



SHOP APOTHEKE
EUROPE

INVESTING IN HEALTHY GROWTH.

SHOP APOTHEKE EUROPE N.V.

ANNUAL REPORT 2018

VENLO, 15 MARCH 2019



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AGENDA.

INTRODUCTION.

HIGHLIGHTS & ACHIEVEMENTS 2018.

E-SCRIPT: OUR STRATEGY FOR THE
FUTURE.

OUTLOOK.

Q + A.

ACHIEVING HEALTHY GROWTH.

“We are well prepared and ready to take our successful growth story to the next level. Our goal is to grow substantially in our established markets while rapidly growing in our new markets to reach critical mass there.”

STEFAN FELTENS
CEO, SHOP APOTHEKE EUROPE.



DRIVING FORCE: A TEAM OF DEDICATED ENTREPRENEURS.



STEFAN FELTENS

is the company's Chief Executive Officer (CEO) since January of 2019, succeeding Michael Köhler.

THERESA HOLLER

is SHOP APOTHEKE's Chief Operating Officer (COO) as well as its responsible pharmacist, registered as the company's "gevestigde Apotheker" (resident pharmacist) in the Dutch pharmacy registry in 2008.

MARC FISCHER

As Chief Technical Officer (CIO), Marc Fischer is responsible for SHOP APOTHEKE's technical operations.

STEPHAN WEBER

is Chief Marketing & Sales Officer (CMO) and deputy CEO.

DR. ULRICH WANDEL

is the company's Chief Financial Officer (CFO) and has been involved with SHOP APOTHEKE since 2010.

(Top row, from left to right, bottom row from left to right.)

OUR VISION: CREATING THE LEADING EUROPEAN ONLINE PHARMACY.

