Managing Board member's remuneration and the average remuneration per employee of the Company into consideration when reviewing its policies.

Managing Board Remuneration – elements.

The remuneration package of the members of the Managing Board consists of the following elements:

1. Fixed compensation.
The annual base salary is a fixed compensation and is determined based on a variety of factors like the benchmark data. The fixed salary is evaluated periodically, considering factors such as (i) development, experience, capability and marketability of the individual member of the Managing Board, ii) nature of the roles and responsibilities and the historic salary levels, iii) remuneration levels within the Company, and iv) general market development relevant to the Company.

2. Long-term incentive plan.
Currently, there are three stock option plans applicable to the members of the Managing Board:

1. The stock option plan that was approved by the General Meeting on 30 April 2019 (the "2019 Stock Option Plan").
2. The stock option plan that was approved by the General Meeting on 30 April 2020 (the "2020 Stock Option Plan").
3. The stock option plan that was approved by the General Meeting on 26 April 2023 (the "2023 Stock Option Plan").

Both the 2019 Stock Option Plan and the 2020 Stock Option Plan did not include any performance criteria and therefore do not comply with the best practice 3.1.2 (v) from the Corporate Governance Code.

In October 2020, the Supervisory Board granted a total of 200,000 stock options to the members of the Managing Board. Such stock option grant was the first and only grant made to the members of the Managing Board under, pursuant to and in connection with the 2020 Stock Option Plan, because on 8 June 2021 the Supervisory Board decided not to grant additional stock options to the members of the Managing Board under the 2020 Stock Option Plan. After due evaluation, the Supervisory Board proposed to the 2022 Annual General Meeting amendments to the 2020 Stock Option Plan, in line with the Company's articles and the Dutch Corporate Governance Code, which amendments were all approved by the General Meeting ("2020 Stock Option Plan Amendments"). The 2020 Stock Option Plan Amendments retroactively apply to all stock options granted to the members of the Managing Board in 2020. The amendments were:

1. Change of the holding requirement of two years after the date of issue of the shares, to a holding requirement of one year after the respective vesting date of the stock options
2. The period during which members of the Managing Board can exercise their options has retroactively shortened by one year until 1 October 2026

The 2023 Stock Option Plan reflects the following key terms and conditions:

i. The maximum annual value of a grant, expressed as fair value (according to the Black-Scholes formula or similar methodologies to be determined by an external agency) on the grant date, will not exceed three-and-a-half times the annual base salary of a Managing Board member.
ii. The financial gain realised with an exercise of stock options will not be capped.
iii. Pre-determined performance criteria will be applied which will reflect the Company's strategy and long-term goals that are linked to shareholders' value creation. These performance criteria will consist of weighted variables, covering both financial and non-financial objectives, including revenue growth, EBITDA margin or similar profitability measure and an ESG-related target. A minimum and maximum threshold will be defined per criteria, which shall in any case be better than the status-quo at the time of the grant. The number of stock options that will vest will depend on the attainment of such pre-determined performance criteria.
iv. The performance period is three years from the grant date.
v. The duration of an award under the 2023 Stock Option Plan is six years from the grant date.
vi. Stock options will not vest before the third anniversary of the grant date and only if pre-determined performance criteria have been achieved.
vii. Shares resulting from an exercise will be subject to a one-year holding requirement from the vesting date of such stock options, or the statutory holding period that may be applicable at the grant date if such a statutory holding period is longer than one year. During such holding period, shares are no longer contingent of any performance criteria.

3. Pension allowance and other benefits.
Individual pension allowances have been agreed with some members of the Managing Board by the Supervisory Board.

The members of the Managing Board may be awarded customary fringe benefits, such as relocation allowances, as determined by the Supervisory Board.

The Company does not provide any executive-type memberships. Other benefits in line with benefits provided to the employees of the Company will only be provided to the Managing Board members if explicitly confirmed by the Supervisory Board.

The Company does not pay any short-term incentives (e.g. bonuses or profit sharing) to its Managing Board members.

Managing Board Remuneration – application 2023.

Internal alignment.

To ensure that the remuneration of the Managing Board members remains fair, reasonable and aligned with the Company's values and vision, the Supervisory Board considers the remuneration arrangements for the employees of the Company, the internal remuneration ratios when determining the remuneration level of the members of the Managing Board.

Scenario Analysis.

A scenario analysis of the possible outcome of the variable component and the impact on the remuneration of the Managing Board members is conducted annually to minimise the risk of inappropriate outcomes. In 2023, the Supervisory Board has assessed and concluded that the range of potential remuneration is within outcomes that are appropriate to attract and retain highly qualified executives.

Pay ratio.

The pay ratio is calculated as the total remuneration of the respective Managing Board member, as published in this Remuneration Report, divided by the average remuneration per employee.

The average remuneration per employee is based on the total salaries, share option expenses and pension costs divided by the average number of FTEs during the 2023 financial year, as published in Note 8 of the consolidated financial statements. For this calculation, we have excluded the effect of the contingent considerations related to the acquisitions of smartpatient, MedApp and GoPuls (previously First A), which have to be accounted for as cost of labour as per IFRS but do not represent typical ongoing compensation expenses.

The development of the pay ratio on a full-time equivalent basis over the last five years is shown in the table below. Using a standardised approach and the IFRS financial statements as a reference, the aim is to present and compare developments of the remuneration of Managing Board members and employees. In years where changes to the composition of the Managing Board occurred, the amount shown is the annualised remuneration of the most recent function holder.

	2023		2022		2021		2020		2019	
	Remuneration[3]	PR[1]	Remuneration[3]	PR[1]	Remuneration[3]	PR[1]	Remuneration[3]	PR[1]	Remuneration[3]	PR[1]
Chief Executive Officer[2]	665,962	13.2 13.6	911,845	19.7 5.9	911,597	20.7 6.4	375,530	9.1 4.2	298,235	7.8 4.4
Chief Financial Officer	1,125,882	22.3 9.1	1,217,447	26.3 10.3	1,297,319	29.5 11.3	767,376	18.6 11.3	373,415	9.8 7.7
Chief Operating Officer	886,244	17.5 5.3	913,837	19.7 5.9	913,372	20.7 6.5	382,795	9.3 4.8	280,662	7.3 5.1
Chief Commercial Officer	880,764	17.4 5.2	909,182	19.6 5.8	909,320	20.7 6.4	378,521	9.2 4.7	276,393	7.2 5.0
Chief Information Officer	879,718	17.4 5.1	908,628	19.6 5.8	908,628	20.6 6.3	376,975	9.2 4.6	275,223	7.2 5.0

Comparative information.

To understand the relative performance of remuneration developments compared to the Company's performance developments, the table below is included. It shows the changes in comparative remuneration and Company performance over the last five financial years reported.

[1] Pay Ratio is presented including and excluding share-based payments costs.
[2] The pay ratio of the CEO (calculated based upon the annualised remuneration, since O. Heinrich formally started as CEO as per 1 August 2023) decreased significantly because of the lower share-based payment costs under the 2023 Stock Option Plan.
[3] The pay ratio of the other Managing Board members in 2023 slightly decreased because of overall increase of salaries throughout the company whereas the salaries of the Managing Board are fixed.

Annual change	2023 vs 2022	2022 vs 2021	2021 vs 2020	2020 vs 2019
Directors' remuneration (in EUR)				
CEO	– 245,883	248	536,068	77,295
CFO	– 91,565	– 79,872	529,942	393,961
COO	– 27,593	465	530,577	102,133
CCO	– 28,418	– 138	530,799	102,128
CTO	– 28,910	–	531,653	101,752
Company performance (EUR 1,000)				
Net revenue	+ 594,406	+ 144,031	+ 92,259	267,052
EBITDA	+ 69,655	+ 9,072	– 53,931	33,780
Market capitalisation	+ 231 %	– 61 %	– 23 %	+ 335 %
Average remuneration on FTE basis				
Wages and salaries / FTE (in EUR)	+ 4,264	+ 2,288	+ 2,884	+ 2,926
Wages and salaries / FTE (in %)	+ 9.2 %	+ 5,2 %	+ 7.0 %	+ 7.7 %

GRI disclosures in this section: 2-20, 2-21

External alignment.

When implementing this Remuneration Policy, the Supervisory Board analyses the possible outcomes of the variable remuneration and the impact on the total remuneration package. From time to time, the remuneration elements are benchmarked against external market data, primarily data of other relevant European head-quartered companies of similar scale on a European regulated market. In addition, the expectations of the Company's shareholders and the views within society on remuneration in general are being considered by the Supervisory Board. The data serves to provide the Supervisory Board with the relevant information to determine and evaluate the remuneration of the Managing Board, rather than drive the Supervisory Board's decision-making process.

Although the external market data provides useful context, the Supervisory Board is ultimately responsible for determining the appropriate level of the remuneration packages of the members of the Managing Board.

Peer group and benchmark.

Supported by Korn Ferry, the Supervisory Board reviewed in 2023 the market reference group (as established in 2020) while considering corporate events and the scope parameters, after which seven companies were removed and five replacement companies were selected. The selection process of the reference companies was performed in line with GICS best practices and for its validation, the ISS best practice guidelines regarding size criteria were used. The new market reference group formed the basis of a remuneration benchmark. The outcome was discussed by the Remuneration Committee and a proposal was submitted for approval to the Supervisory Board, which formed the basis for the remuneration package of the newly appointed CEO and the adjustments to the remuneration packages of members of the Managing Board in 2024.

GRI disclosures in this section: 2-20

Managing Board Remuneration – 2023.

The Remuneration Committee ran several scenarios and concluded that the current remuneration elements as well as their values are still fully aligned with the objectives of the Remuneration Policy and are appropriate to attract and retain highly qualified executives for Redcare Pharmacy's Managing Board.

In the tables below, the total remuneration as well as the remuneration per individual member of the Managing Board are shown for the financial year 2023.

2023	Period	Direct remuneration			Deferred remuneration			
Name of Director, Position		Base salary[1]	Fringe benefits	One-year variable bonus	Long-term share-based incentive[2]	Pension	Total remuneration	Fixed vs. variable remuneration
O. Heinrich, CEO	01.08. – 31.12.2023	208,333	2,485	–	66,666	–	277,484	76 % / 24 %
J. Eenhorst, CFO	01.01. – 31.12.2023	420,000	–	–	628,882	25,000	1,125,882	40 % / 60 %
T. Holler, COO	01.01. – 31.12.2023	250,000	5,964	–	628,000	2,280	886,244	29 % / 71 %
S. Weber, CCO	01.01. – 31.12.2023	250,000	2,764	–	628,000	–	880,764	29 % / 71 %
M. Fischer, CTO	01.01. – 31.12.2023	250,000	1,718	–	680,882	–	879,718	29 % / 71 %
S. Feltens, CEO	01.01. – 31.05.2023	116,186	2,280	–	–	–	118,466	100% / 0 %
Total compensation		**1,494,519**	**15,211**	**–**	**2,631,548**	**27,280**	**4,168,557**	

Members of the Managing Board did not receive any additional compensation from companies of the Redcare Pharmacy Group. Moreover, no compensation for Managing Board members was charged to any Group company. Managing Board members did not receive any compensation from Supervisory Board memberships at other companies.

Fixed compensation – 2023.

The base salaries for the members of the Managing Board remained unchanged throughout 2023 compared to 2022.

Long-term incentive – 2023.

No stock options were granted to members of the Managing Board under the 2023 Stock Option Plan, except for Olaf Heinrich who was appointed CEO and began his term on 1 August 2023. As part of his remuneration package, the Supervisory Board granted the first (out of four) tranche(s) of stock options under the 2023 Stock Option Plan. Performance criteria were defined in line with the Managing Board Remuneration Policy, which was last approved by the General Meeting in 2022. No stock options were granted to the other members of the Managing Board in 2023.

[1] Annual base salary during 2023.
[2] The fair value according to IFRS of each year's grant is determined on the grant date and expensed on a straight-line basis over the vesting period. The fair value is determined by an external agency. The expense for 2023 reflects this year's portion of share option grants which are not yet vested or which vested during 2023.

For more details and parameters of the employee stock option plans, see the explanatory notes under Note 27 in the notes to the consolidated financial statements of this annual report. The table below provides an overview of the Redcare Pharmacy share options of the Managing Board members, including the 2023 opening balance, changes during 2023 and the 2023 closing balance.

Share options of individual Managing Board members

The main conditions of the share option plans					Infomation regarding the reported financial year						
	Grant date	Vesting date	Expiry date	Strike price of the share	Out-standing at 1.1.2023	Awarded	Exercised	Forfeited	Out-standing 31.12.2023	Costs (IFRS) during the year in EUR	Realized value of options exercised in 2023 in EUR
O. Heinrich, CEO											
14	01.08.2023	01.08.2026	01.08.2029	116,05 €	–	9,984	–		9,984	66,666	0
J. Eenhorst, CFO											
7a	01.02.2020	01.02.2022	11.06.2027	46.40 €	10,000	–	−9,000	–	1,000	0	585,074
7b	01.02.2020	01.02.2023	11.06.2027	46.40 €	10,000	–	–	–	10,000	5,050	0
7c	01.02.2020	01.02.2024	11.06.2027	46.40 €	10,000	–	–	–	10,000	47,832	0
9a	01.10.2020	01.10.2023	01.10.2026	149.40 €	20,000	–	–	–	20,000	305,700	0
9b	01.10.2020	01.10.2024	01.10.2026	149.40 €	20,000	–	–	–	20,000	322,300	0
T. Holler, COO											
9a	01.10.2020	01.10.2023	01.10.2026	149.40 €	20,000	–	–	–	20,000	305,700	0
9b	01.10.2020	01.10.2024	01.10.2026	149.40 €	20,000	–	–	–	20,000	322,300	0
S. Weber, CCO											
9a	01.10.2020	01.10.2023	01.10.2026	149.40 €	20,000	–	–	–	20,000	305,700	0
9b	01.10.2020	01.10.2024	01.10.2026	149.40 €	20,000	–	–	–	20,000	322,300	0
M. Fischer, CTO											
9a	01.10.2020	01.10.2023	01.10.2026	149.40 €	20,000	–	–	–	20,000	305,700	0
9b	01.10.2020	01.10.2024	01.10.2026	149.40 €	20,000	–	–	–	20,000	322,300	0
S. Feltens, (former) CEO											
9a	01.10.2020	01.10.2023	01.10.2026	149.40 €	20,000	–	–	−20,000	–	0[1]	0
9b	01.10.2020	01.10.2024	01.10.2026	149.40 €	20,000	–	–	−20,000	–	0[1]	0

As of 31 December 2023, former Managing Board members did not have any unvested or vested but not yet exercised stock options.

Pension allowance and other benefits – 2023.

Theresa Holler, COO, received pension benefits via payment of the employer's contribution to the statutory Dutch Pensioenfonds Medewerkers Apotheken (SPOA). Jasper Eenhorst, CFO, received pension benefits and related insurance via payment of the employer's contribution to a private pension fund capped at EUR 25,000 in 2023.

The other members of the Managing Board did not receive any contributions towards pension plans or similar retirement benefits.

The members of the Managing Board benefit from Directors' and officers' liability insurance coverage which are in line with market practice.

[1] The total costs (IFRS) during the year 2023 related to the Stock Option plan of our former CEO during the year have been a negative value due to the forfeiture of the options. In the remuneration overview the costs have been put on zero.

Adjustments to variable remuneration – including clawback.

Annual cash incentives as well as the long-term incentives for the Managing Board are subject to claw-back provisions pursuant to Dutch law. No such claw-back occurred during the financial year.

Arrangements for good and bad leavers and for change of control.

Stefan Feltens resigned as a member of the Managing Board in 2023. The Supervisory Board considered him as a good leaver. His stock options, which had not yet vested, were pro-rata vested on his termination date and in accordance with the 2020 Stock Option Plan. All his unvested and vested stock options were forfeited as of 31 December 2023.

Severance payment.

Employment agreements of the members of the Managing Board do not contain any severance payment obligations of more than twelve monthly base salaries in the event of involuntary termination. Except for the CFO and CEO, the employment agreements contain a termination notice period of six months for the employer and three months for the employee. For the CEO and for new members of the Managing Board a termination notice period of twelve months for the employer and six months for the employee apply. The service agreement with the CFO includes a reference to the Dutch statutory notice period.

Share ownership requirement.

New members of the Managing Board have five years from the date they joined the Managing Board to reach the required share ownership stake of 125 % of their respective base salary.

By 31 December 2023, the CCO, COO and CIO continued to exceed the share ownership requirement of 125 % of their respective individual annual base salary. The CFO, who joined the Company in February 2020, has started to build up his stake in the Company but had not yet reached the required level by the end of 2023. The same applies for the newly appointed CEO who joined the Company on 1 August 2023.

Other compensation including loans.

Neither the Company nor any of its subsidiaries have granted loans, made advance payments or granted guarantees of any nature to members of the Managing Board. Except for the services provided under the consultancy agreement for an amount of EUR 26,063 with Olaf Heinrich prior to his start date (1 August 2023) as newly appointed CEO, no compensation was paid to parties closely associated with members, i. e. related parties, of the Managing Board. Furthermore, the Company did not provide company cars to any of its Managing Board members.

Supervisory Board Remuneration.

This section provides an overview of the Supervisory Board Remuneration Policy, which was adopted by the Annual General Meeting in 2022.

Supervisory Board Remuneration – elements.

The remuneration of the Supervisory Board is not tied to the performance of the Company and only comprises fixed remuneration delivered in cash. In addition to a fixed fee, the members of the Supervisory Board are provided with a maximum of one committee fee per year. If the Supervisory Board member is a member of more than one committee, the highest of the applicable committee fees is paid. The Chairman and Vice-Chairman of the Supervisory Board can be part of the committee but are not eligible for any committee fee.

in EUR	Chairman	Vice-Chairman	Member
Supervisory Board	80,000	60,000	40,000
Audit Committee	12,000		8,000
Remuneration Committee	9,000		6,000
Nomination Committee	9,000		6,000

Members of the Supervisory Board are not entitled to receive any payments under the Company's pension or under any long-term incentive plans. No shares or rights to acquire shares were granted to a Supervisory Board member by way of remuneration. None of the members of the Supervisory Board are entitled to any benefits upon the termination of their appointment and no loans are made to them.

Supervisory Board Remuneration – application 2023.

A proposal for adjustment of the Remuneration Policy for the Supervisory Board was submitted for approval to the General Meeting of Shareholders in 2023. This proposal was rejected by 50.85 % of the cast votes at the Annual General Meeting on 26 April 2023, where 54.09 % of the total issued and outstanding share capital was represented.

Peer group and benchmark.

In 2023, the Remuneration Committee appointed Korn Ferry to perform a benchmark for the remuneration of the Supervisory Board. The new market reference group defined for the Managing Board remuneration benchmark performed earlier in the year, was used as a starting point. Given the nature of the Company and governance structure (two-tier board model), the benchmark observed governance models in the reference market. The outcome of the remuneration benchmark was discussed by the Remuneration Committee and resulted in a proposal. The Chairman of the Remuneration Committee reached out to some major shareholders to understand their concerns and to explain the outcome of the benchmark and the proposal. The Remuneration Committee duly considered the feedback received during these meetings and decided to submit a new proposal to the General Meeting of Shareholders in 2024. The proposal is similar to the proposal submitted at the 2023 Annual General Meeting.

Supervisory Board Remuneration – 2023.

The following table provides an overview of the actual remuneration of the Supervisory Board in 2023.

in EUR	Supervisory Board position	Year ended 31.12.2023	Year ended 31.12.2022	Year ended 31.12.2021	Year ended 31.12.2020	Year ended 31.12.2019
Current Supervisory Board						
Björn Söder	Chairman	80,000	80,000	61,918	20,000	20,000
Frank Köhler	Vice-Chairman	60,000	60,000	47,945	20,000	20,000
Jérôme Cochet	Member	49,000	46,460	33,973	20,000	20,000
Henriette Peucker	Member	49,000	48,000	27,945	-	-
Jaska de Bakker	Member	52,000	37,326	-	-	-
Total current Supervisory Board Remuneration		**290,000**	**271,786**	**171,781**	**60,000**	**60,000**
Former Supervisory Board member						
Jan Pyttel	Former Chairperson	–	–	9,041	30,000	30,000
Total former Supervisory Board Remuneration		**–**	**–**	**9,041**	**30,000**	**30,000**
Total Supervisory Board Remuneration		**290,000**	**271,786**	**180,822**	**90,000**	**90,000**

Deviation from the Remuneration Policy.

The Remuneration Committee did not deviate from its decision-making process in relation to the implementation of the Remuneration Policy nor derogated from any provision of the policy.

Outlook 2024.

The current Managing Board Remuneration Policy, approved by the 2022 Annual General Meeting, has been reviewed. The Remuneration Committee concluded that the Managing Board policy still meets the objectives outlined for this policy. Hence, no changes will be recommended to the 2024 Annual General Meeting.

Following the benchmark performed in 2023 for both the Managing Board remuneration and Supervisory Board remuneration, the Supervisory Board concluded as follows.

It was resolved by the Supervisory Board, to increase the annual fixed salary for the CFO respectively the COO to an amount of EUR 450.000 with an effective date of 1 January 2024. In addition, the Supervisory Board decided to award both members a stock option grant under the 2023 Stock Option Plan each in the amount of a target value of EUR 650.000.

After due consideration of the benchmark performed by Korn Ferry and the feedback received as a result of the shareholder engagement sessions, the Supervisory Board concluded to submit for approval a new Remuneration Policy for the Supervisory Board. The proposed changes include i) eligibility of multiple committee fees (also for the Chairman and Vice-Chairman), and ii) compensation of reasonable travel and accomodation expenses by the Company in line with Company policy. The proposal is similar to the proposal submitted at the 2023 Annual General Meeting.