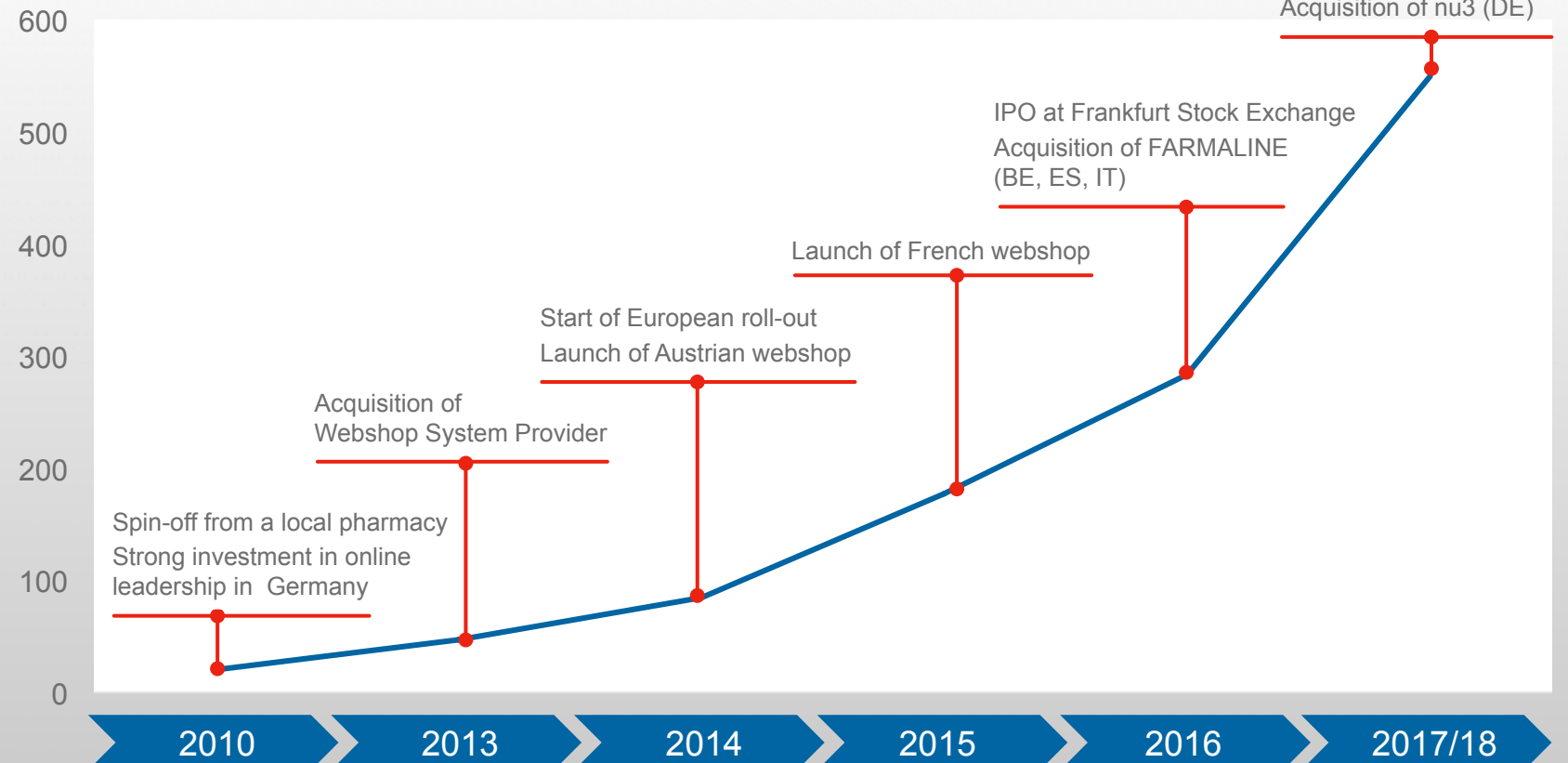


THE ONLINE MARKET LEADER IN EUROPE WITH THE HIGHEST GROWTH RATE.

FACTS

- One-stop online pharmacy
- Founder-led management
- Active in 8 countries
- Listed at the Frankfurt Stock Exchange/SDAX
- ~ 50% average sales growth since 2010

NET SALES*



* 2018 net sales based on analyst estimates

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KEY FIGURES 2018.