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Consolidated *Financial Statements.*

for the year ended 31 December 2023

Consolidated Statement of Profit and Loss.

in EUR 1,000	Notes	Period ended 31.12.2023	Period ended 31.12.2022
Revenue	5	1,798,758	1,204,352
Cost of sales		–1,358,375	–872,566
Gross profit		**440,383**	**331,786**
Other income	6	318	149
Selling and Distribution	7	–385,141	–333,234
Administrative Expense	8	–72,855	–67,873
Operating result		**–17,295**	**–69,172**
Finance income	10	18,221	2,075
Finance expense	10	–15,500	–17,361
Share of profit of associates and joint venture	16	226	339
Result before tax		**–14,348**	**–84,119**
Income tax	11	2,742	6,473
Result after tax		**–11,606**	**–77,646**
Attributable to:			
Owners of Redcare Pharmacy N.V.		–12,041	–77,646
Non-controlling interests		435	0
		–11,606	**–77,646**
Earnings per share (in EUR)	12		
Basic earnings per share		–0.73	–4.32
Diluted earnings per share		–0.73	–4.32

Consolidated Statement of Comprehensive Income.

in EUR 1,000	Notes	Period ended 31.12.2023	Period ended 31.12.2022
Result for the period		**–11,606**	**–77,646**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
– Foreign operations – foreign currency translation differences		1,697	0
Items that will not be reclassified to profit or loss			
– Remeasurement of net defined benefit plans	28	–3,241	0
– Income taxes from remeasurement of net defined benefit plans	28	517	0
Other comprehensive income/loss for the period		**–1,027**	**0**
Total comprehensive result		**–12,633**	**–77,646**
Total comprehensive result attributable to:			
Owners of Redcare Pharmacy N.V.		–12,564	–77,646
Non-controlling interests		–69	0
		–12,633	**–77,646**

Consolidated Statement of Financial Position.

in EUR 1,000	Notes	31.12.2023	31.12.2022
Assets			
Non-current assets			
Property, plant and equipment	13	52,193	54,839
Right of use assets	32	34,714	30,596
Intangible assets	14	428,107	289,005
Deferred tax assets	11	2,296	462
Other financial assets	19	3,456	9,389
Investments in joint ventures	16	1,297	1,250
Investments in associates		5	5
Investments in equity instruments		10	10
		522,078	**385,556**
Current assets			
Inventories	17	135,786	99,708
Trade and other receivables	18	103,134	30,004
Prepayments and other current assets	18	49,380	29,872
Other financial assets	19	127,058	117,555
Cash and cash equivalents	20	84,160	66,777
		499,518	**343,916**
Total assets		**1,021,596**	**729,472**
Equity and liabilities			
Shareholders' equity	21		
Issued capital and share premium		733,424	571,057
Reserves/accumulated losses		–211,230	–216,427
Equity attributable to owners of the Company		522,194	354,630
Non-controlling interests		29,838	0
Total equity	30	**552,032**	**354,630**
Non-current liabilities			
Loans and Borrowings	22	236,068	247,650
Employee benefit liabilities	28	3,454	0
Deferred tax liability	11	6,318	7,886
		245,840	**255,536**
Current liabilities			
Trade and other payables	23	157,591	72,882
Loans and Borrowings	23/24	8,770	7,545
Other current liabilities	23	57,363	38,879
		223,724	**119,306**
Total equity and liabilities		**1,021,596**	**729,472**

Consolidated Statement of cash flows.

in EUR 1,000	Notes	Period ended 31.12.2023	Period ended 31.12.2022
Cash flow from operating activities			
Operating result		−17,295	−69,172
Adjustments for:			
– Depreciation and amortisation of non-current assets	9	57,288	39,510
– Result of disposal of non-current assets		140	0
– Net foreign exchange differences	10	277	1,762
– Share-based payment charge for the period	27	8,997	16,226
Corporate income tax paid	11	−1,444	−457
Operating result adjusted for depreciation and amortisation and taxes		**47,963**	**−12,131**
Movements in			
– (Increase)/decrease in trade and other receivables	18	−20,316	−2,277
– (Increase)/decrease in inventory	17	−16,597	−3,084
– Increase/(decrease) in trade and other payables	23	56,814	−12,245
– Increase/(decrease) in other net current assets	23	−6,408	625
Total change in working capital		**13,493**	**−16,981**
Net cash (used in)/generated by operating activities		**61,456**	**−29,112**
Cash flow from investing activities			
Investment for property, plant and equipment	13	−6,437	−13,565
Investment for intangible assets	14	−31,784	−39,959
Investment in other financial assets	19	−41,125	−80,493
Disposal of other financial assets	19	33,761	0
Repayment of loan to associates		0	300
(Investment in)/disposal from escrow account	19	4,234	1,412
Acquisition of subsidiary, net of cash acquired	29	−23,441	−6,017
Dividend received from associates		190	0
Interest received	10	4,639	313
Net cash (used in)/generated by investing activities		**−59,963**	**−138,009**
Cash flow from financing activities	24		
Interest paid	10	−8,022	−7,068
Capital increase	21	29,391	0
Capital increase exercised options	21	2,646	637
Repayment of other long-term loans	22	−1,666	−1,623
Proceeds from other long-term loans	22	0	0
Cash-out lease payments	32	−7,303	−5,461
Net cash (used in)/generated by financing activities		**15,046**	**−13,515**
Net increase/(decrease) in cash and cash equivalents		**16,539**	**−180,636**
Cash and cash equivalents at the beginning of the period	20	**66,777**	**247,413**
Effect of movements in exchange rates on cash held		844	0
Cash and cash equivalents at the end of the period	20	**84,160**	**66,777**

Consolidated Statement of shareholders' equity.

for the year ended 31 December 2023

in EUR 1,000	Notes	Issued and paid-up share capital	Share premium	Retained earnings	Equity part on convertible bonds	Reserve for stock option plan	Translation Reserve	Equity	Non controlling interests	Total equity
		Equity attributable to Redcare Pharmacy shareholders								
Equity as of 1 January 2023		**362**	**570,695**	**–285,428**	**31,698**	**37,303**	**0**	**354,630**	**0**	**354,630**
Comprehensive income for the period										
Loss for the period		0	0	–12,041	0	0	0	–12,041	435	–11,606
Other comprehensive income for the period		0	0	–1,389	0	0	865	–524	–504	–1,027
Total comprehensive income for the period		**0**	**0**	**–13,430**	**0**	**0**	**865**	**–12,565**	**–69**	**–12,633**
Transactions with owners of the Company										
Capital increase	21	8	29,383	0	0	0	0	29,391	0	29,391
Capital increase due to exercised options	21	5	13,476	0	0	–10,835	0	2,646	0	2,646
Capital increase related to business combinations	29	23	119,472	0	0	0	0	119,495	0	119,495
Share-based payment charge for the period	27	0	0	0	0	8,997	0	8,997	0	8,997
Total transactions with owners of the Company		**36**	**162,331**	**0**	**0**	**–1,838**	**0**	**160,529**	**0**	**160,529**
Changes in ownership interests										
Acquisition of subsidiary with NCI	29	0	0	0	0	0	0	0	29,907	29,907
Acquisition of subsidiary consideration in kind	29	0	0	19,600	0	0	0	19,600	0	19,600
Balance as at 31 December 2023		**398**	**733,026**	**–279,528**	**31,698**	**35,465**	**865**	**522,194**	**29,838**	**552,032**

for the year ended 31 December 2022

		Equity attributable to Redcare Pharmacy shareholders								
in EUR 1,000	Notes	Issued and paid-up share capital	Share premium	Retained earnings	Equity part on convertible bonds	Reserve for stock option plan	Translation Reserve	Equity	Non controlling interests	Total equity
Equity as of 1 January 2022		**361**	**566,537**	**−207,782**	**31,698**	**24,599**	**0**	**415,413**	**0**	**415,413**
Comprehensive income for the period										
Loss for the period		0	0	−77,646	0	0	0	−77,646	0	−77,646
Other comprehensive income for the period		0	0	0	0	0	0	0	0	0
Total comprehensive income for the period		**0**	**0**	**−77,646**	**0**	**0**	**0**	**−77,646**	**0**	**−77,646**
Transactions with owners of the Company										
Share-based payment charge for the period	27	0	0	0	0	16,226	0	16,226	0	16,226
Capital increase due to exercised options	21	1	4,158	0	0	−3,522	0	637	0	637
Balance as at 31 December 2022		**362**	**570,695**	**−285,428**	**31,698**	**37,303**	**0**	**354,630**	**0**	**354,630**

Notes to the Consolidated Financial Statements.

1. Corporate information.

The consolidated financial statements of Redcare Pharmacy N.V. (or the "Company") and its subsidiaries (collectively, the Group) for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Managing Board on 4 March 2024. Redcare Pharmacy N.V. is a limited liability company incorporated in The Netherlands on 30 September 2015 and is legally domiciled in Sevenum, The Netherlands. Redcare Pharmacy N.V. is listed on the regulated market of the Frankfurt Stock Exchange. At the Annual General Meeting on 26 April 2023, shareholders approved the change of the company name from Shop Apotheke Europe N.V. to Redcare Pharmacy N.V.

Redcare Pharmacy N.V. is an online pharmacy business primarily for prescription and non-prescription ("over-the-counter" or "OTC") pharmaceuticals, beauty and personal care products (BPC) and food supplements.

2. Group information.

Besides the financial information of Redcare Pharmacy N.V., the financial information of the following wholly-owned subsidiaries are also included in these consolidated financial statements.

SA Europe B.V., Sevenum, The Netherlands, with its 100 % subsidiaries unless stated otherwise:

- Shop-Apotheke B.V., Sevenum, The Netherlands
- Shop-Apotheke Service B.V., Sevenum, The Netherlands
- EuroService Venlo B.V., Sevenum, The Netherlands
- RC Staff B.V., Sevenum, The Netherlands
- RC Pharma B.V., Sevenum, The Netherlands
- Fastnet BVBA, Tongeren, Belgium
- nu3 GmbH, Berlin, Germany
- Shop Apotheke Service GmbH, Cologne, Germany
- Hygée Santé S.A.R.L., Ennevelin, France
- Redcare srl., Milan, Italy
- nu3 Schweiz GmbH, Lachen, Switzerland
- nu3 France S.A.R.L., Entzheim, France
- smartpatient GmbH, Munich, Germany
- smartpatient Business Services Sp. z.o.o., Warsaw, Poland
- MedApp Holding B.V., Eindhoven, The Netherlands
- MedApp Nederland B.V., Eindhoven, The Netherlands
- MedApp Apotheek B.V., Eindhoven, The Netherlands
- APS All Pharma Service Nettetal GmbH, Viersen, Germany
- Aurora Gesundheit GmbH, Berlin, Germany
- Aurora Gesundheit Services 1 UG, Berlin, Germany
- MediService AG (51 % subsidiary)
- Curarex Swiss AG (51 % subsidiary via parent MediService AG)

EHS Europe Health Services B.V., Sevenum, The Netherlands, with its 100 % subsidiary:

- EHSC B.V., Sevenum, The Netherlands, with its 100 % subsidiaries:
  Europa Apotheek Venlo B.V., Sevenum, The Netherlands
  Europa Apotheek Service Venlo B.V., Sevenum, The Netherlands

The following associates and joint ventures are accounted for using the equity method in these consolidated financial statements:

Associates
The Group has a 37.5 % interest in DatamedIQ GmbH (2022: 37.5 %), incorporated and located in Germany.

Joint arrangements in which the Group is a joint venturer
The Group has a 50 % interest in König IDV GmbH (2022: 50 %) and König IT Systeme GmbH (2022: 50 %), both incorporated and located in Germany.

The Group has the following interest classified as equity-instruments:

Equity instruments
The Group has a 5 % interest in Verkstedt GmbH (2022: 5 %), incorporated and located in Germany.

3. Material accounting policy information.

3.1 Basis of preparation.

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as endorsed by the EU as issued by International Accounting Standards Board (IASB) and in accordance with the Dutch Civil Code, Book 2, Title 9.

The consolidated financial statements have been prepared on a historical cost basis, except when otherwise indicated. The consolidated financial statements are presented in euro and all values are rounded to the nearest thousand (EUR 000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

Going concern.

In 2023, the Group incurred losses after tax of EUR 11.6 million (2022: EUR 77.6 million). The working capital at the end of 2023 was positive at EUR 15.2 million (2022: EUR 40.3 million). Development of the working capital is in line with expectations.

in EUR 1,000	31.12.2023	31.12.2022
Trade and other receivables	103,134	59,876
Inventory	135,786	99,708
Trade and other payables	– 157,591	– 72,882
Loans and Borrowings (short-term)	– 8,770	– 7,505
Other liabilities (short-term)	– 57,363	– 38,879
Working capital	15,196	40,318
% Revenue	0.84 %	3.35 %
Working capital incl. cash and short-term securities	226,414	224,610

On 14 January 2021, Redcare Pharmacy successfully placed senior unsecured convertible bonds with a zero (0.0 %) coupon in an aggregate principal amount of EUR 225 million and a maturity of seven years with a put option for the investors after five years.

The Company is closely monitoring its cash position and performs annual forecasts as well as long-term planning in scenarios ensuring pro-actively necessary measures are taken to ensure future growth financing and financial robustness. The underlying unit economics and the overall financial performance in its larger markets are cash flow positive, but the company is executing a fast growth strategy to build market share and increase its base of active customers. Parallel to the focus on growth, the company is driving gross profit margin improvements, other income improvements, efficiencies and scale. Liquidity is secured for at least the next twelve months.

On the basis of the above, the consolidated financial statements have been prepared on a going concern basis.

Correction of errors & changes compared to half year reporting

Amounts recorded in the statement of other comprehensive income have been corrected as a result of a prior period error in the half-year report. The accounting treatment of the consideration in kind of EUR 19.6 million has been corrected and recognized as a direct movement in equity whereas it was reported in other comprehensive income in the half-year report 2023. Refer to note 29.

3.2 Basis of consolidation.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as of 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

On 16 May 2023, SA Europe B.V. acquired a majority stake of 51 % in the share capital of MediService AG (including its 100 % subsidiary Curarex swiss AG), a leading specialty pharmacy in Switzerland with a focus on mail order prescription medicines (Rx) and the care of chronically ill patients. The transaction is executed after approval of the competition authorities. The closing date of the transaction has been determined to be 16 May 2023. Based on the control assessment in accordance with IFRS 10 Redcare has consolidated MediService AG figures as of closing of the transaction effect from 16 May 2023 and directly contributed to earnings per share.

Non-controlling interests (NCI) are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

3.3 Summary of material accounting policies.

3.3.1 Current versus non-current classification.

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period;
  Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period;
  Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3.2 Fair value measurement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3.3.3 Revenue from contracts with customers.

The Group is in the business of providing pharmaceuticals, food supplements and beauty and personal care products. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. For direct product sales the Group has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer. Therefore, this revenue is recognised in full, whereas in the platform business the revenue is recognised in the amount of the commission and other fees expected to be received from the partners. Sales are reduced by sales deductions, taxes and fees.

Revenue is measured as the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Upon the sale of products to customers, the date on which the goods are delivered at the indicated place of destination is the date on which economic title to the products passes to the customer. In this case, the transfer of economic title is attached to the transfer of legal title. Revenue is recorded net of sales deductions.

Loyalty points programme
The Group has a loyalty points programme, “RedPoints”, which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability, under current liabilities, until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a yearly basis and any adjustments to the contract liability balance are charged against revenue.

3.3.4 Cost of sales.

Cost of sales mainly consists of cost of goods sold, inventory obsolescence provisions and contributions by our suppliers for product promotion and discounts. Allowances on inventories reflect write-downs of inventories to their net realisable value to allow for risks from slow-moving goods, items past their use-by date or reduced extent to which goods can still be sold.

Vendor allowances.

The Group receives various types of vendor allowances. The most common allowances vendors offer are (i) volume allowances, which are off-invoice or amounts billed back to vendors based on the quantity of products purchased from the vendor and (ii) promotional allowances, which relate to (online) advertising and market development efforts. Volume allowances are recognized as a reduction of the cost of the related products as they are sold. Promotional allowances are recognized as a reduction of the cost of the related products when the Company has performed the activities specified in the contract with the vendor. If the contract does not specify any performance criteria, the allowance is recognized over the term of the contract. Vendor allowances are generally deducted from cost of sales, unless there is clear evidence that they should be classified as revenue resulting from the Company providing a distinct good or service to the vendor.

3.3.5 Marketing expenses.

Marketing expenses, which include the development and production of advertising materials and the communication of these materials through various forms of media, are expensed over the period that these expenses relate to. Marketing expense is recognised in selling and distribution in the consolidated statement of profit and loss.

3.3.6 Pensions and other post-employment benefits.

Defined contribution plans.

The Group maintains three pension plans covering pharmacy personnel:
- Pharmacists of the Group participate in the occupational pension plan ‘SPOA’. This pension plan is a collective defined contribution plan with direct conversion into pension entitlements. The pension plan is based on a predetermined premium that the participants transfer to the fund. Although this pension plan is based on the “average pay system”, this pension scheme is based on a predetermined premium. Therefore, the participants are entitled to a pension to the extent that the previously determined premium is sufficient. During 2023 the employer contribution amounted to 20.5 % (2022: 20.5 %) of the pensionable base.
- Eligible employees of the Group participate in the multi-employer pension plan (PMA) determined in accordance with the collective bargaining agreements effective for the industry in which the Group operates. The employees in service before 2013 participate voluntarily in the PMA pension plan. This multi-employer pension plan covers approximately 2,000 companies and approximately 25,000 contributing members. The PMA pension plan is a collective defined contribution plan based on the average pay system. During 2023, the employer contribution amounted to 19.0 % (2022: 20.3 %) of the pensionable base.
- As of 1 January 2021, eligible employees of the Group participate in the pension scheme of ASR (previously named BrandNewDay). The ASR pension plan is a defined contribution plan. During 2023 the employer contribution amounted to 12 % (2022: 12 %) of the pensionable base.

The SPOA and PMA pension plans monitor risks on a global basis, not by company nor employee, and are subject to regulation by Dutch governmental authorities. By law (the Dutch Pension Act), a pension fund must be monitored against specific criteria, including the coverage ratio of the plan’s assets to its obligations. As of 1 January 2015, new pension legislation was enacted. One of the results of this legislation was an increase of legally required coverage levels. The coverage percentage is calculated by dividing the funds capital by the total sum of pension liabilities and is based on actual market interest rates.

The coverage ratio of the SPOA pension fund as per 31 December 2023 amounts to 120.0 % (31 December 2022: 119.0 %).

The coverage ratio of the PMA pension fund as per 31 December 2023 amounts to 104.3 % (31 December 2022: 100.5 %).

In line with the definitions according to IAS 19.29, the Group has no obligation whatsoever to pay off any deficits the pension funds may incur, nor have we any claim to any potential surpluses.

The Group has no further payment obligations once the predetermined contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefit plans.

The acquired entity MediService has a defined benefit obligation. This defined benefit obligation (DBO) is assessed annually by independent pension actuaries using the projected unit credit method. This method considers employees' service in the periods prior to the reporting date and their future expected salary development. In addition, actuaries make use of statistical data such as employee turnover and mortality to calculate the defined benefit obligation.

Any deficit or surplus in funded defined benefit plans (when the fair value of plan assets falls short of or exceeds the present value of the defined benefit obligation) is recorded as a net defined benefit liability or asset. The Group only recognises a net defined benefit asset if it has the ability to use the surplus to generate future economic benefits that will be available to the Group in the form of a reduction in future contributions. If the Group does not have the ability to use the surplus or it will not generate any future economic benefit, the Group does not recognise an asset, but instead discloses the effect of this asset ceiling in the notes.

The components of defined benefit cost are service cost, net interest on the net defined benefit asset or liability and remeasurements of the net defined benefit asset or liability.

Service cost is a component of personnel costs and comprises current service cost, past service cost (including gains and losses from plan amendments) and gains and losses from plan settlements.

Net interest is determined by multiplying the net defined benefit liability or asset by a discount rate at the beginning of the reporting period. Net interest is included in the financial result.

Actuarial gains and losses result from changes in actuarial assumptions and differences between actuarial assumptions and actual outcomes. Actuarial gains and losses resulting from remeasuring the defined benefit plans are recognised immediately in comprehensive income as remeasurements of the net defined benefit liability or asset. This includes any differences in the return on plan assets (excluding interest, based on the discount rate). Remeasurements of the net defined benefit liability or asset are not reclassified through profit or loss at any point in time.

MediService AG rewards employees for long service with jubilee benefits. These long-term benefits to employees are also measured using the projected unit credit method and included in employee benefit liabilities. These obligations are unfunded. Changes in obligations are recognised in profit or loss in personnel costs and interest expense as part of the financial expense, in line with the defined benefit plans.

3.3.7 Share-based payments.

Selected employees, including senior executives, of the Group have received remuneration in the form of share-based payments.

Where equity-settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied.

3.3.8 Taxes.

The tax expense for the financial year is comprised of current and deferred income tax. Tax expense is recognised in the consolidated statement of profit and loss.

Current income tax.

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The Group recognises liabilities for uncertain tax positions when it is more likely than not that an outflow will occur to settle the position. The liabilities are measured based upon management's estimation of the expected settlement of the matter. These liabilities are presented within income taxes payable on the consolidated statement of financial position. These amounts, along with estimates of interest and penalties on tax liabilities are also recorded in income taxes payable, and are included in current tax expense.

Deferred tax.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets and liabilities are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets and deferred tax liabilities is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. Deferred taxes are recognised separately for individual corporate income tax entities.

Value added taxes.

Expenses and assets are recognised net of the amount of sales tax, except:
When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.3.9 Foreign currencies.

The Group's consolidated financial statements are presented in euro, which is also the parent company's functional currency. In preparing the consolidated financial statements of the Group, transactions in currencies other than euro, being the functional currency of each entity in the Group, are recognised at the rates of exchange prevailing at the dates the transactions first qualify for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

3.3.10 Non-current assets held for sale and discontinued operations.

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

3.3.11 Property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.3.12 Leases.

The Group assesses at contract inception whether a contract is, or contains, a lease, that is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policy in 3.3.15 Impairment of tangible and intangible assets.

Lease liabilities.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. This change is also recorded for in the right-of-use asset. The Group's lease liabilities are included in loans and borrowings.

Short-term leases and leases of low-value assets.

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.3.13 Business combinations and goodwill.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

– Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
– Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date, and
– Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 or IAS 37 Provisions. Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3.3.14 Intangible assets.

Internally-generated intangible assets.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets: Software, technology and contracts.

Software, technology and contracts, are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

Intangible assets: Brands.

Brands are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets: Customer base.

Customer base, is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Derecognition of intangible assets.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

3.3.15 Impairment of tangible and intangible assets.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Growth rates are based on past performance, external market growth assumptions and forecast market conditions by our management using a combination of our business plans and growth assumptions for the next years. Our business plans and growth assumptions are assessed by existing customer development and acquisition of new customers based on our customer data model. Furthermore, all variable cost like marketing budgets, delivery cost and operations expenses for impairment analysis are planned performance-based. Non-performance-based cost like finance, management and facility etc. are planned according to business growth including economies of scale.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss; impairment for goodwill is not reversed. Non-current assets include goodwill, other intangible assets, investments in equity-accounted joint ventures, investments in associates and property, plant and equipment.

At the end of each reporting period, the Group performs an impairment test on the carrying amounts of its goodwill to determine whether there is an impairment loss. This impairment review is prepared by comparing the carrying values of the cash-generating units related concerned to that cash-generating unit's recoverable amount, being the higher of the value in use and fair value less costs to sell. Value in use is a valuation derived from the discounted future cash flows of the cash-generating units. The most important estimates in determining the present value of cash flows are growth rates used to calculate revenue growth, expected improvements as result of economics of scale and the discount rate in order to determine present value. The weighted average cost of capital used e.g. for goodwill impairment calculations has been determined based on the capital asset pricing model using the risk-free rate, market premium and beta based on peer-group capital structure. The pre-tax discount rates are calculated from the post-tax discount rate using the goal-seek method. Estimates are reviewed at least annually as of the date of each impairment test and believed to be appropriate. However, changes in these estimates could change the outcomes of the impairment reviews and therefore affect future financial results, the effects of which would be recognised in the consolidated income statement through operating profit.

3.3.16 Associates and joint ventures.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted there after to recognising the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identified assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

3.3.17 Inventories.

Inventory contains raw materials, consumables and finished goods and is valued at the lower of cost and net realisable value. Costs are determined by:

– For raw materials, consumables and third party finished goods: The average purchase price method and include direct product purchasing rebates.
– For finished goods from own manufacturing: Integral manufacturing cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. There are limited net realisable value adjustments due to the fact that in general products can be returned to manufacturer or wholesaler prior to expiring.

3.3.18 Cash and cash equivalents.

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.
For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, as defined above. The bank overdrafts are not included since they are not considered being an integral part of the Group's cash management. Short-term securities are shown in Other financial assets.

3.3.19 Cash flow statement.

The Company has chosen to prepare the statement of cash flows using the indirect method, which presents cash flows from operating activities as the operating result adjusted for non-cash transactions, working capital movement, corporate income tax paid, and items of income or expense associated with investing or financing cash flows. Cash flows in foreign currencies have been translated using weighted average periodic exchange rates. Interest paid on loans is presented as a financing activity, while interest received is presented as an investing activity. Acquisitions and divestments of businesses are presented net of cash and cash equivalents acquired or disposed of respectively. In the cash flow statement, the Company has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Lease payments are not split between interest and principal portions but are shown as one line, Cash-out lease payments, in the cash flow statement. Lease payments for short-term leases, lease payments for leases of low-value assets not included in the measurement of the lease liability are classified as cash flows from operating activities.

3.3.20 Provisions.

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.3.21 Financial instruments – initial recognition and subsequent measurement.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets.

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price as disclosed in Note 3.3.3 Revenue from contracts with customers.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement
For purposes of subsequent measurement, the Group classified the financial assets in the following categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The financial assets are included in current assets except for maturities greater than twelve months after the statement of financial position date. These are classified as non-current assets.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets
The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition. ECLs are provided for credit losses that result from default events that are possible within the next twelve months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Further disclosures relating to impairment of financial assets is also provided in Note 4.2.

Financial liabilities.

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement
For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss.
- Financial liabilities at amortised cost (loans and borrowings).

Financial liabilities at fair value through profit or loss
The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)
This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (hereafter: EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Convertible debt

Proceeds received on issuance of Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the equity part on convertible bonds within shareholders' equity, net of income tax effects.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.4 Changes in accounting policies and disclosures.

New and amended standards and interpretations.

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. In 2023, the Group has not adopted early any new standards, interpretations or amendments that have been issued but are not yet effective.

The Group has adopted the amendments of the following four IFRS standards for the first time in the current year; IAS 1 Presentation of Financial Statements, IAS 8 Accounting Policies, IAS 12 Income Taxes and IFRS 17 Insurance Contracts.

The Group has adopted the IASB amendments to IAS 12 to introduce a temporary mandatory relief from accounting for deferred tax that arises from legislation implementing the Pillar Two model rules.

The Group has adopted the recent IASB amendments to IAS 12 – “Deferred tax related to assets and liabilities arising from a single transaction” that clarify treatment for deferred tax on transactions such as leases. The amendments introduce an exception to the initial recognition exemption in IAS 12 and apply to transactions that occur on or after the beginning of the earliest comparative period presented in our financial statements. The amendment was adopted during the year 2023, it did not result in a material impact..

The other new standards and amendments, as far as they are relevant to the Group, do not have a material impact on the valuation and classification of assets and liabilities of the Group, nor on its income statement or cash flows.

4. Significant accounting judgements, estimates and assumptions.

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Other disclosures relating to the Group’s exposure to risks and uncertainties include:

– Capital management (Note 25).
– Financial instruments (Note 25).

4.1 Judgements.

In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee.

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, that is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

Capitalisation of development expenses.

The Group capitalises costs for development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

In particular, we have capitalised development work for our websites and for the ERP system that runs our business operations.

4.2 Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Evaluation of non-current assets for impairment.

Non-current assets include goodwill, other intangible assets, investments in equity-accounted joint ventures, investments in associates and property, plant and equipment.

Estimates are reviewed at least annually as of the date of each impairment test and believed to be appropriate. However, changes in these estimates could change the outcomes of the impairment reviews and therefore affect future financial results, the effects of which would be recognised in the consolidated statement of profit and loss through operating profit.

The key assumptions used, including a sensitivity analysis, are disclosed and further explained in Note 3.3.14 and Note 15.

Acquisition of subsidiary

Fair value of the assets acquired is determined based upon relevant valuation techniques.
The key assumptions used, are disclosed and further explained in Note 29.

Leases – estimating the incremental borrowing rate.

The Group cannot readily determine the market rate in the lease. Therefore, it uses its incremental borrowing rate (IBR) to measure leases.

The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Convertible bonds – estimating the effective interest rate.

The Group measures the convertible bonds, net of directly attributable transaction costs, at amortised cost.

The effective interest rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain a convertible bond in a similar economic environment. The Group estimates the effective interest rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Taxes.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Under consideration of IAS 12, no deferred tax assets have been recognised in excess of existing deferred tax liabilities, since no positive fiscal results have been reported yet.

Provision for expected credit losses of trade receivables.

Almost all accounts receivables are derived from sales to customers and receivables from vendors. In order to monitor potential credit losses, the Group performs ongoing credit evaluations of its customers' financial condition. Respective allowances for expected credit losses on accounts receivable are maintained based upon management's assessment of the expected collectability of all accounts receivable. The respective allowances for credit losses on accounts receivable are reviewed periodically to assess the adequacy of these allowances. In making this assessment, the Group takes into consideration any circumstances of which it is aware regarding a customer's inability to meet its financial obligations; and its judgements as to potential prevailing economic conditions in the industry and their potential impact on its customers.

Provision for net realisable value of inventories.

The assessment of a risk for a lower net realisable value of the inventories is done on a periodical basis. Based on trends in sales quantities and prices as well as other market developments, we review if the net realisable value is lower when measured at cost. The net realizable value is equal to the amount for which we expect the product can be sold, after deduction of costs still to be incurred. In making this assessment, the Group takes into consideration any circumstances of which it is aware regarding a potential decrease in current purchase and sales prices or sales demand.

Share-based payments.

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses the Monte-Carlo valuation method. The assumptions and methods used for estimating fair value for share-based payment transactions are disclosed in Note 27.

Employee benefit plans and other non-current employee benefits.

The costs of the employee benefit plans and other long-term employee benefits are determined using actuarial valuations. These valuations involve making assumptions about the discount rate, future salary and pension developments, mortality and the employee turnover rate. The Group considers the discount rate, the selection of mortality tables and the development of salaries to be key assumptions.

5. Revenue from contracts with customers and segment information.

A business segment in the sense of IFRS 8 is a unit of a business which conducts business activities and produces financial income and expenses, the operating results of which are regularly reviewed by the Company's chief operating decision-makers with regards to decisions on allocating resources to this sector and the assessment of profitability and for which there exists corresponding financial information.

Our operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as statutory members of the Managing Board of the Group and make strategic decisions.

Segment information 2023

For the year ended 31 December 2023 (in EUR 1,000)	DACH	International	Total
Revenue	**1,453,551**	**345,207**	**1,798,758**
Cost of sales	–1,097,883	–260,492	–1,358,375
Gross profit	**355,668**	**84,715**	**440,383**
% of revenue	24.5 %	24.5 %	24.5 %
Other income	290	29	319
Selling & Distribution	–248,129	–88,318	–336,447
Segment EBITDA	**107,829**	**–3,574**	**104,255**
Administrative expenses	–41,591	–22,671	–64,262
EBITDA	**66,238**	**–26,245**	**39,993**
Depreciation	–37,009	–20,279	–57,288
EBIT	**29,229**	**–46,524**	**–17,295**
Net finance cost and income tax			5,689
Net loss			**–11,606**

Segment information 2022

For the year ended 31 December 2022 (in EUR 1,000)	DACH	International	Total
Revenue	**940,169**	**264,183**	**1,204,352**
Cost of sales	–678,559	–194,007	–872,566
Gross profit	**261,610**	**70,176**	**331,786**
% of revenue	27.8 %	26.6 %	27.5 %
Other income	116	32	148
Selling & Distribution	–219,437	–80,213	–299,650
Segment EBITDA	**42,289**	**–10,005**	**32,284**
Administrative expenses	–37,453	–24,493	–61,946
EBITDA	**4,836**	**–34,498**	**–29,662**
Depreciation	–23,888	–15,622	–39,510
EBIT	**–19,052**	**–50,120**	**–69,172**
Net finance cost and income tax			–8,474
Net loss			**–77,646**

Within the context of IFRS 8, we consider two business segments for external reporting purposes: Our DACH segment which includes medications and pharmacy-related BPC products sold to customers in Germany, Austria and Switzerland, and our International segment which includes OTC medications and pharmacy-related BPC products only, sold to customers in Belgium, The Netherlands, France and Italy.

Redcare Pharmacy entered a strategic partnership with Galenica AG in Switzerland, by acquiring 51 % of the shares in MediService AG. As part of this strategic partnership, Redcare Pharmacy and Galenica AG are combining the business activities of the specialty pharmacy MediService AG and the online pharmacy shop-apotheke.ch. As a consequence, has the acquired business of MediService been included in our DACH segment.

The Group's assets and liabilities are not disclosed by segment as they are not included in the segment information used by the chief operating decision-makers. The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 3.

The Group allocates all costs (excluding net finance cost and income tax) to the segments. The result by segment is shown in the EBITDA line including all costs directly related to the revenue of the segments (marketing, operations) and administrative expenses. EBITDA means earnings before tax, interest, depreciation and amortisation.

Revenue from type of products and services.

The revenue from type of products and services is the following:

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Prescription (Rx)	457,272	129,956
Over-the-counter (OTC), beauty and personal care (BPC) & Other Services	1,341,486	1,074,396[1]
	1,798,758	**1,204,352**

The 2023 revenue from the country of domicile amounts to EUR 1,367 million (2022: EUR 1,163 million). The Group has no revenue from transactions with a single external customer amounting to 10 % or more of revenue.

Revenue from the sale of major products and services comprises the amount of the consideration Redcare Pharmacy expects to or has already received in exchange for transferring the promised goods to our customers.

The strong revenue growth within the Prescription (Rx) products in the DACH segment was primarily driven by the acquisition of MediService.

The concentration of credit risk with respect to receivables is limited, as the Company's customer base and vendor base are large and unrelated. No customer individually represents more than 1 % of the total balance of trade receivables.

[1] The other services number of 2022 is reclassified into the category "OTC, BPC and Other Services".

Other geographical information.

The Group's information about its non-current assets (property, plant and equipment and intangible assets) based on geographic location of the assets is as follows (all amounts in thousands of euro):

Location of non-current assets.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Netherlands	294,854	322,790
Germany	62,768	42,725
Switzerland	149,904	0
Italy	6,203	7,565
Belgium	1,187	1,239
France	97	121
	515,013	**374,440**

Additions to non-current assets.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Netherlands	35,052	44,101
Germany	8,102	25,294
Switzerland	154,159	0
Italy	–115[1]	8,396
Belgium	340	390
France	10	0
	197,548	**78,181**
Additions and acquisitions		
Property, plant and equipment	7,136	13,662
Right of use assets	10,190	7,012
Intangible assets	180,222	57,506
	197,548	**78,181**

6. Other income.

For 2023 and 2022, the other income relates to other transactions such as result from disposal for sale of fixed assets.

[1] Negative additions in Italy result from tax credits granted in 2023 under Industry 4.0 regulations.

7. Selling & distribution.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Other selling & distribution expenses	234,439	217,728
Employee benefit expenses	102,007	81,922
Depreciation and amortisation expenses	48,695	33,584
	385,141	**333,234**

The main categories within selling & distribution are fulfilment, last mile and marketing and also cost related to online payment methods. As percentage of sales, selling & distribution expenses significantly declined versus last year. This is largely due to further efficiency gains in marketing during the year as well as increased labour productivity. Furthermore, the selling & distribution ratio for the acquired business of MediService is typically lower due to high average basket sizes.

8. Administrative expense.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Other administrative expenses	32,998	26,511
Employee benefit expenses	31,264	35,435
Depreciation and amortisation expenses	8,593	5,927
	72,855	**67,873**

Main categories within administrative expenses are personnel expenses e. g. for management, Finance, HR and Legal, as well as other IT-related non-labour cost, operations overhead cost and facility expenses.

Reconciliation: Employee benefit to Selling & distribution, Administrative expenses and Cost of sales.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Included in Selling & distribution	102,007	81,922
Included in Administrative expenses	31,264	35,435
Included in Cost of sales	16,380	12,095
	149,651	**129,452**

Reconciliation: Employee benefit to various categories.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Wages & salaries	120,731	98,409
Social securities	17,846	13,901
Pension contributions	3,011	3,005
Post-combination services	8,063	14,137
	149,651	**129,452**

The expenses mentioned above include expenses of own employees (including expenses for the employee share option plans) and costs of contingent workers.

Employee benefit expenses include costs of EUR 8.1 million (of which EUR 8.2 million for smartpatient and EUR – 0.1 million for MedApp) (2022: EUR 14.1 million (of which EUR 15.2 million for smartpatient and EUR – 1.1 million for MedApp) of post-combination services payments related to the acquisitions of smartpatient and MedApp.

The number of employees of the Group as of the end of the year converted to full-time equivalents was as follows:

	2023	2022
Average FTE's (Full Time Equivalents) during year	2,075	1,847

These full-time equivalents are divided over the various departments as follows:

	2023	2022
Cost of sales	285	219
Selling & distribution	1,589	1,455
Admin	201	173
	2,075	**1,847**

All employees are involved in providing the Group's services relating to its online pharmacy and e-commerce activities. As of 31 December 2023, 896 of the 2,075 FTEs were working outside The Netherlands (31 December 2022: 655 of 1,847).

Total expenses for defined contribution pension plans.

The total expenses of EUR 3.0 million (2022: EUR 3.1 million) recognised in profit or loss represents contributions payable to the plan by the Group.

As of 31 December 2023, contributions of EUR 0 (2022: EUR 0) due in respect of the reporting period had not been paid over to the plan.

9. Total depreciation and amortisation expenses.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Depreciation of property, plant and equipment	9,762	8,754
Depreciation of right of use assets	6,272	4,959
Amortisation of intangible assets	41,254	25,677
	57,288	**39,510**

10. Finance income and expenses.

Finance income.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Change of contingent consideration liability measured at FVTPL	12,854	0
Finance income from cash and other financial assets	4,605	0
Net foreign exchange differences	315	1,801
Interest on defined benefit plans	6	0
Other finance income	441	274
	18,221	**2,075**

Finance income included a release of EUR 12.9 million, due to a fair value adjustment of the contingent consideration liability related to the prior year acquisition of GoPuls – reference is made to Note 22 for detailed explanation.

Finance expenses.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Expenses for online payment methods	7,434	5,788
Interest and other expenses convertible bonds	6,218	6,044
Interest costs related to leasing	1,262	1,117
Interest expenses credit institutions	518	1,343
Net foreign exchange differences	38	39
Losses from other financial assets	0	1,575
Change of contingent consideration liability measured at FVTPL	0	1,444
Other finance expense	30	11
	15,500	**17,361**

Part of the fees paid to companies for financing by online payment methods, such as credit card companies and PayPal, that relates to the financing (prepayment) element has been reported as finance expenses. The remainder as selling and distribution cost.

11. Income tax expenses.

The income tax expense for the year can be reconciled to the accounting profit as follows:

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Result before tax	**–14,348**	**–84,119**
Temporary difference capitalization developed software	–442	–2,711
Temporary difference intangible assets from business combination	3,685	6,319
Temporary difference leases	728	1,040
Temporary difference convertible bond	5,895	5,720
Temporary differences other	333	0
Permanent difference contingent consideration business combinations	–10,299	14,137
Permanent difference share option plan	8,997	16,227
Permanent difference result joint ventures	–47	–96
Limited deductible costs	0	0
Taxable result before tax	**–5,497**	**–43,483**
Fiscal result other countries	**–3,828**	**–26,947**
Taxable result before tax Netherlands	**–1,669**	**–16,536**
Income tax expense:		
Income tax rate Netherlands	25.8 %	25.8 %
Effect of tax during the year Netherlands	–431	–4,266
No deferred tax due to uncertainty	431	4,266
Effect of tax loss carry forward Netherlands	0	0
Effect of current taxes in other countries	1,027	187
Effect of tax loss carry forward Germany	–1,825	0
Effect of current taxes prior years	-49	–240
Effect from movement deferred taxes	–1,895	–6,420
Tax expense in profit and loss	**–2,742**	**–6,473**

The effective tax rate deviates from the applicable tax rate as a result of corporate income tax rates being different in certain jurisdictions and due to loss generating subsidiaries. The Company has not recognised deferred tax assets for all losses carried forward.

The tax expense in profit and loss can be divided into deferred and current taxes as follows:

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Current taxes	–978	53
Deferred taxes	3,720	6,420
	2,742	**6,473**

Deferred tax balances.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25.8 % in The Netherlands and 32 % in Germany (2022: 25.0 % and 34 % respectively).

The movement on the deferred tax account is as shown below:

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Balance 1 January	– 7,425	– 13,552
Recognized in profit and loss	3,720	6,420
Arising on tax effect on OCI	517	0
Foreign currency translation effect	242	0
Arising on business combination	– 1,076	– 293
Balance 31 December	**– 4,022**	**– 7,425**

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where management believes it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

in EUR 1,000	Asset 2023	Liability 2023	Net 2023	(Charged)/credited to profit & loss 2023	(Charged)/credited to equity 2023	Arising on business combination 2023
Available losses	11,855	0	11,855	– 74	0	0
Temporary difference fiscal amortisation goodwill	0	– 1,177	– 1,177	2	0	0
Temporary difference intangible fixed assets from business combinations	6,903	– 14,988	– 8,086	2,002	358	1,268
Temporary difference on IAS 19	542	0	542	– 16	517	41
Temporary difference on convertible bond	0	– 6,282	– 6,282	1,605	0	0
Temporary difference valuation differences other assets	0	– 1,568	– 1,568	934	– 117	– 2,385
Temporary difference on leases	8,615	– 9,420	– 805	– 805	0	0
Temporary difference on software capitalisation	1,498	0	1,498	71	0	0
Tax assets/(liabilities)	**29,413**	**– 33,435**	**-4,022**	**3,720**	**758**	**– 1,076**
Set off of tax	– 27,117	27,117	0	0	0	0
Net tax assets/(liabilities)	**2,296**	**– 6,318**	**– 4,022**	**3,720**	**758**	**– 1,076**

in EUR 1,000	Asset 2022	Liability 2022	Net 2022	(Charged)/credited to profit & loss 2022	(Charged)/credited to equity 2022	Arising on business combination 2022
Available losses	11,929	0	11,929	1,427	0	0
Temporary difference fiscal amortisation goodwill	0	–1,179	–1,179	–37	0	0
Temporary difference intangible fixed assets from business combinations	0	–11,714	–11,714	1,483	0	–293
Temporary difference on convertible bond	0	–7,887	–7,887	1,266	0	0
Temporary difference on software capitalisation	1,427	0	1,427	2,281	0	0
Tax assets/(liabilities)	**13,356**	**–20,780**	**–7,424**	**6,420**	**0**	**–293**
Set off of tax	–12,894	12,894	0	0	0	0
Net tax assets/(liabilities)	**462**	**–7,886**	**–7,424**	**6,420**	**0**	**–293**

The Company has carry-forward losses in The Netherlands for an amount of EUR 271.4 million at the end of 2023 and EUR 262.9 million at the end of 2022. The anticipated applicable tax rate is the Dutch corporate tax rate of 25.8 % payable by corporate entities in The Netherlands and the corporate tax rate of 32 % payable by corporate entities in Germany on taxable profits.

A deferred tax asset has not been recognised for the following:

in EUR 1,000	2023	2022
The expiry date of the unused tax losses is as follows:		
No expiry date	223.6	219.3

Deferred tax liabilities.

As per 31 December 2023, the deferred tax liability for intangible assets mainly relates to:

- Acquisition of the Shop Group in 2010 which was an asset deal under Dutch jurisdiction with an initial (at acquisition) duration of ten years: EUR 1.2 million (2022: EUR 1.2 million).
- to the intangible assets identified in the purchase price allocation to the acquisition of EHS Europe Health Services B.V, in 2017: EUR 6.3 million (2022: EUR 7.0 million).
- Intangible assets identified in the purchase price allocation to the acquisition of nu3 in 2018: EUR 0.9 million (2022: EUR 1.3 million).
- Intangible assets identified in the purchase price allocation to the acquisition of smartpatient GmbH in 2022: EUR 2.0 million (2022: EUR 2.5 million).
- Intangible assets identified in the purchase price allocation to the acquisition of MedApp in 2022: EUR 492 thousand (2022: EUR 630 thousand).
- Intangible assets identified in the purchase price allocation to the acquisition of MediService in 2023: EUR 5.1 million (2022: EUR nihil).

As per 31 December 2023, a deferred tax liability of EUR 6.3 million (2022: EUR 7.9 million) has been recorded which is related to a temporary difference in the convertible bond arising from the initial recognition of the equity component separately from the liability component.

Deferred tax assets.

For the fiscal entities fiscal unity MedApp Holding B.V., fiscal unity SA Europe B.V. and fiscal unity EHSC B.V., deferred tax assets related to losses carried forward are recognised only as far as they can be offset against deferred tax liabilities for the same fiscal entity.