REVENUE 2018



CASH & SHORT-TERM SECURITIES



GROSS PROFIT



ACTIVE CUSTOMERS

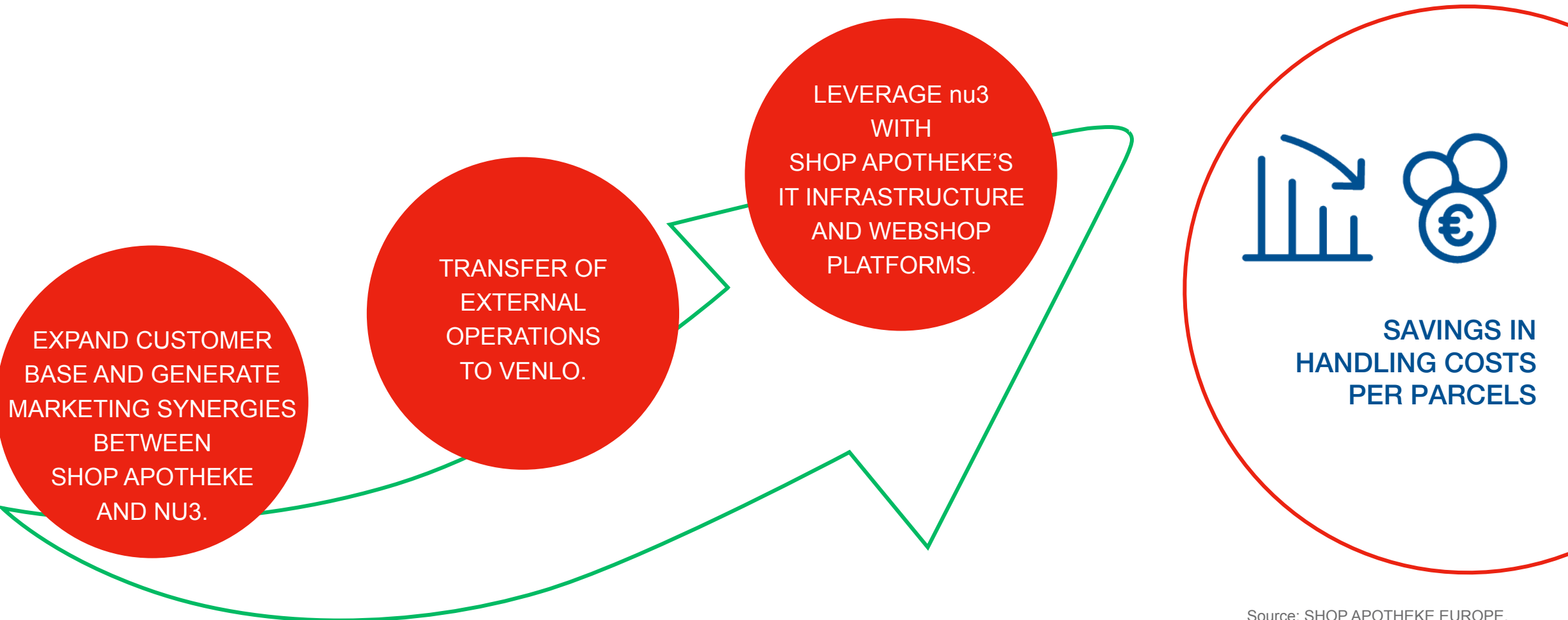


OUR ACHIEVEMENTS IN 2018.

- ✓ Fastest growing online pharmacy in Europe
- ✓ 3.5 m active customers with rising baskets.
- ✓ Successful integration of Europa Apotheek / **eRx to accelerate Rx business growth.**
- ✓ The acquisition of nu3.com in July 2018 shall accelerate international online penetration.
- ✓ SDAX-Listing since 24 September 2018.