For the fiscal entities nu3 GmbH and smartpatient GmbH deferred tax assets related to losses carried forward are recognized based upon financial forecast for the next years.

Global minimum top-up tax

The Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting published the Pillar Two model rules designed to address the tax challenges arising from the digitalisation of the global economy.

The Group has adopted International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12). The amendments provide a temporary mandatory exception to the requirements of IAS 12 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD/G20 BEPS Pillar Two model rules. The Group applied the temporary exception at 31 December 2023.

The Group has performed an assessment of the Group's potential exposure to Pillar Two income taxes. This assessment is based on the most recent information available regarding the financial performance of the entities in the Group. Based on the assessment performed, the Pillar Two effective tax rates in all jurisdictions in which the Group operates are above 15% and management is not currently aware of any circumstances under which this might change. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

12. Earnings per share.

	Year ended 31.12.2023	Year ended 31.12.2022
Basic and diluted earnings in EUR 1,000		
Result for the year attributable to owners of the Company	–14,081	–77,646
Earnings used in the calculation of basic and diluted earnings per share	–14,081	–77,646
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	–14,081	–77,646
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	19,238,592	17,984,921
Basic and diluted earnings per share in Euro per share		
From continuing operations	–0,73	–4,32
From discontinued operations	0,00	0,00
Total basic and diluted earnings	**–0,73**	**–4,32**

Redcare Pharmacy has not calculated diluted earnings per share since conversion of potential ordinary shares would decrease loss per share from continuing operations.

The Group has the following (contingent) issuable shares outstanding, whereby the exercise of these shares depends on the circumstances:

- Employee share options: Assuming full execution of the total outstanding options per 31 December 2023, an additional 597,456 new shares would be issued in the future, of which 238,215 have already been issued and are held in treasury. This relates to stock option plans 6a up to and including 14. We refer to Note 27 for an explanation regarding the vesting and expiry dates.
- Convertible bonds: As outlined in Note 33, the Group issued a EUR 225 million convertible bond on 14 January 2021. Assuming full conversion of the total convertible bond 962,238 new shares would be issued in the future. The maturity of the convertible bond is seven years, with an investor put option after five years.
- Payment related to acquisitions: The contingent obligation exists to issue 139,200 shares in the next year, of which 80,014 shares have already been issued and are held in treasury, related to the acquisition of smartpatient during the year 2021. The contingently issued shares must be issued except if the contractual conditions are not met.

The number of outstanding shares is 20,203,287 as of 31 December 2023. If all mentioned potentially issuable shares are issued then the number of outstanding shares would increase to 21,583,952.

13. Property, plant and equipment.

A summary of the movements of property, plant and equipment is given below.

in EUR 1,000	Land & Buildings	Machinery	Other	Under construction	Total
Cost					
Balance 1 January 2022	3,134	35,249	17,201	5,915	61,498
Reclassification	2,038	9,652	293	–11,676	307
Additions	1,278	–1,342	4,017	9,579	13,532
Acquisitions	57	0	73	0	130
Disposals	–73	–26	–680	0	–779
Balance 31 December 2022	**6,434**	**43,533**	**20,903**	**3,818**	**74,688**
Reclassification	233	6,169	45	–6,447	0
Additions	–377	35	3,424	3,355	6,437
Acquisitions	327	0	373	0	700
Currency revaluation	33	0	27	0	60
Disposals	–1,346	0	–3,300	0	–4,646
Balance 31 December 2023	**5,304**	**49,737**	**21,472**	**726**	**77,239**
Accumulated amortisation and impairment					
Balance 1 January 2022	1,634	3,423	6,723	0	11,780
Depreciation	780	4,463	3,511	0	8,754
Impairment	0	0	0	0	0
Disposals	–49	–21	–614	0	–685
Balance 31 December 2022	**2,365**	**7,864**	**9,620**	**0**	**19,849**
Depreciation	1,000	4,861	3,901	0	9,762
Impairment	0	0	0	0	0
Currency revaluation	18	0	3	0	21
Disposals	–1,308	0	–3,278	0	–4,586
Balance 31 December 2023	**2,075**	**12,725**	**10,246**	**0**	**25,046**
Carry value					
Balance 31 December 2022	**4,069**	**35,669**	**11,282**	**3,818**	**54,838**
Balance 31 December 2023	**3,229**	**37,012**	**11,226**	**726**	**52,193**

In the calculation of depreciation, the following useful lives are used:
– Machinery, leasehold improvements, furniture, office equipment: 5 – 10 years
– IT- and communication equipment, other: 3 – 5 years
– Right-of-use assets (according to IFRS 16, refer to Note 32): 2 - 10 years depending on underlying contracts

The additions during the financial year mainly relate to IT equipment, right-of-use assets and further investments in mechanisation and IT equipment in the logistics centre in The Netherlands.

In the prior year Annual Report, we presented the Right of Use Asset as part of the Property, Plant and Equipment. In the 2023 Annual Report this line item has been separately presented on the consolidated statement of financial position. There is no impact on the total of the balance sheet nor on the equity of the company. The total amount of this reclassification amounts EUR 30.6 million (refer to Note 32).

14. Intangible assets.

Intangible assets consist of finite-lived intangible assets, except for goodwill. A summary of the movements of intangible assets is given below.

in EUR 1,000	Software, technology & contracts	Brand	Customer Database	Goodwill	Under construction	Total
Cost						
Balance 1 January 2022	83,708	15,696	40,858	155,172	14,586	310,021
Reclassification	25,888	0	0	0	–26,195	–307
Additions	7,400	0	0	0	32,559	39,959
Acquisitions	125	38	938	16,446	0	17,547
Disposals	–1,476	0	0	– 166	0	– 1,642
Balance 31 December 2022	**115,646**	**15,734**	**41,796**	**171,452**	**20,950**	**365,579**
Reclassification	33,844	0	0	0	–33,844	0
Additions	5,567	56	0	0	26,161	31,784
Acquisitions	0	12,671	24,000	107,924	3,843	148,438
Currency revaluation	0	0	0	0	214	214
Disposals	–6,941	–280	0	0	0	–7,221
Balance 31 December 2023	**148,116**	**28,181**	**65,796**	**279,376**	**17,324**	**538,794**
Accumulated amortisation and impairment						
Balance 1 January 2022	28,683	9,539	12,279	2,045	0	52,545
Amortisation	21,324	1,255	3,096	0	0	25,677
Disposals	–1,482	0	0	–166	0	–1,648
Balance 31 December 2022	**48,525**	**10,794**	**15,375**	**1,879**	**0**	**76,574**
Amortisation	32,749	3,883	4,622	0	0	41,254
Currency revaluation	0	0	0	0	0	0
Disposals	–6,861	–280	0	0	0	–7,141
Balance 31 December 2023	**74,413**	**14,397**	**19,997**	**1,879**	**0**	**110,687**
Carry value						
Balance 31 December 2022	**67,120**	**4,940**	**26,421**	**169,573**	**20,950**	**289,005**
Balance 31 December 2023	**73,703**	**13,784**	**45,799**	**277,497**	**17,324**	**428,107**

The cost base of the intangible assets increased with EUR 174 million, the main reason is an addition of EUR 148 million from the MediService acquisition.

In the calculation of amortisation the following useful lives are used:
- Software licenses: 2 – 5 years, depending on the license contract
- ERP-software: 3 – 7 years
- Smart technology (included in software category): 15 years
- Customer database: 7 – 17 years, depending on the nature
- Brand name: 2 – 10 years, depending on the brand
- Goodwill: Indefinite life subject to impairment

Assets under construction mainly relate to capitalised costs for development projects. These costs are capitalised at the moment the project is ready for use.

15. Impairment tests for goodwill.

15.1 Description of the impairment test process.

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Growth rates used for impairment analysis are assessed by existing customer development and acquisition of new customers based on our customer data model as well as external market research to estimate future market size and online penetration. Furthermore, all variable cost like marketing budgets, delivery cost and operations expenses for impairment analysis are planned on a performance basis. Non-performance-based cost like finance, management and facility are planned according to business growth including economies of scale.

Considering the requirements of IAS 36.49, the company has identified the main drivers for future cash flows. The past year 75 % (EUR 1.3 billion), (2022: 90 % (EUR 1.1 billion)) of total company sales were from OTC and other pharmacy related products excluding prescription medicines, respective sales increased by 252 % compared to the prior year of which 236 % is resulting from the acquisition of MediService. In each of the markets the company operates in, for many consecutive years a double-digits growth has been achieved, in part from a successful customer proposition and execution and in part from a continuous shift from off- to online pharmacies. The company and external experts including analysts who follow the company closely expect the shift from off- to online pharmacies to continue in the coming years as current online penetration numbers are still relatively low and customer satisfaction is high. Redcare Pharmacy's reporting segment DACH is already now operating at a positive adjusted EBITDA. In addition, there is across Europe but foremost currently in Germany, the opportunity for the company to significantly increase the sales of prescription medications. In Germany, online sales of prescription medications are allowed, but was a cumbersome process for customers because of the requirement to give the doctor's paper prescription to the pharmacist or in case of “Shop Apotheke” mostly via post. In 2019 the development started of an electronic alternative (eRx) by the gematik, and after a successful testing until summer 2022, in total 1 million eRx were dispensed by doctors across Germany until early 2023. The prospect on a nationwide usage of eRx is a great opportunity for customer-centric online pharmacy “Shop Apotheke”. Expected sales and unit economics are taken into account for the best estimates for total cash flows.

15.2 Determination of cash-generating units (CGUs).

Redcare Pharmacy determines whether goodwill impairment is necessary at least on an annual basis. The impairment test for goodwill is performed based on cash-generating units that represent the lowest level within the company at which goodwill is monitored for internal management purposes. The groups of cash-generating units are defined as the customer facing channels. The customer facing channels are Germany, Belgium (Farmaline), Switzerland, France (Hygee Santee), MedApp, Italy, Austria and nu3. The number of groups of cash-generating units amounted to a total of eight at the end of 2023. Goodwill has been allocated to six of those groups.

In 2023 there have been two updates to the identified cash-generating units (CGU).

- Redcare determined that a change in the composition of the CGU for Germany is applicable (until 2022 Shop Apotheke). With Redcare's strategy execution over the recent years, the company developed from a pharmacy retailer into a customer-centric e-pharmacy platform. A network of services and partners was integrated into the existing business to improve the one overall customer proposition. Starting 2023, the Germany CGU includes all business activities for that customer market, namely the own stock business, platform businesses of marketplace and Now! of which the goPuls team is an integral part, and services including medication management. As consequence, this means an integration of all German activities excluding nu3 into CGU Germany.
- MediService was acquired in 2023 and has been added to the Switzerland CGU. Redcare Pharmacy entered a strategic partnership with Galenica AG in Switzerland by acquiring 51 % of the shares in MediService and bringing in its existing Swiss business. As part of this strategic partnership, Redcare Pharmacy N.V. and Galenica AG are combining the business activities of the specialty pharmacy MediService AG and the online pharmacy shop-apotheke.ch. The latter rebranded to redcare.ch in 2023.

15.3 Overview goodwill.

As a result, the following table shows the goodwill existing in the Group as of 31 December 2023:

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Germany	161,161	145,456
Switzerland	107,924	0
GoPuls (former First A)	0	15,705
Belgium (Farmaline)	4,179	4,179
nu3	2,975	2,975
MedApp	1,253	1,253
Hygee Santé	5	5
	277,497	**169,573**

Resulting from the update in the composition of CGU for Germany, goPuls goodwill is completely part of the CGU Germany. A relative approach is not applicable since the complete business is integrated in the CGU Germany.

The goodwill reflects the value of the Group's overall market and competitive positioning, which is described in the following strategic information.

Strategic information.

The Group is a fast-growing online pharmacy in Continental Europe. With the acquisition of Europa Apotheek Venlo in November 2017, the Group significantly enhanced its position in Germany and in prescription medicines. The product range of OTC, beauty and personal care products as well as prescription drugs segments is supplemented by high quality natural food and health products, low carb products and sports nutrition following the acquisition of nu3 GmbH in July 2018. In 2021, the Group made acquisitions of smart-patient, a digital medication management expert and MedApp, a prescription medication business in the

Dutch market. In 2022 the Company acquired First A in Germany, a start-up medication delivery platform, and in 2023 in a transaction with Swiss Galenica AG, Redcare Pharmacy acquired 51 % of MediService AG, a Swiss online prescription medication business.

The Group operates online pharmacies in Germany, Austria, Switzerland, France, Belgium, Italy and The Netherlands.

The Group delivers a broad range of more than 100,000 original products on stock and 100,000 products via its marketplace to well over 10 million active customers (10.8 million active customers at year-end 2023) and at attractive prices. In addition, the Group provides comprehensive pharmaceutical consulting services. The Company has a single face to customers in Germany “Shop Apotheke” and transitioned from a pure e-pharmacy retailer to a customer-centric e-pharmacy platform. Redcare Pharmacy’s goal is to gain a relevant share of the online prescription market growth that is expected from the introduction of electronic prescriptions (eRx) in Germany.

In order to assess the potential impairments on the listed goodwill, the Group follows an 8-year forecasting process.

Internal process for preparing the 8-year forecast to perform impairment tests.

The forecasting process is based on internal data, in particular a detailed customer data model working with customer acquisition costs from previous periods and expected customer activation rates as well as external market research forecasting future market size and online penetration rates in advanced online markets e. g. in the United States or Sweden. Assumptions on sales growth and profitability were checked against third-party reports and tested with sensitivity analyses in order to make the test robust.

Historical financial information.

The health sector is driven by regulations that result in barriers of entry and loyal, longer-term customers with high customer lifetime values. As the online market is expected to stay in a growth mode for a number of years due to an expected continuation from offline to online in the continental European markets, the length of the forecasting period needs to reflect this. An 8-year forecast period is considered appropriate to reflect this adequately with robust assumptions due to the nature of the industry, the long-term growth phase expected from the introduction of electronic prescriptions in Germany, and the gradual shift of consumer preferences from offline to online.

In the past, the Company has shown fast (double-digit) growth during many consecutive year; the past year 2023 total sales growth of the Company was 49 % or excluding the MediService acquisition 24 %, for which a driver was a strong performance in the German OTC/BPC online market but calculates with approximately 15 % sales growth p.a. in the coming years for the impairment testing purposes. The growth of the prescription medication (Rx) sales was 10 – 20 % p. a. until 2020. In 2021, a strong decrease of Rx sales was the result of stopping with a Rx bonus to our customers; in 2022 this decrease stopped with stable sales volumes in all quarters of 2022. During 2023, quarterly sales further increased in Germany, and in total 49 % including MediService which was acquired during the year 2023. In the near future it is expected that Rx sales will grow again at a rapid pace following the nation-wide obligation to use the electronic prescriptions in the German market.

2023 was an important year where both the financials were delivered according to external guidance provided at the start of the year, and even increased during the year, and important strategic progress was achieved at the same time. In May, the Company rebranded its corporate entity from Shop Apotheke Europe to Redcare Pharmacy. Later in the year followed the rebranding of the customer brand in Switzerland from Shop Apotheke to Redcare Apotheke and in France from Shop Farmacie to Redcare Pharmacie. After the opening of a next generation central distribution facility in Sevenum, the Netherlands in 2021, in 2022 a distribution centre was opened near Milan in Italy. In 2023, the Company achieved its highest ever adjusted EBITDA margin at 3 % while continuing to grow fast both organically and in total. The base of active customers increased by 1.5 million customers in one year to end at 10.8 million. After the launch of a marketplace platform in Germany late 2021, in 2022 Austria followed enabling our customers in the two countries to choose from a wide range of additional health-care related assortment from our marketplace merchants. We extended the delivery options to our customers particularly in Germany with further same-day or quick delivery options organized by ourselves or via partners and platforms. In again a turbulent year externally, e.g. having been faced with as well geopolitical conflicts as inflation, Redcare Pharmacy continued to grow its customer base fast, achieved double-digits sales growth, and at a margin as guided externally. In the mid of the year, both the non-Rx sales growth guidance and adjusted EBITDA margin guidance were uplifted reflective of the strong performance.

For the goodwill impairment tests long-term forecasts were the base to perform respective impairment tests.

Support for main assumptions.

Future revenue growth is planned in a two-step approach: First, based on customer data and future expectations on sales growth rates and market shares. The results of these calculations are then partially compared against organic growth rates and market shares realised historically. In a second step, the outcome is compared against the total market size, based on the calculations regarding total market share computed in step 1. In addition, specifically for the prescription-based market an online mail order penetration of 10 % is assumed to be reached in a couple of years after electronic prescriptions being nationwide accepted and mandatory.

Target adjusted EBITDA profitability in access of 8 % is based both on benchmarking of local German pharmacies (information from ABDA Pharmacists’ Association), and a bottom-up build-up of current unit economics, future income streams, efficiencies and scale.

Cost of goods sold (COGS) are based on historic information plus annual improvements expected from economies of scale in purchasing and manufacturer discounts.

Operations personnel is calculated on the number of parcels taking into account, realised and expected efficiency gains from the sites based on calculations from an external general planner.

Marketing personnel is calculated on a country basis, with variable marketing expenses being based on sales growth and the respective number of new customers with their respective acquisition costs.

Administrative personnel and IT infrastructure personnel is calculated taking into account economies of scale and typical efficiency gains. Internal and external IT personnel is calculated for the first year based on the required man days for the IT projects that are planned to be delivered, for future years it is based on a percentage of sales as these costs and demands are expected to increase together with our sales growth.

Capex is calculated based on the capacity and IT required to enable future sales. Finally, the business plan is on high level compared to patterns experienced by peers.

Upsides and downsides.

The downside risks of the impairment test for the CGU Germany could be a significant (years) delay in online penetration of the electronic script in Germany, but there could be a potential, very unlikely (as in conflict with European law) ban on mail order for prescription medications in Germany.

The upside potential is a stronger adaption of the electronic script in 2024 and onwards or an overall acceleration (vs. our estimates) of the shift from customer preference from off- to online pharmacies across our geographies. A broader overview of the risks and opportunities of the company is described in the Risk Report part of the annual report.

WACC.

The calculation of the WACC follows the capital asset pricing model applying current interest rates, market premiums and betas, benchmarked by a peer-group analysis performed by independent experts, resulting in a 7.9 % WACC for the Group. From the post-tax discounted cash flow analysis, pre-tax rates were determined using the goal-seek method[1]. The respective pre-tax WACC was 9.8 % for the CGU Germany impairment test, 7.9 % for the CGU nu3 impairment test, 10.8 % for the CGU Farmaline impairment test, 9.2 % for the CGU Switzerland impairment test and 10.0 % for the CGU MedApp impairment test.

15.4 Impairment test.

Impairment tests on goodwill in line with IAS 36 have been made for the goodwill related to the CGU's:
- Germany
- Belgium (Farmaline)
- nu3
- MedApp
- Switzerland

Hygee Santé was acquired in 2017. As the respective goodwill of the CGU Hygee Santé is not material, no specific impairment test was carried out for this CGU.

The main assumption for the CGU Germany impairment test is the sales growth expected from the start with electronic prescriptions in 2024, the total number of annual prescriptions in Germany as well as approximately 10 % online penetration rates of electronic prescriptions in markets such as Switzerland, Sweden and the United States. The related cash flow projections include projected investment in capacity expansion as well

[1] Method in accordance with IAS 36 BC85 to determine a pre-tax discount rate.

as increased personnel cost and working capital needs in line with the expected sales growth. Due to the long-term growth perspective based on demographic factors, i.e. market studies projecting an ageing population with a respective higher need for prescription medication, the respective calculations are based on an 8-year forecasting period.

The assumptions used in the impairment test as of 31 December 2023 are summarised in the table below:

	Terminal sales growth	Revenue growth rate	EBITDA margin	Discount rate
Germany	0 %	10.3 % – 28.5 %	4.4 % – 8.5 %	9.8 %
Belgium (Farmaline)	0 %	6.0 % – 12.9 %	5.5 % – 8.2 %	10.8 %
nu3	0 %	7.2 % – 10.0 %	5.5 % – 11.3 %	7.9 %
MedApp	0 %	10 % – 115 %	– 23.5 % – 8.0 %	10.0 %
Switzerland	0 %	3.7 % – 11.1 %	1.6 % – 4.7 %	9.2 %

As a result of the above impairment test, in all cases the recoverable amounts were higher than the carrying amounts. As a result, management concludes that no impairment of goodwill is applicable. Management also performed a sensitivity analysis on the sales growth rates and WACCs, the individual estimates and assumptions and concluded that a reasonable possible change in the estimates does not result in impairment.

16. Accounting for joint ventures.

The Company has a 50 % (2022: 50 %) interest in two joint ventures, König IDV GmbH and König IT-Systeme GmbH, both incorporated and located in Germany. The primary business of König IDV GmbH is data processing. The primary business of König IT-Systeme GmbH is IT services.

The contractual arrangement provides the Group with the rights to the net assets and liabilities of the joint venture. Under IFRS 11 this joint venture has been included in the consolidated financial statements using the equity method.

	Country of incorporation principle place of business	Proportion of ownership interest held as at 31 December	
		2023	2022
König IDV GmbH[1]	Germany	50 %	50 %
König IT-Systeme GmbH[2]	Germany	50 %	50 %

König IDV GmbH had a result after taxes of EUR 74 thousand in financial year 2023 (2022: EUR 169 thousand).

König IT-Systeme GmbH had a result after taxes of EUR 10 thousand (2022: EUR – 11 thousand).

[1] The primary business of König IDV GmbH in Gottmadingen, Germany, is data processing. The 50 % share was acquired as part of the acquisition of EHS Europe Health Services B.V. on 8 November 2017.
[2] The primary business of König IT GmbH in Gottmadingen, Germany, is IT services. The 50 % share was acquired as part of the acquisition of EHS Europe Health Services B.V. on 8 November 2017.

The joint ventures are accounted for using the equity method and are not individually material. Therefore, the aggregated financial information in relation to the joint ventures is presented below:

Summarised statement of financial position – joint ventures

in EUR 1,000	As at 31 December 2023	As at 31 December 2022
Non-current assets	38	62
Current assets	1,423	1,343
Total assets	**1,461**	**1,405**
Equity	1,325	1,241
Current liabilities	136	164
Total equity and liabilities	**1,461**	**1,405**

Summarised statement of profit or loss – joint ventures

in EUR 1,000	2023	2022
Revenue from contracts with customers	1,094	1,131
Other operating income	8	11
Cost of sales	– 93	– 97
Operating expenses	– 882	– 866
Result before tax	**128**	**179**
Income tax expense	– 43	– 30
Result for the year (continuing operations)	**84**	**149**
Total comprehensive income for the year (continuing operations)	**84**	**149**
Group's share of result for the year	**42**	**74**

The operating expenses include depreciation expenses of EUR 28 thousand (2022: EUR 40 thousand).

The consolidated statement of profit and loss shows a share of profit of associates and joint venture of EUR 226 thousand. This mainly concerns EUR 42 thousand share in joint venture and EUR 190 thousand result from associates.

17. Inventories.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Finished products held for resale	138,954	103,897
Raw materials, packaging materials and other	1,516	478
Inventory allowance	– 4,684	– 4,667
	135,786	**99,708**

The cost of inventories recognised as an expense during the year in respect of continuing operations was EUR 1,342 million (2022: EUR 872.6 million).

No inventories are expected to be recovered after more than twelve months.

The inventories include EUR 1.2 million (2022: EUR 0.7 million) carried at net realisable value. Such write-down was recognised as an expense during 2023. The write-downs and reversals are included in Cost of sales.

18. Current receivables.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Trade receivables	108,219	34,806
Provision for impairment	– 5,085	– 4,802
	103,134	**30,004**

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Prepayments	10,886	6,574
Other current assets and deferred income	22,323	12,354
VAT receivable	16,171	10,944
	152,514	**59,876**

The average credit period on sales of goods and services is 19 days in 2023 (2022: 9 days).

The increase of trade receivable balances are impacted by the growth of the revenues and next to that due to the business combination with MediService, the average credit period for the added business is above the average credit period of Redcare businesses.

As of 31 December 2023, the aging analysis of receivables was as follows:

in EUR 1,000	Total	Not past due 0 – 30 days	Past due 30 – 60 days	Past due 61 – 90 days	Past due 91 – 120 days	Past due 121 days and older
Trade receivables	108,219	87,482	3,777	3,050	2,370	11,540
Provision for impairment	– 5,085	– 514	– 287	– 181	– 149	– 3,954
Net trade receivables	**103,134**	**86,968**	**3,490**	**2,869**	**2,221**	**7,586**
Expected credit loss	5 %	5 %	8 %	6 %	6 %	34 %

As of 31 December 2022, the aging analysis of receivables was as follows:

in EUR 1,000	Total	Not past due 0 – 30 days	Past due 30 – 60 days	Past due 61 – 90 days	Past due 91 – 120 days	Past due 121 days and older
Trade receivables	34,806	24,217	3,471	684	562	5,872
Provision for impairment	– 4,802	– 12	– 85	– 148	– 71	– 4,485
Net trade receivables	**30,004**	**24,205**	**3,387**	**536**	**491**	**1,387**
Expected credit loss	14 %	0 %	2 %	22 %	13 %	76 %

No interest is charged on trade receivables. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer scoring. Limits and scoring attributed to customers are reviewed periodically. In addition, customer orders are checked automatically by defined algorithms to prevent fraud.

Movement in the provision for impairment:

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Balance beginning of the year	4,802	4,686
Provision for expected credit losses	774	550
Write-off	– 491	– 434
Balance end of the year	**5,085**	**4,802**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

19. Other financial assets.

in EUR 1,000	Fixed deposits	Securities	Escrow	Other	Total
Current other financial assets	80,000	33,321	4,234	–	117,555
Non-current other financial assets	–	–	7,058	2,331	9,389
Balance 1 January 2023	**80,000**	**33,321**	**11,292**	**2,331**	**126,944**
Additions	40,000	–	–	1,125	41,125
Arising on business combination	–	–	–	–	–
Financial results	–	440	–	–	440
Disposal	–	−33,761	–	–	−33,761
Cash out payment	–	–	−4,234	–	−4,234
Current other financial assets	120,000	–	7,058	–	127,058
Non-current other financial assets	–	–	–	3,456	3,456
Balance 31 December 2023	**120,000**	**–**	**7,058**	**3,456**	**130,514**

The current other financial assets of EUR 127.1 million (2022: EUR 117.6 million) includes total securities and fixed term deposits amounting to EUR 120 million (2022: EUR 113.3 million). The other part is related to the short-term portion of the prepaid post-combination services in escrow related to the acquisition of smartpatient of EUR 7.1 million (2022: EUR 4.2 million).

Non-current other financial assets of EUR 3.5 million (2022: EUR 9.4 million) are related to payments made regarding rent deposits; it is expected that they will be repaid at the end of the rental contract. During 2022 it mainly related to prepaid post-combination services related to the acquisition of smartpatient of EUR 7.1 million (2023: EUR 0).

20. Cash and cash equivalents.

All cash balances are at free disposal of the Group, except for a rent guarantee of EUR 381 thousand.

Within the cash and cash equivalents an amount of EUR 20.2 million is included related to the cash pooling agreement between MediService AG and Galenica Finanz AG. The cashpooling agreement is seen as a demand deposit. Based on the cash pooling agreement the balances of the cash pooling are free available to MediService.

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, as defined above. Bank overdrafts are not included since they are not considered being an integral part of the Group's cash management. Current securities are shown in Other financial assets according to IAS 7.

21. Shareholders' equity.

Share capital.

The share capital of the Group as of 31 December 2023 amounts to EUR 397.7 thousand (31 December 2022: EUR 364.0 thousand) divided into 20,203,287 shares (31 December 2022: 18,199,281) each with a nominal value of EUR 0.02, of which 19,885,057 have been issued and fully paid, 318,230 shares are held in treasury for share option plans.

The total number of authorized shares amounts 85,000,000 shares.

Capital increase.

During the financial year 59,132 employee options were exercised (2022: 38,813) within the employee share option plan. Each share option gives the participant the right to subscribe newly issued ordinary shares of the company on exercise at a predetermined exercise price. The average exercise price amounts to EUR 44.66 per share (2022: 43.32 per share). The exercised options have a total value of EUR 2.6 million (2022: EUR 0.6 million).

Additionally, 227,200 employee options were exercised under the smartpatient option plan. The plan vests over a period of three years, starting in 2021. The exercised options have a total value of EUR 4 thousand.

Reference is made to Note 27 for disclosures on share-based payments.

Redcare Pharmacy N.V. completed a capital increase transaction worth EUR 29 million on 16 May 2023. As part of the transaction Redcare Pharmacy placed 408,100 additional new bearer shares in the company. The new shares were placed at an issue price of EUR 72,02 per share.

22. Non-current liabilities.

Loans and borrowings.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Amounts due to banks	6,500	8,125
Lease liabilities	30,676	27,593
Convertible bond	197,847	191,629
Contingent consideration	0	12,872
Other liabilities to third parties	0	1,743
Employee benefit liabilities	1,045	5,688
	236,068	**247,650**

Due to the application of IFRS 16, all operating lease contracts (except for short-term leases and leases of low value assets) have been presented as right-of-use assets and lease liabilities respectively. Additional information on leases is disclosed in Note 32.

Convertible bond.

In January 2021, the Company issued 2,250 0.0 % convertible bonds with an aggregate principal amount of EUR 225.0 million. Each bond entitles the holder to convert to ordinary shares at a conversion price of EUR 233.83. Given the zero coupon no interest is due on these bonds. Conversion of the above-mentioned bonds may occur as of 3 March 2021 in the period to and including the earlier of the following days:

- the 40th business day prior to the maturity date (21 January 2028); or
- if the bonds are redeemed by the issuer, the 30th business day prior to the redemption date or if such day falls within an excluded period the first business day prior to the beginning of this excluded period.

To the extent the bonds have not previously been redeemed, converted or repurchased and cancelled they will be redeemed at their principal amount on the maturity date (21 January 2028). The issuer will be entitled to fulfil its obligation to redeem the bonds in cash by redeeming all but not only some of the bonds, according to the share redemption option.

The convertible bonds contain two components: Liability and equity elements. The equity element is presented in equity under the heading of equity part on convertible bonds.

The effective interest rate of the liability element on initial recognition is 3.05 % per annum.

Initial recognition convertible bonds.

A summary of the initial recognition of the convertible bonds is given below:

in EUR 1,000	Issued on 14 January 2021
Proceeds of issue principal (amount minus costs)	222,197
Liability component at date of issue	–179,933
Deferred tax liability on equity component	–10,566
Equity component	**31,698**

Movements of the convertible bonds.

A summary of the movements of the convertible bonds is given below:

in EUR 1,000	
Balance 1 January 2022	185,586
Interest charged calculated at an effective interest rate of 3.05 %	6,043
Interest paid	0
Balance 31 December 2022	**191,629**
Interest charged calculated at an effective interest rate of 3.05%	6,218
Interest paid	0
Balance 31 December 2023	**197,847**

Current versus non-current classification.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Liability component	197,847	191,629
– of which long-term position	197,847	191,629
– of which short-term position	0	0

Amount due to banks.

In February 2021, the Company obtained a EUR 13 million loan at a credit institution. This loan is secured by a pledge over the logistics automation in the Sevenum logistics centre.

The loan has a duration of six years, ending on 31 December 2026, repayment is quarterly for an amount of EUR 406,250 starting on 31 March 2021.

The annual interest amounts to 3-month EURIBOR + 2.95 % of the principal amount.

Other liabilities to third parties.

The Group has other liabilities to third parties which result from the business combinations during the financial year 2021.

Contingent consideration.

The contingent consideration liability relates to the acquisition of 100 % of the shares of First A later renamed into goPuls during 2022. The consideration is to be paid in cash (with an option for Redcare Pharmacy to have a (part) payment in shares) in five subsequent tranches in the following four years after the acquisition. Each tranche payment is an earn-out based on a sales multiple with a correction for EBITDA for the respective earn-out period.

The fair value of the contingent consideration arrangement as per 31 December 2022 of EUR 12,872,000 was estimated calculating the discounted cashflow based upon the present value of the future expected cash flows. The estimates are based on assessment of the business plan and the corresponding expected earn-out. Since the contingent consideration is considered to be classified as a financial liability it is subsequently measured to fair value at each reporting date until the contingency is settled.

During 2023, assessment of the expected earn-out resulted in an adjustment (full release) of the fair value of the consideration. The future expected cashflows in the business plan were veritually entirely based upon a rapid increase of electronic prescriptions (eRx). During the course of 2023, it has been determined that the current stand-alone business of goPuls is not viable to reach business case levels within the earn-out period. Performance until and during 2023, and near-future expectations, of goPuls has led Redcare to conclude any future earn-out as determined during the business combination transaction to have an insignificant probability.

Employee benefit liabilities.

This relates to the long-term portion of the post-combination benefit payments as a result of the acquisitions of smartpatient and MedApp. Reference is made to Note 31 business combinations in prior periods for detailed disclosure.

23. Current liabilities.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Trade and other payables	157,591	72,882
Loans and borrowings	8,770	7,505
Other liabilities	57,362	38,879
	223,723	**119,266**

Trade and other payables.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Trade payables	151,996	68,944
Other payables	5,595	3,937
	157,591	**72,881**

The average credit period on purchases is 38 days in 2023 (2022: 29 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Trade and other payables grew by EUR 84.7 million to EUR 157.6 million. This is largely due to the acquisition of MediService and additionally to a growth in the existing business.

Loans and borrowings.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Loans to credit institutions – short-term portion	1,625	1,625
Lease liabilities – short-term position	7,145	5,879
	8,770	**7,504**

Amounts due to banks are further disclosed in Note 22.

Lease liabilities are reported under non-current and current liabilities. A further disclosure of leases can be found in Note 32.

Other liabilities.

in EUR 1,000	Year ended 31.12.2023	Year ended 31.12.2022
Corporate income tax	573	241
Wage tax & soc. security charges	4,508	2,311
VAT	18,491	11,990
Employee benefit liabilities	7,240	4,147
Liability due to customer loyalty program	8,854	7,567
Accrued expenses	17,696	12,623
	57,362	**38,879**

Other liabilities increased by EUR 18.5 million to EUR 57.4 million. This is caused by the acquisition of MediService, and additionally also by a growth in the existing business which for example lead to an increase of the VAT liability.

Employee benefit liabilities.

The employee benefit liabilities include accruals for bonus payments, vacation days and several other accruals, as well as the short-term portion of the post-combination employee benefit payment as a result of the acquisitions of smartpatient and MedApp.

Other liabilities.

No interest is charged on the other liabilities.

24. Changes in liabilities arising from financing activities.

In accordance with IAS 7, the overview below shows the changes arising from cash flows and non-cash changes:

			Non-cash changes			
in EUR 1,000	31.12.2022	Cash flows	Acquisition	Addition/ Movement	Interest accretion to liability	31.12.2023
During financial year 2023						
Long-term borrowings (incl. current)	9,750	–1,665	0	0	0	8,085
Short-term borrowings – bank overdraft	40	–40	0	0	0	0
Lease liabilities (non-current)	27,593	0	0	1,821	1,262	30,676
Lease liabilities (current)	5,880	–7,303	4,268	4,300	0	7,145
Contingent consideration	12,872	0	0	0	–12,872[1]	0
Convertible bond	191,629	0	0	0	6,218	197,847
	247,764	**–9,008**	**4,268**	**6,121**	**–5,392**	**243,753**

			Non-cash changes			
in EUR 1,000	31.12.2021	Cash flows	Acquisition	Addition/ Movement	Interest accretion to liability	31.12.2022
During financial year 2022						
Long-term borrowings (incl. current)	11,415	–1,665	0	0	0	9,750
Short-term borrowings – bank overdraft	38	2	0	0	0	40
Lease liabilities (non-current)	26,055	0	226	188	1,124	27,593
Lease liabilities (current)	4,743	–5,461	80	6,517	0	5,880
Contingent consideration	0	0	11,485	1,387	0	12,872
Convertible bond	185,586	0	0	0	6,043	191,629
	227,837	**–7,124**	**11,791**	**8,092**	**7,167**	**247,763**

For the disclosure relating to our credit facility, we refer to Note 33.

The total number of additions/movements in lease liabilities relates to a movement from non-current to current and to the additions in the lease liabilities during the financial year. For further substantiation of the total amount of additions (non-current and current) of EUR 6,121 thousand (2022: EUR 6,705 thousand), please refer to Note 32.

[1] During 2023 a fair value adjustment of EUR 12,872 thousand has been recorded, refer to Note 22 for detailed explanations.

25. Financial instruments.

Categories of financial instruments

in EUR 1,000	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	Year ended 31.12.2023	Year ended 31.12.2022	Year ended 31.12.2023	Year ended 31.12.2022
Trade and other receivables	0	0	103,134	59,876
Other financial assets	0	33,321	130,514	93,623
Cash and cash equivalents	0	0	84,160	66,777
Total financial assets	**0**	**33,321**	**317,808**	**220,276**

in EUR 1,000	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised cost	
	Year ended 31.12.2023	Year ended 31.12.2022	Year ended 31.12.2023	Year ended 31.12.2022
Non-current liabilities (excluding lease)	0	12,872	205,392	207,185
Trade and other payables	0	0	157,591	72,881
Current loans and borrowings (excluding lease)	0	0	1,625	1,625
Other current liabilities	0	0	33,790	24,337
Total financial liabilities	**0**	**12,872**	**398,398**	**306,028**

Information on risks.

The following financial risks can be identified: Interest rate risk, credit risk, liquidity risk and currency risk.

This note provides information on these financial risks to which the Group is exposed, the objectives and policy for managing risks arising from financial instruments as well as the management of capital.

Interest rate risk.

The interest rate risk includes the influence of positive and negative changes to interest rates on the profit, equity, or cash flow in the current or a future reporting period. Interest rate risks from financial instruments can arise within the Group mainly in connection with financial liabilities. A change in the market risk at reporting date would not have a significant effect on the Group profit or equity, since the credit facility is normally not used and the most other non-current liabilities have a fixed interest rate. Given the current market circumstances, a potential positive affect on cash and equivalents balances could arise when interest rates further increase.

Credit risk.

Credit risk is the risk of a loss being incurred because a counterparty is unable or unwilling to meet its obligations. The Group is exposed to credit risk; this risk mainly relates to non-payment by customers for services provided. Credit risk also arises from cash, cash equivalents and other financial assets. For banks and financial institutions only independently, rated parties with minimum rating A are accepted.

The risk of default on receivables has been reflected in provisions for bad debt. Due to constant close monitoring of potential default risks, additional receivables risk is very limited. Without exception receivables which are past due, but for which no provision has been recognised, are trade receivables from normal sales. In relation to the provision for doubtful debts, see Note 18 of the consolidated financial statements.

The other receivables and the prepayments and accrued income do not contain any accounts older than one year.

Liquidity risk.

Liquidity risk is the risk that the Group is unable to obtain the financial resources required to meet its financial obligations on time. In this connection, the Group regularly assesses the expected cash flows over a period of several years. These cash flows include operating cash flows and share premium repayment, interest payments e.g. on the convertible bond, replacement capital expenditure and the effects of a change in the Group's creditworthiness. The aim is to have sufficient funds available at all times to provide the required liquidity.

The Group's liquidity needs are affected by many factors, some of which are based on the normal ongoing operations of the business and others that relate to the uncertainties of the global economy and the industry. Although cash requirements fluctuate based on the timing and extent of these factors, the Group believes that cash generated from operations, together with the liquidity provided by existing cash and cash equivalents, are sufficient to satisfy the current requirements, including the 2024 capital expenditure.

Currency risk.

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The cost of raw materials and consumables used and other expenses are mostly denominated in euro, except for the acquired business of MediService. The MediService business mainly operates in Swiss francs. Outstanding intra-group balances between MediService and Redcare Group companies are limited. Therefore, foreign currency exchange risk is considered not material.

Liquidity and interest risk tables.

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest curves at the end of the reporting period. The contractual maturity is based on the earliest day on which the Company may be required to pay.

The following table sets out the maturities (representing undiscounted cash flows) of financial liabilities:

in EUR 1,000	Up to 1 year	1 – 5 years	Over 5 years	Total
At 31 December 2023				
Non-current liabilities (excluding lease)	0	233,253	0	233,253
Trade and other payables	157,591	0	0	157,591
Current loans and borrowings (excluding lease)	1,625	0	0	1,625
Other current liabilities	33,790	0	0	33,790
Total financial liabilities	**193,006**	**233,253**	**0**	**426,259**
At 31 December 2022				
Non-current liabilities (excluding lease)	0	18,387	225,000	243,387
Trade and other payables	80,523	0	0	80,523
Current loans and borrowings (excluding lease)	1,625	0	0	1,625
Other current liabilities	22,638	0	0	22,638
Total financial liabilities	**104,786**	**18,387**	**225,000**	**348,173**

Capital management.

The Group manages its equity to ensure it will be able to continue as going concern with an emphasis on capital preservation. The Group's overall strategy is leadership in all relevant European pharmacy delivery markets. The Group is subject to reporting and governance rules of the Dutch Autoriteit Financiële Markten (AFM) and the Frankfurt Stock Exchange and has been listed in the MDAX of the Frankfurt Stock Exchange since 21 September 2020.

Fair value of financial assets and financial liabilities.

The Company considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values, except for the Convertible bond which is presented as part of the non-current liabilities, which are accounted for based on amortised costs. The fair value of the Convertible Bond is at EUR 174,535 thousand compared to the carrying amount of EUR 197,874 thousand. The fair values of the other financial assets and liabilities are the same as the carrying amounts since all trade and other receivables are due within 30 days and all trade and other payables are paid within 30 days.

26. Related party transactions.

Compensation of key management personnel.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company considers the members of the Managing Board and the Supervisory Board to be key management personnel.

The total compensation of key management personnel in 2023 amounted to EUR 4,459 thousand (2022: EUR 5,133 thousand).

Remuneration of the Managing Board by member.

in EUR 1,000	Base salary	STI	Other[3]	Share-based compensation[4]	Pensions	Total remuneration
O. Heinrich, CEO						
2023[1]	208	–	2	67	–	277
2022	–	–	–	–	–	–
J. Eenhorst, CFO						
2023	420	–	–	681	25	1,126
2022	420	–	–	772	25	1,217
T. Holler, COO						
2023	250	–	6	628	2	886
2022	250	–	5	657	2	914
S. Weber, CCO						
2023	250	–	3	628	–	881
2022	250	–	2	657	–	909
M. Fischer, CTO						
2023	250	–	2	628	–	880
2022	250	–	2	657	–	909
S. Feltens, CEO						
2023[2]	116	–	2	–	–	118
2022	250	–	5	657	–	912
Total 2023	**1,495**	**–**	**15**	**2,632**	**27**	**4,169**
Total 2022	**1,420**	**–**	**14**	**3,400**	**27**	**4,861**

Remuneration of the Managing Board.

The table below specifies the remuneration of the Managing Board.

in EUR 1,000	2023	2022
Base salary	1,495	1,420
Short-term variable incentives (STI)	–	–
Other[5]	15	14
Share-based compensation	2,632	3,400
Pensions	27	27
Total remuneration	**4,169**	**4,861**

[1] Olaf Heinrich was appointed CEO on 1 August 2023.
[2] Stefan Feltens term ended as per 31 May 2023.
[3] Other mainly includes gross allowances for fringe benefits such as compensation for car and phone.
[4] The fair value according to IFRS of each year's grant is determined on the grant date and expensed on a straight-line basis over the vesting period. The fair value is determined by an external agency. The expense for 2023 reflects this year's portion of share option grants which are not yet vested. For more information on the share-based compensation expenses, see Note 27.
[5] Other mainly includes gross allowances for fringe benefits such as compensation for car and phone.

Remuneration of the members of the Supervisory Board.

The table below specifies the remuneration of the members of the Supervisory Board.

in EUR 1,000	2023	2022
Björn Söder	80	80
Frank Köhler	60	60
Jérôme Cochet	49	46
Henriette Peucker	49	48
Jaska de Bakker	52	37
Total	**290**	**272**

Loans to key management personnel.

Redcare Pharmacy N.V. does not provide loans or advances to members of the Managing Board or the Supervisory Board. There are no loans or advances outstanding Redcare Pharmacy N.V. does not issue guarantees to the benefit of members of the Managing Board or the Supervisory Board. No such guarantees are outstanding.

Loans from related parties.

As in 2022, no loans from related parties were obtained in 2023.

Other transactions with related parties.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

in EUR 1,000	Sales to related parties	Purchases from related parties	Amounts owed by related parties[2]	Amounts owed to related parties[2]	Other transactions
Joint venture in which the parent is a venturer:					
2023	–	212	–	18	–
2022	–	191	–	17	–
Associates:					
2023	371	–	170	–	–
2022	306	–	139	–	–
Key management personnel:					
2023	–	242[3]	–	242	26[1]
2022	5	112[3]	–	112	–

[1] The other transactions relates to services under the consultancy agreement with Olaf Heinrich prior to his start date (1 August 2023) as newly appointed CEO.
[2] The amounts are classified as trade receivables and trade payables, respectively (see Note 18 and Note 22).
[5] The Company concluded, for the second year in a row, a transaction with Goodcarbon GmbH regarding the purchase of carbon credits in the amount of EUR 241,660 on terms that are customary in the market. Goodcarbon is considered a related party of the Company since it is owned and managed by, among others, Jérôme Cochet, a member of the Supervisory Board of Redcare Pharmacy.

Redcare Pharmacy N.V. has entered into arrangements with a number of its subsidiaries in the course of its business. These arrangements relate to service transactions and financing agreements. Transactions were conducted at market prices.

Identified related parties.

As of 28 January 2021, Redcare Pharmacy N.V. was informed that several shareholders have entered into a voting pool agreement through which they control a combined stake of 26.4 % of the voting rights in Redcare Pharmacy N.V. In this regard, these shareholders have agreed to coordinate the exercise of their voting rights in advance and to exercise these rights jointly. In total, the pool comprises a group of 25 individual shareholders around and including the company's founder Michael Köhler, both directly and through his holding companies (together holding around 12 % of Redcare Pharmacy's shares), his brother Frank Köhler, a member of the Supervisory Board of Redcare Pharmacy, and Dr. R. Hess, an employee of the Company. The Company had good reasons to identify Michael Köhler and the entities he controlled as a related party of Redcare Pharmacy N.V. The voting pool agreement was dissolved on 18 May 2023 after which Michael Köhler had fully transferred his control in one of his holding companies (MK Beleggingsmaatschappij Venlo B.V.) to third parties as of 11 December 2023. As a consequence, hereof, Michael Köhler reduced his (direct and indirect) shareholding in Redcare Pharmacy to 3.1 %, and is no longer deemed to be a related party of Redcare Pharmacy.

27. Share-based payments.

As of 31 December 2023, the Group provides two share-based payment plans for a selected group of employees:

- Employee share option plan of the Group (equity-settled).
- smartpatient plan (equity-settled).

Employee share option plan of the Group.

Details of the employee share option plan of the Group.

The Group has a share option scheme for a selected group of employees (mostly executive management and senior management) of the Group and its subsidiaries. In accordance with the terms of the plan certain employees may be granted options to purchase ordinary shares. The number of options granted is decided by the Managing Board and approved by the Supervisory Board.

Each employee share option converts into one ordinary share of the Group on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

At the Annual General Meeting of 26 April 2018 shareholders granted options to purchase ordinary shares to certain employees. In addition, the Annual General Meetings of 2 April 2019, 30 April 2020 and 26 April 2023 approved the decision to grant additional share options.

The following share-based payment arrangements were in existence during the current year:

Options series	Quantity	Grant date	Vesting date	Expiry date	Exercise price	Fair value grant date	Balance at end of year
6a	78,334	02.07.2019	18.06.2021	30.06.2026	35.50 €	12.72 €	30,666
6b	78,333	02.07.2019	18.06.2022	30.06.2026	35.50 €	12.72 €	42,640
6c	78,333	02.07.2019	18.06.2023	30.06.2026	35.50 €	12.72 €	50,061
7a	10,000	01.02.2020	01.02.2022	11.06.2027	46.40 €	17.06 €	1,000
7b	10,000	01.02.2020	01.02.2023	11.06.2027	46.40 €	18.18 €	10,000
7c	10,000	01.02.2020	01.02.2024	11.06.2027	46.40 €	19.13 €	10,000
8a	93,000	12.05.2020	12.05.2022	11.06.2027	81.40 €	29.59 €	68,277
8b	93,000	12.05.2020	12.05.2023	11.06.2027	81.40 €	31.47 €	70,777
8c	93,000	12.05.2020	12.05.2024	11.06.2027	81.40 €	33.05 €	73,945
9a	100,000	01.10.2020	01.10.2023	01.10.2026	149.40 €	61.14 €	80,000
9b	100,000	01.10.2020	01.10.2024	01.10.2026	149.40 €	64.46 €	80,000
10a	4,184	04.05.2021	04.05.2023	04.05.2028	160.60 €	63.94 €	3,350
10b	4,183	04.05.2021	04.05.2024	04.05.2028	160.60 €	68.45 €	3,350
10c	4,183	04.05.2021	04.05.2025	04.05.2028	160.60 €	75.25 €	3,350
11a	8,970	28.04.2022	28.04.2024	28.04.2029	74.42 €	31.55 €	8,340
11b	8,970	28.04.2022	28.04.2025	28.04.2029	74.42 €	34.01 €	8,340
11c	11,960	28.04.2022	28.04.2026	28.04.2029	74.42 €	36.15 €	11,120
12a	1,605	02.11.2022	02.11.2024	02.11.2029	44.12 €	19.90 €	1,605
12b	1,605	02.11.2022	02.11.2025	02.11.2029	44.12 €	21.52 €	1,605
12c	2,140	02.11.2022	02.11.2026	02.11.2029	44.12 €	22.95 €	2,140
13a	8,458	26.04.2023	26.04.2025	26.04.2030	91.56 €	42.48 €	8,072
13b	8,458	26.04.2023	26.04.2026	26.04.2030	91.56 €	45.99 €	8,072
13c	11,277	26.04.2023	26.04.2027	26.04.2030	91.56 €	48.93 €	10,763
14	9,984	01.08.2023	01.08.2026	01.08.2029	116.05 €	60.10 €	9,984
	829,976						**597,456**

Fair value of the share options granted in the year.

The weighted average fair value of the share options granted during the year is EUR 97.96 (2022: 69.64). The actuarial valuation was performed using best estimate assumptions developed by the management of the Group.

An external expert performed the valuation of the expected fair value of the option. The Black-Scholes valuation method for option valuation was used for Option Plans 1 to 6, for the Options Plans 7 to 14 the Monte Carlo model has been used for valuation, taking into account the terms and conditions on which the share options were granted. The Monte-Carlo model allows the expected life of the option to be included in the determination of fair value.

The only vesting condition is that employees must remain in service for the period from the grant date until the vesting date of the share options. The employee stock option agreement states that the employee preserves the right to exercise, even if the employee becomes disabled, deceased or retires.

Inputs to the model.

Option series	Series 6a	Series 6b	Series 6c	Series 7a	Series 7b	Series 7c	Series 8a	Series 8b	Series 8c
Grant date share price	35.80 €	35.80 €	35.80 €	46.40 €	46.40 €	46.40 €	81.40 €	81.40 €	81.40 €
Exercise price	35.50 €	35.50 €	35.50 €	46.40 €	46.40 €	46.40 €	81.40 €	81.40 €	81.40 €
Expected volatility	36.01 %	36.01 %	36.01 %	44.33 %	44.33 %	44.33 %	44.33 %	44.33 %	44.33 %
Option life	7 years	7 years	7 years	7 years + 4 m	7 years + 4 m	7 years + 4 m	7 years	7 years	7 years
Dividend yield	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Risk-free interest rate	– 0.77 %	– 0.77 %	– 0.77 %	– 0.549 %	– 0.549 %	– 0.549 %	– 0.561 %	– 0.561 %	– 0.561 %
Calculation model	BS	BS	BS	MC	MC	MC	MC	MC	MC

Option series	Series 9a	Series 9b	Series 10a	Series 10b	Series 10c	Series 11a	Series 11b	Series 11c
Grant date share price	149.40 €	149.40 €	160.60 €	160.60 €	160.60 €	74.42 €	74.42 €	74.42 €
Exercise price	149.40 €	149.40 €	160.60 €	160.60 €	160.60 €	74.42 €	74.42 €	74.42 €
Expected volatility	47.32 %	47.32 %	49.49 %	49.49 %	49.49 %	51.88 %	51.88 %	51.88 %
Option life	6 years	6 years	7 years	7 years	7 years	7 years	7 years	7 years
Dividend yield	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Risk-free interest rate	– 0.638 %	– 0.638 %	– 0.45 %	– 0.45 %	– 0.45 %	0.850 %	0.850 %	0.850 %
Calculation model	MC	MC	MC	MC	MC	MC	MC	MC

Option series	Series 12a	Series 12b	Series 12c	Series 13a	Series 13b	Series 13c	Series 14
Grant date share price	44.12 €	44.12 €	44.12 €	91.56 €	91.56 €	91.56 €	116.05 €
Exercise price	44.12 €	44.12 €	44.12 €	91.56 €	91.56 €	91.56 €	116.05 €
Expected volatility	54.39 %	54.39 %	54.39 %	55.68 %	55.68 %	55.68 %	55.31 %
Option life	7 years	7 years	7 years	7 years	7 years	7 years	6 years
Dividend yield	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
Risk-free interest rate	2.132 %	2.132 %	2.132 %	2.419 %	2.419 %	2.419 %	2.544 %
Calculation model	MC	MC	MC	MC	MC	MC	MC

For the granted options during the year, the expected stock volatility has been determined by measuring the volatility of the daily changes of the stock price of Redcare Pharmacy N.V. over the past three to four years.

The dividend yield is equal to 0.00 %, since the Company is not expected to pay out dividends soon.

Movements in share options during the year.

The following reconciles the share options outstanding at the beginning and end of the year:

	Number of options 2023	Weighted average exercise price 2023	Number of options 2022	Weighted average exercise price 2022
Balance at beginning of the year	664,514	89.55 €	665,047	89.17 €
Granted during the year	38,176	97.96 €	35,500	69.64 €
Forfeited during the year	– 45,186	140.87 €	– 21,366	76.31 €
Exercised during the year	– 59,132	43.32 €	– 14,667	43.32 €
Expired during the year	– 916	140.87 €	–	–
Balance at end of year	**597,456**	**90.61 €**	**664,514**	**89.55 €**

For the dates on which the different options are exercisable please refer to the table above.

Share options outstanding at the end of the year.

The share options outstanding at the end of the year had a weighted average exercise price of EUR 90.61 (2022: EUR 89.55) and a weighted average remaining contractual life of 1,322 days (2022: 1,613 days).

Regarding the share option plan, a total expense of EUR 3,507 million was recognised in the 2023 result (2022: EUR 5,797 million).

smartpatient plan.

With the acquisition of smartpatient, the Group provided a post-combination services benefit to the former owners of smartpatient with the objective that the former owners continue their efforts in rolling-out our strategy. The smartpatient plan successively vests over a period of three years and includes a lock-up period until 31 December 2024. The fair value of the plan at grant date was EUR 29.6 million and the shares to be provided are to the undiscounted value of this amount.

During 2023, the Group recognised EUR 8.1 million (2022: EUR 10.4 million) in employee benefit expenses.

28. Employee benefit plans.

The MediService employees work in Switzerland and participate in the "Galenica Pension Fund", which is financed by the employers and the employees. This plan is legally separate from MediService and qualifies as a defined benefit plan. The pension plan covers the risks of the economic consequences of old age, disability and death in accordance with the Swiss Federal Occupational Retirement, Survivors and Disability Pension Plans Act (BVG/LPP). The pension plan is structured in the legal form of a foundation. All actuarial risks are borne by the foundation and regularly assessed by the Board of Trustees based on an annual actuarial appraisal prepared in accordance with BVG/LPP. The company's liabilities are limited to contributions that are based on a percentage of the insured salary under the Swiss law. Only in cases of a funded status that is significantly below a funded status of 100 % as per the BVG/LPP law can Galenica be required to pay additional contributions. The calculations made in these appraisals do not apply the projected unit credit method required by IFRS. If the calculations made in accordance with the provisions of BVG/LPP reveal a funded status of less than 100 %, suitable restructuring measures need to be introduced. The Board of Trustees consists of employee and employer representatives.

The defined benefit plan is funded. Plan assets are managed separately from MediService's assets by the independent pension fund.

The most recent actuarial valuation was prepared as at 31 December 2023. The pension fund assets are invested in accordance with local investment guidelines. MediService pays its contributions to the pension fund in accordance with the regulations defined by the fund.

The final funded status pursuant to BVG/LPP is not available until the first quarter of the subsequent year. The projected funded status as at 31 December 2023 for MediService Pension Fund is 110.8 % (unaudited) and as at 31 December 2022 108.3 % (final).

Defined benefit plans and long-service awards.

in EUR 1,000	Defined benefit plans	Long-service awards[1]	Total 2023
Plan assets measured at fair value	30,574	0	30,574
Present value of defined benefit obligation	–33,732	–297	–34,029
Surplus/(deficit)	**–3,158**	**–297**	**–3,455**
Effect of asset ceiling	0	0	0
Net carrying amount recognised in employee benefit liabilities	**–3,158**	**–297**	**–3,455**
of which recognised in assets	0	0	0
of which recognised in liabilities	–3,158	–297	–3,455

Change in present value of defined benefit obligation.

in EUR 1,000	Defined benefit plans	Long-service awards	Total 2023
1 January	**0**	**0**	**0**
From business combination	–29,878	–259	–30,137
Current service cost	–379	–16	–395
Past service cost	0	0	0
Interest on defined benefit obligation	–276	–2	–279
Actuarial gain/(loss)	–2,775	–17	–2,793
Employee contributions	–363	0	–363
Benefits/awards paid	–39	–2	–41
Reclassification	0	0	0
Plan compensation	0	0	0
31 December	**–33,711**	**–297**	**–34,008**

Change in fair value of plan assets.

in EUR 1,000	2023
1 January	**0**
From business combination	30,707
Interest on plan assets	297
Remeasurement gain/(loss)	–1,355
Employee contributions	370
Employer contributions	531
Net benefits paid	40
Administration cost	–16
Reclassification	0
Plan compensation	0
31 December	**30,574**

[1] Long-service awards relate to provisions for jubilee payments.

Net defined benefit cost.

in EUR 1,000	2023
Current service cost	–395
Past service cost	0
Net interest on net defined benefit liability	18
Administration cost	–16
Effect of plan compensation	0
Net defined benefit cost	**–393**

Remeasurement of net defined benefit liability.

in EUR 1,000	2023
Actuarial gain/(loss) due to:	
– Changes in demographic assumptions	0
– Changes in financial assumptions	–2,227
– Experience adjustments	-549
Remeasurement of plan assets	–1,355
Effect in the change of asset ceiling	836
Adjustment	
Remeasurement of net defined benefit liability recognised in other comprehensive income	**–3,295**

Investment structure of plan assets.

in EUR 1,000		2023
Cash and cash equivalents	134	0.4 %
Debt instruments	6,982	22.8 %
Equity instruments	12,854	42.0 %
Real estate	7,333	24.0 %
Other investments	3,272	10.7 %
Fair value of plan assets	**30,574**	100.0 %
Current return on plan assets		–3.4 %

The Board of Trustees is responsible for investing the plan assets. It defines the investment strategy and determines the long-term target asset structure (investment policy), taking into account the legal requirements, objectives set, the benefit obligations and the foundations' risk capacity. The Board of Trustees delegates implementation of the investment policy in accordance with the investment strategy to an investment committee, which also comprises trustees from the Board of Trustees and a general manager. Plan assets are managed by external asset managers in line with the investment strategy.

Cash and cash equivalents are deposited with financial institutions with a credit rating of A or above.

Debt instruments (e.g. bonds) have a credit rating of at least BBB and quoted prices in active markets (level 1 of the fair value hierarchy). They can be investments in funds and direct investments.

Equity instruments are investments in equity funds. These generally have quoted prices in active markets (level 1 of the fair value hierarchy).

Real estate relates to both residential property and offices. These can be investments in quoted real estate funds (level 1 of the fair value hierarchy) or direct investments (level 3 of the fair value hierarchy). If real estate is held directly, it is valued by an independent expert.

Other investments consist of hedge funds, insurance linked securities (ILS), infrastructures, senior loans, private equity and receivables. Investments in hedge funds are classified as alternative investments. They are primarily used for risk management purposes. In most cases, quoted prices in an active market are not available for hedge funds investments (level 2 or level 3 of the fair value hierarchy).

The use of derivative financial instruments is only permitted if sufficient liquidity or underlying investments are available. Leverage and short selling are not permitted.

The total pension funds manage the assets of 5,629 active members (previous year: 5,377) and 950 pensioners (previous year: 896).

MediService does not use any pension fund assets.

Basis for measurement.

in EUR 1,000	2023
Discount rate	1.40 %
Salary development	2.25 %
Pension development	0.00 %
Mortality (mortality tables)	BVG 2020 GT (CMI), 1.5 %
Turnover	BVG 2020 (60 % – 100 %)

Sensitivity analysis.

in EUR 1,000	Variations in assumptions	Impact on DBO 2023
Discount rate	+ 0.25 % – 0.25 %	– 1,080 1,180
Salary development	0.25 % – 0.25 %	102 – 102
Mortality	+ 1 year – 1 year	708 – 708

The sensitivity analysis assumes potential changes in the above parameters as at year end. Every change in a key actuarial assumption is analysed separately. Interdependencies were not taken into account.

The pension obligations have an average duration of 15.7 years.

Cash outflows for pension payments and other obligations can be budgeted reliably. The benefit plans collect regular contribution payments. Furthermore, the investment strategies safeguard liquidity at all times.

The employer contributions to the pension fund are estimated at EUR 1,1 million for 2024.

29. Business combinations during the period.

Subsidiaries acquired.

During 2023, the following entity was acquired by the Redcare Pharmacy N.V.:

– 51 % of the shares in MediService AG, including its 100 % subsidiary Curarex AG.

Acquisition of MediService.

On 16 May 2023, Redcare Pharmacy N.V. entered a strategic partnership with Galenica AG in Switzerland, by acquiring 51 % of the shares and voting interest in MediService AG, including Curarex AG. As part of this strategic partnership, Redcare Pharmacy and Galenica AG are combining the business activities of the specialty pharmacy MediService AG and the online pharmacy shop-apotheke.ch.

Purchase consideration.

Details of the purchase consideration are as follows:

in EUR 1,000	
Purchase consideration 51 % MediService AG	130,541
Additional purchase consideration	8,529
Variable consideration	–
Total purchase consideration	**139,070**

As part of the Transaction, approx. 1.2 million Redcare shares were issued and transferred to Galenica in return for the sale of 51 % shareholding in MediService – net of and after the purchase of the shop-apotheke.ch business by MediService via an exclusive license agreement. In order to determine the purchase consideration, the number of total shares transferred was multiplied by the share price as at the Closing Date (EUR 92.90) resulting in a purchase price of the shares transferred of EUR 110,941,459. Apart from the equity instruments issued, Redcare has implicitly also transferred 49 % of the license agreement for webshop shop-apotheke.ch to Galenica via Galenica’s 49 % shareholding in MediService AG (“consideration in kind”) for an amount of EUR 19,600,000. Resulting in a total purchase consideration of EUR 130,541,459.

In addition to the share transfer, by means of the transaction documentation, Galenica has acquired an additional number of approx. 0.4 million shares issued by Redcare via a cash payment. Given that both the share transfer and the additional shares acquired are fixed at the same price – at the volume weighted average price of the 20 trading days preceding signing of EUR 72 per share – the difference between the share price as per the transaction documentation on 29 March 2023 and the share price as at the Closing Date is considered to be additional purchase consideration of EUR 8.5 million.

During the six months after the closing date the net working capital position of MediService will be measured. If the average of net working capital position during that period is higher than the normalized net working capital position, Redcare is entitled to a compensation payment of Galenica. The preliminary fair value of this variable purchase consideration (contingent consideration) has been determined on EUR nihil. The net working capital measurement period has been extended from half a year as agreed in the SPA to a full year. The potential pay-out from the NWC settlement is still expected to be equal to zero. No changes occurred in this estimation since acquisition.

Identified assets and liabilities.

The assets and liabilities recognised as a result of the acquisition are as follows:

in EUR 1,000	Book Value	Adjustment	Fair Value
Intangible fixed assets	3,843	36,672	40,515
Right-of-use assets	4,268	0	4,268
Tangible fixed assets	700	0	700
Deferred tax assets	7,066	0	7,066
Inventories	18,668	0	18,668
Cash and cash equivalents[1]	1,366	0	1,366
Trade and other receivables	52,934	0	52,934
Deferred tax liability	– 2,385	– 5,757	– 8,142
Employee benefit liability	– 247	0	– 247
Lease liabilities	– 4,268	0	– 4,268
Trade and other payables	– 26,979	0	– 26,979
Cashpooling balance[1]	– 24,807	0	– 24,807
Goodwill on acquisition	0	107,924	107,924
Non-controlling interest on acquisition	– 14,778	– 15,148	– 29,926
Total consideration	**15,381**	**123,691**	**139,072**

The valuation techniques used for measuring the fair value of material assets aquired were as follows:

– Brandname is valued at EUR 12.7 million and is depreciated over a period of three years. The Relief-from-Royalty method has been applied to value the Brand Name.
– Customer relationships is valued at EUR 24.4 million and is depreciated over a period of ten years. The Multi-period excess earnings method has been applied to value the Customer Relationships.

Deferred tax of EUR 5.8 million thousand has been provided in relation to these fair value adjustments.

[1] See table “Cash flow statement” on page 209.

Goodwill arising from the transaction has been recognized as follows:

in EUR 1,000	
Consideration transferred	139,070
Non-controlling interest, based upon their proportionate interest	29,926
Fair value of the identifiable net assets	– 61,074
Total purchase consideration	107,922

The residual goodwill mainly originates from the value attributable to the significant growth expectations of MediService in the future. The goodwill arising on the MediService acquisition is not deductible for tax purposes.

Changed compared to preliminary acquisition accounting.

During the initial reporting of the business combination accounting of MediService in the halfyear 2023 report the acquisition accounting was in process. In comparison with the initial reported accounting the following adjustment have been made: (i) the fair value of the identifiable assets acquired has been determined which resulted in a step-up of the brandname and the customer database.

Correction of errors & changes compared to half year reporting.

In comparison with the reported accounting in the half year report the following restatement have been made to restate the reported amounts; (i) the accounting treatment of the consideration in kind of EUR 19.6 million has resulted in a direct movement in equity whereas it was reported via other comprehensive income in the halfyear report 2023.

The impact on the Group's consolidated financial statements is as follows:

Consolidated statement of OCI (as per half-year 2023):

in EUR 1,000	As previously recorded	Adjustments	As restated
Resulf for the period	– 14,287	–	– 14,287
Other comprehensive income	19,456	– 19,600	– 144
Total comprehensive income	**5,169**	**– 19,600**	**– 14,431**

The above has no impact on the comparative figures in the annual report.

Impact of acquisition on the results of the Group.

Included in the Result after Tax for the year 2023 is EUR 888 thousand attributable to the additional business generated by the MediService acquisition. Revenue for the year 2023 includes EUR 307 million in respect of the MediService business. In determining these amounts, management has included the fair value adjustments, that arose on the date of the acquisition.

Acquisition costs.

In 2023, the group incurred acquisition related costs for an amount of EUR 873 thousand. These costs have been included in Administrative expenses.

Cash flow statement.

The total amount of consideration paid, net of cash acquired can be reconciled with the cash flow statement as follows:

in EUR 1,000	
Cash paid	–
Cash acquired	–23,441
Contingent consideration paid during financial year	–
Total purchase consideration	**–23,441**

30. Non-controlling interests.

The following table summarized the information relating to the Group's subsidiary that has a material NCI, before any intra-group eliminations.

in EUR 1,000	Year ended 31 Dec 2023
MediService AG	
NCI percentage	49 %
Non-current assets	49,783
Current assets	97,323
Non-current liabilities	–15,639
Current liabilities	–70,573
Net assets	60,894
Net assets attributable to NCI	**29,838**
Revenue	306,880
Profit	888
OCI	–1,027
Total comprehensive income	**–139**
Profit allocated to NCI	435
OCI allocated to NCI	–504

On 16 May 2023, the Group has acquired 51 % of MediService AG, as a consequence a non-controlling interest of 49 % of the shares of MediService has been accounted for. Accordingly, the information relating to MediService is only for the period of 16 May 2023 until 31 December 2023.

31. Business combinations completed in prior periods.

Subsidiaries acquired.

During 2022, the following entities were acquired by the Group:

- The business of “First A” by 100 % of the shares of Aurora Gesundheit GmbH, including Aurora Gesundheit Services UG.
- 100 % of the shares of APS All Pharma Services Nettetal GmbH.

Acquisition of First A.

On 12 April 2022, the Shop Apotheke Group acquired 100 % of the shares of Aurora Gesundheit GmbH, including Aurora Gesundheit Services UG. (“First A”), a pioneering quick-commerce player in the German pharmacy market. The strategic acquisition accelerates Redcare Pharmacy’s customer-centric platform strategy and strengthens its position as one stop shop in the pharmacy space. Redcare acquired First A for a consideration of EUR 16,485,000, by way of a combination of cash paid and a contingent consideration of Redcare.

The results of First A were consolidated effective from 12 April 2022 (and directly contributed to earnings per share).

Purchase consideration.

Details of the purchase consideration are as follows:

in EUR 1,000	
Cash paid	5,000
Contingent consideration	11,485
Total purchase consideration	**16,485**

Contingent consideration.

The contingent consideration arrangement is to be paid in cash (with an option for Redcare Pharmacy to have a (part) payment in shares) in five subsequent tranches in the following four years after the acquisition. Each tranche payment is an earn-out based on a sales multiple with a correction for EBITDA for the respective earn-out period.

The fair value of the contingent consideration arrangement of EUR 11,485,000 was estimated calculating the discounted cashflow based upon the present value of the future expected cashflows. The estimates are based on assessment of the business plan and the corresponding expected earn-out.

Identified assets and liabilities.

The assets and liabilities recognised as a result of the acquisition are as follows:

in EUR 1,000	Book Value	Adjustment	Fair Value
Tangible fixed assets	28	0	28
Intangible fixed assets	125	976	1,101
Financial fixed assets	11	0	11
Deferred tax assets	0	0	0
Inventory	0	0	0
Trade and other receivables	257	0	257
Cash	125	0	125
Non-current liabilities	0	0	0
Trade and other payables	– 205	0	– 205
Other current liabilities	– 244	0	– 244
Goodwill on acquisition	0	15,705	15,705
Deferred tax liability	0	– 293	– 293
Total consideration	**97**	**16,388**	**16,485**

The brand name and the customer relationship – pharmacies from First A as part of the purchase price allocation are valued as follows:

– Customer relationships - pharmacies is valued at EUR 938,000 and is depreciated over a period of eight years.
– Brand name is valued at EUR 38,000 and is depreciated over a period of one year.

Deferred tax of EUR 293,000 has been provided in relation to these fair value adjustments.

The residual goodwill mainly originates from the value attributable to the significant growth expectations of First A in the future. The goodwill arising on the First A acquisition is not deductible for tax purposes.

Impact of acquisition on the results of the Group.

The amounts included in the Result after tax for 2022 amounted to EUR – 4.7 million, the amounts included in the Revenue are considered non-material.

Acquisition of APS.

On 20 June 2022, the Group acquired 100 % of the shares of APS All Pharma GmbH (“APS”), a pharmaceutical wholesaler holding an EU wholesale distribution authorization, dedicated to the supply of pharmaceutical products for the German market. SAE acquired APS for a cash consideration of EUR 1,350,000.

The results of First A are consolidated effective from 1 July 2022 (and directly contributed to earnings per share).

Purchase consideration.

Details of the purchase consideration are as follows:

in EUR 1,000	
Cash paid	1,350
Contingent consideration	–
Total purchase consideration	**1,350**

Identified assets and liabilities.

The assets and liabilities recognised as a result of the acquisition are as follows:

in EUR 1,000	Book Value	Adjustment	Fair Value
Tangible fixed assets	102	306	408
Intangible fixed assets	0	0	0
Financial fixed assets	10	0	10
Deferred tax assets	0	0	0
Inventory	0	0	0
Trade and other receivables	5,031	0	5,031
Cash	208	0	208
Non-current liabilities	0	– 226	– 226
Trade and other payables	– 4,642	0	– 4,642
Other current liabilities	– 100	– 80	– 180
Goodwill on acquisition	0	741	741
Deferred tax liability	0	0	0
Total consideration	**609**	**741**	**1,350**

Impact of acquisition on the results of the Group.

The amounts included in the Revenue and Result after tax for 2022 in the consolidated figures are considered non-material.

Acquisition costs.

In 2022, the Group incurred acquisition related costs (related to both acquisitions) of EUR 323 thousand. These costs have been included in Administrative expenses.

Cash flow statement.

The total amount of consideration paid, net of cash acquired can be reconciled with the cash flow statement as follows:

in EUR 1,000	First A	APS All Pharma	Total
Cash paid	– 5,000	– 1,350	– 6,350
Cash acquired	125	208	333
Contingent consideration paid during financial year	–	–	–
Total purchase consideration	**– 4.875**	**– 1.142**	**– 6.017**

32. Leases.

All operating lease contracts (except for short-term leases and leases of low value assets) have been presented as right-of-use assets and lease liabilities respectively. The operating lease contracts consist of leasing properties. Therefore only one lease category is identified.

The development of right-of-use assets and lease liabilities in the year was as follows:

in EUR 1,000	Right of Use Asset	Lease Liability
Balance 1 January 2022	28,543	30,798
Additions	6,706	6,706
Arising on business combination	306	306
Disposal	0	0
Depreciation charge	– 4,959	0
Interest expense	0	1,124
Cash out lease payments	0	– 5,461
Balance 31 December 2022	**30,596**	**33,473**
Additions	5,921	5,921
Arising on business combination	4,268	4,268
Disposal	0	0
Depreciation charge	– 6,272	0
Interest expense	0	1,262
Cash out lease payments	0	– 7,303
Currency effects	201	200
Balance 31 December 2023	**34,714**	**37,821**

in EUR 1,000	31.12.2023	31.12.2022
Lease liabilities non-current	30,676	27,593
Lease liabilities current	7,145	5,880
	37,821	**33,473**

The following table sets out the maturities (representing undiscounted cash flows) of financial lease liabilities:

in EUR 1,000	Up to 1 year	1 – 5 years	Over 5 years	Total
As at 31 December 2022	5,990	20,181	11,160	37,331
Movements 2023	1,260	5,593	– 2,828	4,025
As at 31 December 2023	**7,250**	**25,774**	**8,332**	**41,356**

33. Contingent liabilities.

Guarantees.

Guarantee obligations regarding rental contracts have been provided by the Group for EUR 381 thousand (2022: EUR 336 thousand).

Credit facility.

The Deutsche Bank EUR 15 million credit facility agreement was also secured by a EUR 15 million pledge over assets.

Fiscal unity.

For the purpose of value added tax, Redcare Pharmacy N.V., SA Europe B.V., Euroservice Venlo B.V., Shop Apotheke B.V., Shop Apotheke Service B.V., RC Staff B.V., RC Pharma B.V., EHS Europe Health Services B.V., EHSC B.V., Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V. are associated in a fiscal unity and therefore severally liable for the debts with respect to value-added taxes of the fiscal unity.

For the purpose of corporate income tax, SA Europe B.V., Shop Apotheke B.V., Shop Apotheke Service B.V., RC Staff B.V., RC Pharma B.V. and EuroService Venlo B.V. are associated in a fiscal unity and are therefore severally liable for the corporate income tax owed of the entire fiscal unity as of October 2015 (subsequent to this date and not for the prior period).

For the purpose of corporate income tax, EHS Europe Health Service B.V., EHSC B.V., Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V., are associated in a fiscal unity and therefore severally liable for the corporate income tax owed by that fiscal unity.

For the purpose of corporate income tax, MedApp Holding B.V., MedApp Apotheek B.V. and MedApp Nederland B.V. are associated in a fiscal unity and are therefore severally liable for the corporate income tax owed of the entire fiscal unity.

Article 403 of the Dutch Civil Code.

As of its incorporation on 30 September 2015, Redcare Pharmacy N.V. is liable for the Dutch Group companies SA Europe B.V., Shop-Apotheke B.V., Shop Apotheke Service B.V., RC Staff B.V., RC Pharma B.V., Euroservice Venlo B.V., Europa Apotheek Venlo B.V., EHSC B.V., Europa Apotheek Service Venlo B.V. and EHS Europe Health Services B.V. according to Article 403 of the Dutch Civil Code.

As of 1 January 2019, Redcare Pharmacy N.V. is also liable for the Dutch Group companies Europa Apotheek Venlo B.V., EHSC B.V., Europa Apotheek Service Venlo B.V. and EHS Europe Health Services B.V. according to Article 403 of the Dutch Civil Code.

Article 264 of the German Civil Code.

Redcare Pharmacy N.V. is liable for the German group company nu3 GmbH and Shop Apotheke Service GmbH according to Article 264.3 of the German Civil Code.

Rental commitments buildings and other (lease) agreements.

The obligations for property leases as of 31 December 2023 (except for short-term leases and leases of low value assets) have been presented as lease liabilities in the statement of financial position.

The Group has entered into contracts with external parties on obligations for the distribution centre in Sevenum amongst which the agreement with the equipment manufacturer and supplier. The invoiced contract values are included in property plant and equipment (refer to Note 13). The total outstanding contract value of the off-balance sheet commitments as of 31 December 2023 amounts to EUR 9.5 million which is mainly due in 2024 (2022: EUR 5 million).

Legal proceedings.

Redcare Pharmacy N.V. and its subsidiaries are parties to a number of other legal proceedings arising out of their business operations. Redcare Pharmacy believes that the ultimate resolution of these proceedings will not, in the aggregate, have a material adverse effect on Redcare Pharmacy’s financial position, results of operations or cash flows. Such other legal proceedings, however, are subject to inherent uncertainties and the outcome of individual matters is unpredictable. It is possible that Redcare Pharmacy could be required to have expenses in excess of established provisions, at amounts that cannot reasonably be estimated.

34. Standards issued but not yet effective.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The application of new accounting standards and amendments that had already been issued by the IASB as of the time the financial statements were authorised for issue, is not expected to have any material effect on the consolidated financial statements.

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

35. Subsequent events.

There have been no significant subsequent events.

36. Other information.

Auditor's fees.

The Company's 2023 and 2022 financial statements were audited by Mazars Accountants N.V. The following auditor's fees were expensed in the statement of profit and loss in the reporting period:

	Year ended 31.12.2023		Year ended 31.12.2022	
in EUR 1,000	Mazars Accountants N.V.	Other audit firms[3]	Mazars Accountants N.V.	Other audit firms
Audit of the financial statements	626[1]	130	492[2]	–
Other audit engagements	30	–	–	–
Total	**656**	**130**	**492**	**–**

Approval and signing of the consolidated financial statements.

Sevenum, 4 March 2024

Managing Board Members:
Olaf Heinrich, Jasper Eenhorst, Marc Fischer, Theresa Holler, Stephan Weber

Supervisory Board Members:
Björn Söder (Chairman), Frank Köhler, Jérôme Cochet, Henriette Peucker and Jaska de Bakker

[1] This amount includes 70k relating to the audit 2022.
[2] This amount includes 42k relating to the audit 2021.
[3] This relates to the audit for group purposes of financial data of a subsidiary by a local audit firm. This audit has been performed by another audit firm.

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Company Financial Statements.

Company Statement of Financial Position.

Before appropriation of result (in EUR 1,000)	Notes	31.12.2023	31.12.2022
Assets			
Financial fixed assets			
Subsidiaries	4	151,193	154,502
Current assets			
Trade and other receivables		852	435
Receivables from Group Companies	5	544,793	478,316
Tax receivables		236	1,562
Other financial assets		120,000	113,321
Cash and cash equivalents	6	21,819	856
		687,700	**594,490**
Total Assets		**838,893**	**748,991**
Equity and Liabilities			
Capital and reserves			
Issued Capital		398	362
Share premium		733,026	570,695
Legal reserves		26,513	30,988
Equity part on convertible bonds		31,698	31,698
Currency translation reserve		865	0
Reserve for stock option plan		35,465	37,303
Accumulated losses		–293,728	–238,770
Net income for the year		–12,041	–77,646
Shareholders’ equity	7	522,194	354,630
Provisions for subsidiaries	4	**102,326**	**103,807**
Deferred tax liabilities		**6,282**	**7,887**
Non-current liabilities			
Loans and borrowings	8	204,347	199,754
Current liabilities			
Trade and other payables		612	93
Loans and borrowings	8	1,625	1,625
Payables to Group Companies	9	905	80,582
Other liabilities	10	601	614
		3,743	**82,914**
Total Equity and Liabilities		**838,893**	**748,991**

Company Statement of Profit and Loss.

in EUR 1,000	Notes	Period ended 31.12.2023	Period ended 31.12.2022
General & Administrative Expenses		–6,579	–8,302
Total Expenses		**–6,579**	**–8,302**
Financial Income	3	16,186	0
Finance expense	3	–6,741	–8,349
Result before tax		**2,866**	**–16,651**
Income tax expenses		1,604	1,266
Share of post-tax results of subsidiaries	4	–16,511	–62,261
Net Result		**–12,041**	**–77,646**

Notes to the Company Financial Statements.

1. General

The Company is registered at the Dutch Chamber of Commerce under Commercial register Number 63986981. The description of the Company's activities and the Company structure, as included in the Notes to the Consolidated financial statements, also apply to the Company financial statements.

2. Summary of material accounting policies

The company financial statements of Redcare Pharmacy N.V. are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code.

The company has made use of the possibility based on Article 362, paragraph 8, Part 9, Book 2 of the Dutch Civil Code to prepare company financial statements based on the accounting policies used for the Consolidated financial statements.

The summaries of applications of new and revised reporting standards, significant accounting policies and critical judgements are given in Notes 3 and 4 respectively of the notes to the Consolidated financial statements.

An investment in a subsidiary is accounted for using the equity method from the date on which the investee becomes a subsidiary. On acquisition of the investment in a subsidiary, any excess of the cost of the investment over the Group's share of the net fair value of the identified assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

Participations in consolidated entities are accounted for using the asset value method applying the same accounting policies as those used in the consolidated financial statements. If a participating interest has negative equity and the parent company is guarantor, a provision is formed for the best estimate of the liability.

Receivables are mainly receivables on Group companies. The accounting policy on trade and other receivables is included in note 18 of the Notes to the Consolidated financial statements.

3. Finance income and expenses

Finance income

in EUR 1,000	31.12.2023	31.12.2022
Interest on group companies financing	12,080	0
Finance income from cash and other financial assets	4,027	0
Other finance income	79	0
	16,186	**0**

Finance expenses

in EUR 1,000	31.12.2023	31.12.2022
Interest and other expenses convertible bonds	6,218	6,043
Interest expenses credit institutions	517	729
Losses from other financial assets	0	1.575
Other finance expenses	6	2
	6,741	**8,349**

4. Financial fixed assets

Subsidiaries

Redcare Pharmacy N.V. holds 100 % interest in the following subsidiaries:
– SA Europe B.V., Sevenum, The Netherlands
– EHS Europe Health Services B.V., Sevenum, The Netherlands

A summary of the movements in the subsidiaries is given below:

in EUR 1,000	Subsidiaries	Provisions for subsidiaries	Total
Balance, 1 January 2022	154,540	–48,720	105,820
Result for the year	–62,082	0	–62,082
Share of other changes in equity	0	6,957	6,957
Addition to provision negative equity	62,044	-62,044	0
Balance, 31 December 2022	**154,502**	**–103,807**	**50,695**
Result for the year	–16,511	0	–16,511
Share of other changes in equity	19,076	–4,393	14,683
Addition to provision negative equity	–5,874	5,874	0
Balance, 31 December 2023	**151,193**	**–102,326**	**48,867**

5. Receivables from Group companies

in EUR 1,000	31.12.2023	31.12.2022
SA Europe B.V.	306,162	162,498
Euroservice Venlo B.V.	6,310	276,880
Europa Apotheek B.V.	0	20,006
Shop Apotheke B.V.	20,561	18,619
Shop Apotheke Service B.V.	193,380	0
Europa Apotheek Service B.V.	18,380	0
MedApp Holding B.V.	0	313
Balance 31 December	**544,793**	**478,316**

Regarding receivables and payables from/to Group companies, no repayment schedules have been agreed. Debit and credit amounts may be netted.

6. Cash and cash equivalents

Cash and cash equivalents are at immediate free disposal of the company.

7. Shareholder's equity

The share capital of the Group as of 31 December 2023 amounts to EUR 397.7 thousand (31 December 2022: EUR 364.0 thousand) divided into 20,203,287 shares (31 December 2022: 18,199,281) each with a nominal value of EUR 0.02, of which 19,885,057 have been issued and fully paid, 318,230 shares are held in treasury for share option plans. The total number of authorized shares amounts 85,000,000.

Additional information is given in the Consolidated statement of changes in shareholder's equity and in Note 21 to the Consolidated financial statements.

Legal reserves

Based on Dutch law, a legal reserve needs to be established for positive results in the subsidiaries that cannot be used for dividend distribution without restriction. The legal reserve relates to the cost for software development as recognized by Redcare Pharmacy N.V.'s subsidiaries. Movements during 2023 relate to the net balance of capitalization and amortization of software development by these subsidiaries.

Currency translation reserve

The foreign operations of MediService, with CHF as accounting currency, are translated into the reporting currency EUR of Redcare Pharmacy N.V. The resulting foreign currency translation differences on the net investment in such operations are included in a legal reserve.

in EUR 1,000	Legal reserves	Currency translation reserve
Balance, 1 January 2022	33,249	0
Changes	−2,261	0
Balance, 31 December 2022	**30,988**	**0**
Changes	−4,475	865
Balance, 31 December 2023	**26,513**	**865**

8. Loans and Borrowings

in EUR 1,000	31.12.2023	31.12.2022
Convertible bond	197,847	191,629
Amounts due to banks	6,500	8,125
Balance 31 December	**204,347**	**199,754**

Convertible bond

In January 2021, the Company issued 2,250 0.0 % convertible bonds with an aggregate principal amount of EUR 225.0 million. Each bond entitles the holder to convert to ordinary shares at a conversion price of EUR 233.83. Given the zero coupon no interest is due on these Bonds.

Further information is given in Note 22 to the Consolidated financial statements.

The short-term liability portion of the convertible bond amounts EUR nihil (31 December 2022: EUR nihil).

Amount due to banks

In February 2021, the Company obtained a EUR 13 million loan at a credit institution. This loan is secured by a pledge over the logistics automation in the Sevenum logistics centre.

The loan has a duration of 6 years, ending on 31 December 2026, repayment is done quarterly for the amount of EUR 406,250 starting at 31 March 2021.

The annual interest amounts to 3-month EURIBOR + 2.95 % of the principal amount.

9. Payables to Group companies

Regarding receivables and payables from/to Group companies, no repayment schedules have been agreed. Debit and credit amounts may be netted.

in EUR 1,000	31.12.2023	31.12.2022
Shop Apotheke Service B.V.	0	53,292
Shop Apotheke Service GmbH	905	24,363
Nu3 GmbH	0	2.820
Europa Apotheek Venlo B.V.	0	107
Balance 31 December	**905**	**80,582**

10. Personnel

The number of employees employed by Shop Apotheke Europe NV at 31 December 2023 was 0 (31 December 2022: 0).

11. Commitments and Contingencies

For the purpose of value added tax, Redcare Pharmacy N.V., SA Europe B.V., Euroservice Venlo B.V., Shop Apotheke B.V., Shop Apotheke Service B.V., RC Staff B.V., RC Pharma B.V., EHS Europe Health Services B.V., EHSC B.V., Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V. are associated in a fiscal unity and therefore severally liable for the debts with respect to value-added taxes of the fiscal unity.

Redcare Pharmacy N.V. is liable for its Dutch group companies, i. e. SA Europe BV, Euroservice Venlo BV, Shop Apotheke B.V., RC Staff BV, RC Pharma B.V., Shop Apotheke Services B.V., EHS Europe Health Services B.V., EHSC B.V., Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V. according to Article 403 of the Dutch Civil Code, the according declaration has been filed with the trade register.

Credit facility

The Deutsche Bank EUR 15 million credit facility agreement was in addition secured by a EUR 15 million pledge over assets.

12. Related party transactions

In the annual report 2023 no related parties with outstanding balances are presented since outstanding balances to related parties do not exist as at 31 December 2022.

Compensation of key management personnel

The remuneration of management board and supervisory board members is disclosed in the Remuneration Report as part of the Annual Report.

Loans to key management personnel

The Group has not provided any loans to its key management in 2023.

Loans from related parties

As in 2022, no loans from related parties were obtained in 2023.

13. Auditor's fees

See Note 36 of the notes to the Consolidated financial statements.

14. Events after the balance sheet date

No subsequent events occurred.

15. Appropriation of result for the period 1 January 2023 – 31 December 2023

The board of directors proposes that the loss for the period 1 January 2023 – 31 December 2023 amounting to EUR –12,041 thousand should be deducted from the other reserves.

16. Signing of the financial statements

Sevenum, 4 March 2024

Signed Statutory directors:
Olaf Heinrich, Jasper Eenhorst, Marc Fischer, Theresa Holler, Stephan Weber

Signed Supervisory Board members:
Björn Söder (Chairman), Jérôme Cochet, Frank Köhler, Henriette Peucker, Jaska de Bakker

Other Information

Statutory rules concerning appropriation of result
According to the articles of the Company's statutory regulations the appropriation of the result for the year is at the disposal of the general meeting.

Independent auditor's report
Reference is made to the auditor's report as included hereinafter.

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Independent *Auditor's Report.*

To the shareholders and supervisory board of Redcare Pharmacy N.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the 2023 financial statements of Redcare Pharmacy N.V. based in Sevenum, The Netherlands. The financial statements comprise the consolidated and company financial statements.

In our opinion:
- the accompanying consolidated financial statements give a true and fair view of the financial position of Redcare Pharmacy N.V. as at 31 December 2023 and of its result and its cash flows for 2023 in accordance with IFRS Accounting Standards as endorsed by the European Union (EU) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Redcare Pharmacy N.V. as at 31 December 2023 and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:
1. the consolidated statement of financial position as at 31 December 2023;
2. the following statements for 2023: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of shareholders’ equity and the consolidated statement of cash flows; and
3. the notes comprising a summary of the material accounting policy information and other explanatory information.

The company financial statements comprise:
1. the company balance sheet as at 31 December 2023;
2. the company statement of profit and loss for 2023; and
3. the notes comprising a summary of the material accounting policy and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Redcare Pharmacy N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten

(ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 25.1 million. The materiality is based on 1.4% of revenues. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of EUR 755 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Redcare Pharmacy N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Redcare Pharmacy N.V.

Considering our ultimate responsibility for the group audit opinion, we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group. The determining factors are the significance and risk profile of the group entities or activities where our group audit mainly focused on significant group entities. We have:

- performed audit procedures ourselves at group entities located in the Netherlands;
- used the work of other auditors when auditing entity MediService AG;
- performed review procedures or specific audit procedures at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Audit response to the risks of fraud and non-compliance with laws and regulations

Audit response to the risks of fraud

We refer to the Combined Management Report for management's risk assessment and the Supervisory board Report in which the supervisory board reflects on this risk assessment.

We identified fraud risk factors with respect to financial reporting fraud, misappropriation of assets and corruption. We evaluated if those factors may indicate a risk of material misstatement in the financial statements due to fraud. As a result of the listed status of Redcare Pharmacy N.V., there might be excessive pressure to override internal controls in order to meet certain market and shareholder expectations. We noted that the reported revenues were at the high end of the range communicated in the forecast. Therefore we have identified a fraud risk in relation to recognising revenue improperly in the next financial year and a risk of management override of control.

In this context, we paid attention to:

- the appropriateness of journal entries and other adjustments made in the preparation of the financial statements;
- potential biases in estimates, such as the estimates used in the purchase price allocation in respect of the current year acquisition and the impairment analysis;
- consistent and appropriate application of revenue recognition accounting;
- significant transactions, if any, outside the normal course of business.

Our response to the identified and assessed fraud risks

We performed the following specific procedures:

- we evaluated the design and implementation of relevant internal controls in the sales, financial statement and consolidation process, such as segregation of duties and systems of authorisations;
- we used data analytics to identify and assess high risk journal entries;
- we made enquiries of individuals involved in the financial reporting process about possible inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- we selected journal entries and other adjustments made during the year, at the end of the reporting period and post-closing entries;
- we examined the underlying audit documentation of the selected journal entries;
- for significant transactions such as the completion of the purchase price allocation for the acquisition in 2023, we evaluated the related management judgment and assumptions;
- we reviewed the accounting estimates for potential biases and evaluated whether the circumstance causing the bias, if any, represent a risk of material misstatement due to fraud;
- we performed substantive audit procedures on the revenue during the year and more specific those transactions in the period immediately after year-end.

In addition, we also performed the following procedures:

- we considered available information and made enquiries of relevant executives, including directors, legal counsel, the audit committee and supervisory board;

- we inspected and verified the availability of the entity’s code of conduct for employees and suppliers and whistleblowing policy;
- we assessed other positions held by management and key employees and paid special attention to procedures and governance/compliance in view of possible conflicts of interest;
- we evaluated whether the selection and application of accounting policies by the entity, particularly those related to subjective measurements and complex transactions, may be indicative of fraudulent financial reporting;
- we incorporated elements of unpredictability in our audit, including using different sampling methods and performing audit procedures on not material accounts.

Non-compliance with Laws and Regulations

We have obtained an understanding of the relevant laws and regulations applicable to the company. We have identified the following laws and regulations that have an indirect effect on the financial statements: anti-bribery and corruption, competition and data privacy laws and regulation.

We made enquiries with management and the audit committee regarding their awareness of the entity’s compliance with laws and regulations which directly, or indirectly, have a material impact on the financial statements. We also inspected relevant correspondence with regulatory authorities.

We also inspected lawyers’ letters and remained alert to indications of identified and suspected non-compliance throughout the audit, held enquiries with legal counsel, and obtained a written representation from management that all known instances of identified and suspected non-compliance with laws and regulations were disclosed to us.

Our observations

The aforementioned audit procedures have been performed in the context of the audit of the financial statements. Consequently, they are not planned and performed as a specific investigation regarding fraud and non-compliance with laws and regulations. Our audit procedures have not led to any findings.

Audit approach going concern

As disclosed in section "Basis of preparation" in Note 3.1 to the consolidated financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, management made a specific assessment of the company’s ability to continue as a going concern and to continue its operations for at least the next 12 months after the preparation of the financial statements.

We discussed and evaluated the assessment with management exercising professional judgment and maintaining professional scepticism. We considered whether management’s going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements, or otherwise, including the review of the cash flow forecasts, contains all events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our observations

Based on our procedures performed, we concur with management position on Redcare Pharmacy N.V.'s ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our independent auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of the audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Business combinations

In 2023, Redcare Pharmacy N.V. has acquired 51% of the shares and voting interest in MediService AG ("MediService"), including Curarex AG of Galenica. As part of this strategic partnership, Redcare Pharmacy and Galenica are combining the business activities of the specialty pharmacy MediService and the online pharmacy webshop shop-apotheke.ch. Management relied on an expert to assist in the purchase price allocation ("PPA") assessment on the acquisition. The goodwill arising from the acquisition, amounting to EUR 107.9 million, was allocated to the Switzerland cash-generating unit ("CGU") and has been disclosed as such in the consolidated financial statements in Note 29 Business combinations during the period.

In our audit of the financial reporting treatment of the acquisition, we assessed the share purchase agreements. An important element of our audit relates to the identification of the acquired assets (e.g. valuation of customer relationships and brand name) and liabilities, and the fair valuation of these on acquisition date. We tested this identification based on our understanding of the business of the acquired company and the explanations and plans of the company that supported the acquisition. With the assistance of our valuation team, we have reviewed the PPA and amongst other procedures, assessed the measurement of the consideration transferred; the fair values of the identified assets acquired, and liabilities assumed including the fair valuation of the identified intangible assets; the weighted average cost of capital ("WACC"); and the measurement of the goodwill. Furthermore, we assessed the appropriateness of the disclosures in the financial statements regarding the acquisitions.

Observation

We believe that management's assessment of the purchase price allocation and the corresponding accounting policies including the disclosures on key information of the acquisition are appropriate.

Valuation of goodwill

As at 31 December 2023, goodwill amounts to EUR 277.5 million. Under EU-IFRS Accounting Standards, it is required to perform impairment tests annually on goodwill acquired in a business combination. The impairment tests were important for our audit as the related asset amounts are significant, and the assessment process itself is complex and includes management judgement on the underlying estimates and assumptions.

Our audit procedures included, amongst others, the assessment of the proper allocation of the goodwill to the cash-generating units, the comparison of the assumptions used in the previous year compared to the outcome in the current year (so called "backtesting"), the reasonability of the assumptions used by management, the reliability of the data used and its volatility in the sensitivity analysis. This year we paid attention to the change in the composition of the CGU for Germany to integrate all German activities (excluding nu3) into CGU Germany. Furthermore, we assessed if the key elements are disclosed properly in Note 14 and Note 15 to the consolidated financial statements.

With the assistance of our internal valuation specialists, we have obtained reasonable assurance on the assumptions and methodologies used by Redcare Pharmacy N.V. in determining that the goodwill is not impaired at the year end.

Observation

We believe that management's assessment of the recoverability of goodwill, the change in the composition of the CGU Germany and the disclosures on key uncertainties and scenarios assumed in management impairment testing are appropriate.

Report on the other information included in the annual report

The annual report contains other information, in addition to the financial statements and our auditor's report thereon. The other information consists of:

- Combined Management Report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code and articles 2:135b and 2:145 paragraph 2 of the Dutch Civil Code; and
- Other information included in the sections: Redcare at a glance, the Redcare Pharmacy Share, the Supervisory board report and the Remuneration report.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the Combined Management Report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and articles 2:135b and 2:145 paragraph 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Combined Management Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the Remuneration Report in accordance with articles 2:135b and 2:145 paragraph 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the supervisory board as auditor of Redcare Pharmacy N.V. on 29 May 2019, as of the audit for the year 2019 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Format (ESEF)

Redcare Pharmacy N.V. has prepared its annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in XHTML format, including the (partly) marked-up consolidated financial statements as included in the reporting package by Redcare Pharmacy N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into one single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N 'Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument' (assurance engagements relating to compliance with criteria for digital reporting). Our examination included among others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- identifying and assessing the risks that the annual report does not comply in all material respects with the RTs on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including:
  - obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files have been prepared in accordance with the technical specifications as included in the RTS on ESEF;
  - examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

Description of responsibilities regarding the financial statements

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting, unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 4 March 2024

Mazars Accountants N.V.
Original signed by: M. Hoogstad MSc RA

GRI Index including SDG reporting and UN GC CoP

Material GRI Indicator Topic		Page in the report	SDG Target	UN Global Compact 10 Principles
General disclosures				
The organization and its reporting practices				
2-1	Organizational details	32, 34		
2-2	Entities included in the organization's sustainability reporting	33	16.6	
2-3	Reporting period, frequency, and contact point	33	16.6	
2-4	Restatements of information	33	16.6	
2-5	External assurance	54	16.6	
Activities and workers				
2-6	Activities, value chain and other business relationships	35, 37	9.6, 16.6, 8.7	1, 2, 4, 5, 10
2-7	Employees	71, Reason for omission	9.6, 16.6, 8.7	1, 2, 4, 5
2-8	Workers who are not employees	Reason for omission	9.6, 16.6, 8.7	1, 2, 4, 5
Governance				
2-9	Governance structure and composition	78	9.6, 16.6	1, 3, 10
2-10	Nomination and selection of the highest governance body	82	9.6, 16.6	3
2-11	Chair of the highest governance body	81, 82	9.6, 16.6	
2-12	Role of the highest governance body in overseeing the management of impacts	38, 81	9.6, 16.6	3
2-13	Delegation of responsibility for managing impacts	38, 79	9.6, 16.6	3
2-14	Role of the highest governance body in sustainability reporting	33, 38, 81, 118	9.6, 16.6	3
2-15	Conflicts of interest	81, 83	9.6, 16.6	2, 10
2-16	Communication of critical concerns	88	9.6, 16.6	1, 10, 3
2-17	Collective knowledge of the highest governance body	114	9.6, 16.6	3, 10
2-18	Evaluation of the performance of the highest governance body	118	9.6, 16.6	2, 3, 10
2-19	Remuneration policies	122	9.6, 16.6	
2-20	Process to determine remuneration	126	9.6, 16.6	
2-21	Annual total compensation ratio	75, 126	9.6, 16.6	
Strategy, policies and practices				
2-22	Statement on sustainable development strategy	38	9.6, 16.6	1, 2, 7, 8, 9
2-23	Policy commitments	88	9.6, 16.6	1, 2, 10
2-24	Embedding policy commitments	38	9.6, 16.6	2, 10
2-25	Processes to remediate negative impacts	38	9.6, 16.6	2, 10
2-26	Mechanisms for seeking advice and raising concerns	38	9.6, 16.6	3
2-27	Compliance with laws and regulations	38	9.6, 16.6	1, 2, 4, 5, 10
2-28	Membership associations	86	9.6, 16.6, 13.a	
Stakeholder Engagement				
2-29	Approach to stakeholder engagement	54, 56	9.6, 16.6, 8.7	
2-30	Collective bargaining agreements	78	9.6, 16.6, 8.7	3
3	Material Topics	38, 56		
3-1	Process to determine material topics	54, 56	9.6, 16.6	
3-2	List of material topics	55, 56	9.6, 16.6	
3-3	Management of material topics	56	9.6, 16.6	

GRI Index including SDG reporting and UN GC CoP

SAE Material GRI Indicator Topic		Page in the report	SDG Target	UN Global Compact 10 Principles
Topic specific disclosures				
Planetary care				
Climate Protection				
305-1	Direct (Scope 1) GHG emissions	60	8.4, 12.2, 11.6, 13a	7, 8, 9
305-2	Energy indirect (Scope 2) GHG emissions	60	8.4, 12.2, 11.6, 13a	7, 8, 9
305-3	Other indirect (Scope 3) GHG emissions	60	8.4, 12.2, 11.6, 13a	7, 8, 9
305-4	GHG emission intensity	60	8.4, 12.2, 11.6, 13a	7, 8, 9
Circular Packing				
301-1	Materials used by weight or volume	63	8.4, 12.2	
301-2	Recycled input materials used	63	8.4, 12.2	
Sustainable Products				
301-3	Reclaimed products and their packaging materials	64	12.2, 11.6, 12.5	12.2, 11.6, 12.5
Green Workplace				
302-1	Energy consumption within the organization	65	8.4; 12.2; 11.6; 13a	7, 8, 9
302-3	Energy intensity	65	8.4; 12.2; 11.6; 13a	7, 8, 9
306-1	Waste generation and significant waste-related impacts	66	11.6, 12.5, 12.2	7, 8, 9
306-2	Management of significant waste-related impacts	66	11.6, 12.5, 12.2	7, 8, 9
306-3	Waste generated	65, 66	11.6, 12.5, 12.2	7, 8, 9
Patient Care				
Partnerships for healthier lives				
Digital Medication Management				
Pharmaceutical Quality				
416-1	Assessment of the health and safety impacts of product and service categories	69	3.8., 6.9., 16.9.	
Data Privacy & Security				
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	69	16.6, 9.6	
Employee Care				
Healthy workplace				
403-1	Occupational health and safety management system	72	8.8	
403-2	Hazard identification, risk assessment, and incident investigation	72, 73, 74	8.8, 16.6	1, 2, 4, 5
403-3	Occupational health services	73, 74	8.8	
403-4	Worker participation, consultation, and communication on occupational health and safety	72, 73, 74	8.8	
403-5	Worker training on occupational health and safety	73	8.8, 4.7	
403-6	Promotion of worker health	73, 74	8.8	
403-8	Workers covered by an occupational health and safety management system	72	8.8, 16.6	
Equal Opportunities				
405-1	Diversity of governance bodies and employees	75, Reason for omission	4.4, 4.7, 5.5	
Education & Development				
404-1	Average hours of training per year per employee	76, Reason for omission	4.4, 4.7, 5.4	
404-3	Percentage of employees receiving regular performance and career development reviews	76, 77, Reason for omission	4.4, 4.7, 5.5	

Disclosure or the requirement it cannot comply with

Omitted GRI indicator		Reason for omission	Required explanation	Material topic
2–7	Employees	Information unavailable/ incomplete	For the remaining minor deviations from the GRI disclosure requirements reporting is not changed compared to last year. Instead reporting according to CSRD disclosure requirements from 2024 onwards is prepared in parallel already.	General disclosures
2 – 8	Workers who are not employees	Information unavailable/ incomplete	For the remaining minor deviations from the GRI disclosure requirements reporting is not changed compared to last year. Instead reporting according to CSRD disclosure requirements from 2024 onwards is prepared in parallel already.	General disclosures
404-3	Percentage of employees receiving regular performance and career development reviews	Information unavailable/ incomplete	For the remaining minor deviations from the GRI disclosure requirements reporting is not changed compared to last year. Instead reporting according to CSRD disclosure requirements from 2024 onwards is prepared in parallel already.	Education
404-1	Average hours of training	Information unavailable/ incomplete	For the remaining minor deviations from the GRI disclosure requirements reporting is not changed compared to last year. Instead reporting according to CSRD disclosure requirements from 2024 onwards is prepared in parallel already.	Education
405-1	Diversity of governance bodies and employees	Information unavailable/ incomplete	For the remaining minor deviations from the GRI disclosure requirements reporting is not changed compared to last year. Instead reporting according to CSRD disclosure requirements from 2024 onwards is prepared in parallel already.	Equal Opportunities

Glossary.

Due to the inclusion of MediService since mid-May 2023 and the increasing share of our platform business, we have updated some of the definitions of our KPIs to continue to provide the most relevant insights with these metrics.

Active customers
Unique customers who have placed at least one order in the 12 preceding months, predominantly via our online shops, for both our own-stock and platform business. Business-to-business (B2B) orders are excluded to not distort visibility on relevant trends. Platform-only customers are not yet included.

Administrative expenses
Cost of corporate overhead of which examples are IT services, Finance, HR, Facility, Legal and Executive Management.

Adjusted EBITDA
Earnings before interest, tax, depreciation and amortization excluding adjustments. We use this metric as we find it an important indicator of our underlying operational financial performance.

Adjustments
Items we adjust to get from EBITDA to Adjusted EBITDA. There are three categories: (a) Expenses of the employee stock option programmes, (b) Non-recurring or extraordinary expenses related to projects, (c) Any other major non-recurring (one-off) items of which we would release what it concerns in case we record it as specifically mentioned.

(Adjusted) EBITDA margin
(Adjusted) EBITDA as a percentage of sales.

Average shopping basket
The average gross value of received orders from end-customers and patients (B2C), predominantly via our online shops for our own-stock business, divided by the total related number of orders placed in a given time period. Current prescription medication sales (Rx) in Switzerland and the Netherlands are not included because we believe current non-comparable customer types would distort visibility on relevant trends in this metric. Business-to-business (B2B) orders are excluded for the same reason. The average shopping basket includes value-added tax (VAT).

BPC products
Beauty and personal care products.

CAGR
Compound annual growth rate

DACH segment
Segment reporting provides financial information about the individual units of the company. Redcare uses a regional approach. The DACH segment comprises its business activities in Germany, Austria and Switzerland.

EBIT
Earnings before interest and tax.

e-RX/eScript
Computer-based electronic generation, transmission, and filling of a medical prescription.

Free cash flow
Free cash flow as per the most commonly used definition; cash flow from operating activities plus cash flow from investing activities.

Group
Redcare Pharmacy N.V., Sevenum, the Netherlands, together with its consolidated subsidiaries.

International segment
Segment reporting provides financial information about the individual units of the company. Redcare uses a regional approach. The International segment comprises business activities in France, Italy, Belgium and the Netherlands.

Mobile visits
Site visits to our online shops originating from computers, tablets and smartphones as well as other computer-based means.

Net working capital
The difference between the company's current assets (including: trade and other receivables and inventories) and its current liabilities (including: trade and other payables, short-term loans and borrowing and short-term other liabilities).

Rx products or medications
Prescription-only medicines which are allowed to be sold only to customers possessing a valid prescription.

NPS
Net promoter score of our B2C own stock and platform business for a given period of time. NPS does not yet include MedApp, GoPuls and MediService. We track NPS as an indicator for customer satisfaction.

Number of orders
Number of end-customer and patient (B2C) orders, predominantly placed via our online shops for both our own-stock and platform business, containing at least one product, placed during the measurement period.

OTC products or medications
Products or medicines sold to a customer without a prescription from a healthcare professional, as compared to prescription-only medicines, which may be sold only to customers possessing a valid prescription.

Pharmacy-related products
Products that are almost exclusively distributed through pharmacies.

Private labels or own brands
By private labels (or own brands) we mean the brands of products owned by Redcare Pharmacy or its subsidiaries.

Return rate
Percentage of billed B2C orders for our own-stock business that incorporated a return or customer complaint of total billed orders in a given time period. Current prescription medication sales (Rx) in Switzerland and the Netherlands are not included because we believe the current non-comparable customer types would distort visibility on relevant trends in this metric.

Business-to-business (B2B) orders are excluded for the same reason.

Rx revenues
Sales related to prescriptions of our own stock business in the DACH Segment.

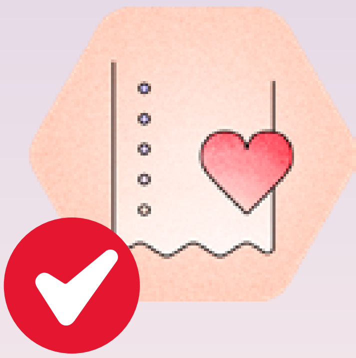
Sales
Gross revenues minus value-added taxes and discounts.

Selling & distribution expenses
Expenses related to marketing, shipping, packaging, payments and operational labour to support our sales.

Share of mobile visits
Mobile visits as a percentage of site visits.

Share of repeat orders
Percentage of total orders, predominantly related to our online shops for both our own-stock and platform business, that is billed during the measurement period that is not the initial order bill to the customer. Business-to-business (B2B) orders are excluded to not distort visibility on relevant trends. With this definition we aim to provide the most-relevant insight as to the development of this metric. The share of repeat orders related to platform-only customers is not yet included.

Website visits (web traffic)
Unique interactions of a visitor on our website (online shops); a visit is considered terminated when the visitor leaves the browser session or has not interacted with the page for more than 30 minutes.



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(legal occupational title:
pharmacist, entered in the Dutch pharmacy registry:
BIG number: 99054129717)

Awarded the title of pharmacist in Germany by the
Landesamt für Soziales, Jugend und Versorgung
of the federal state of Rhineland-Palatinate

Responsible health authority:
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Inspectie voor de Gezondheidszorg, Regio Zuidoost

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European Online Dispute Resolution Platform (ODR platform):
Based on the EU's Regulation 524/2013,
the EU Commission has set up an interactive
website through which consumers and traders
can resolve disputesonline out of court.

You can find the ODR platform here:
http://ec.europa.eu/consumers/odr/

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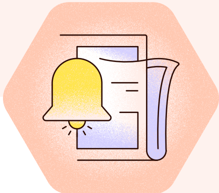
Financial Calendar.



17 APR	**Annual General Meeting**
25 APR	**Publication Quarterly Statement (call-date Q1)**
30 JUL	**Publication Half-yearly Financial Report**
05 NOV	**Publication Quarterly Statement (call-date Q3)**

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