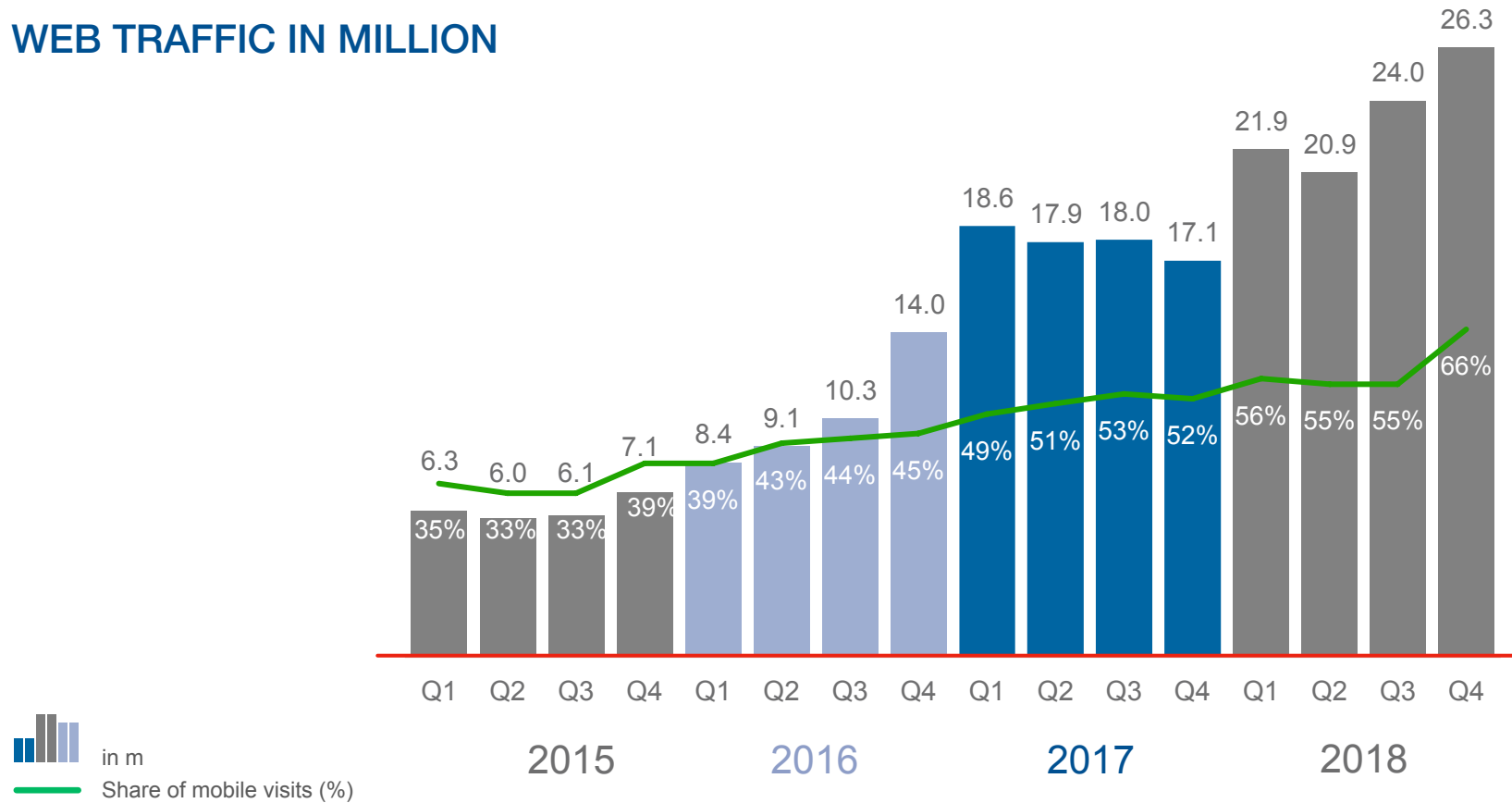


OUR EXPERTISE IN INTEGRATING BUSINESSES: TAKEOVER OF NU3 IN JULY 2018.



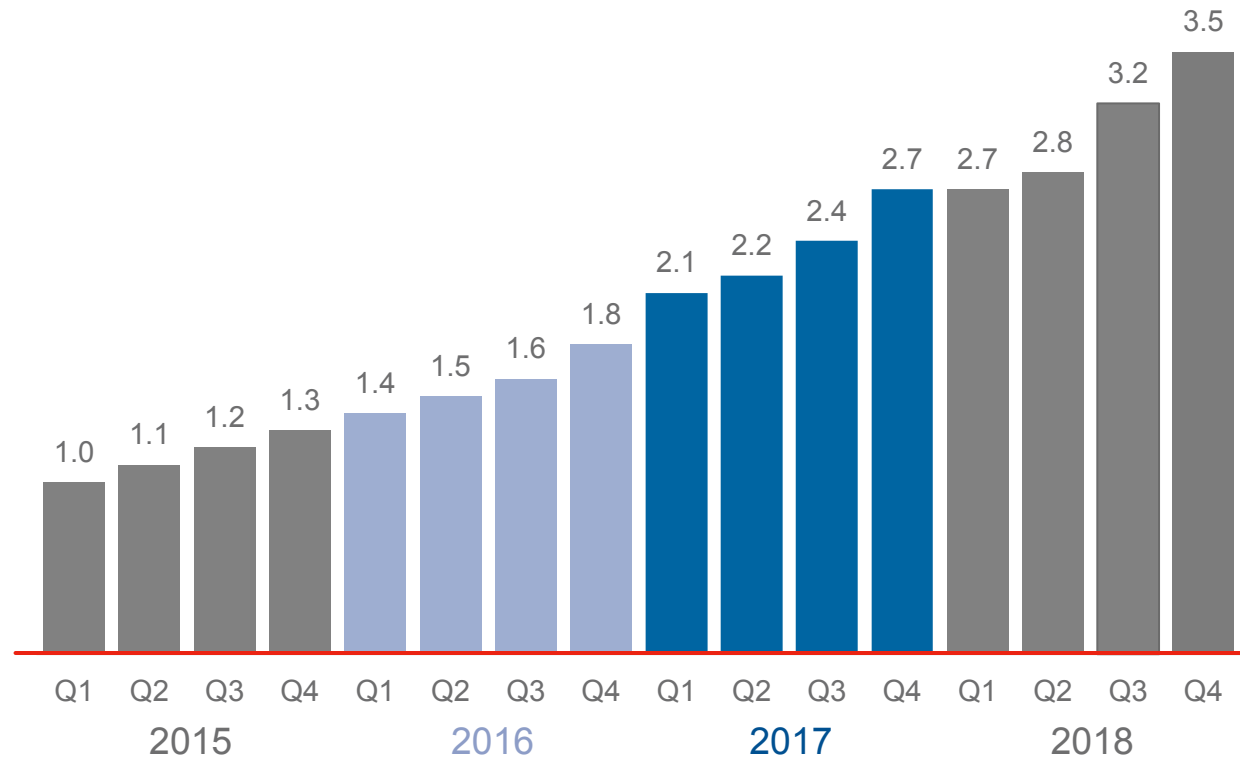
SITE VISITS ARE UP IN LINE WITH SALES GROWTH.

WEB TRAFFIC IN MILLION



REDPOINTS INCREASES CUSTOMER LOYALTY.

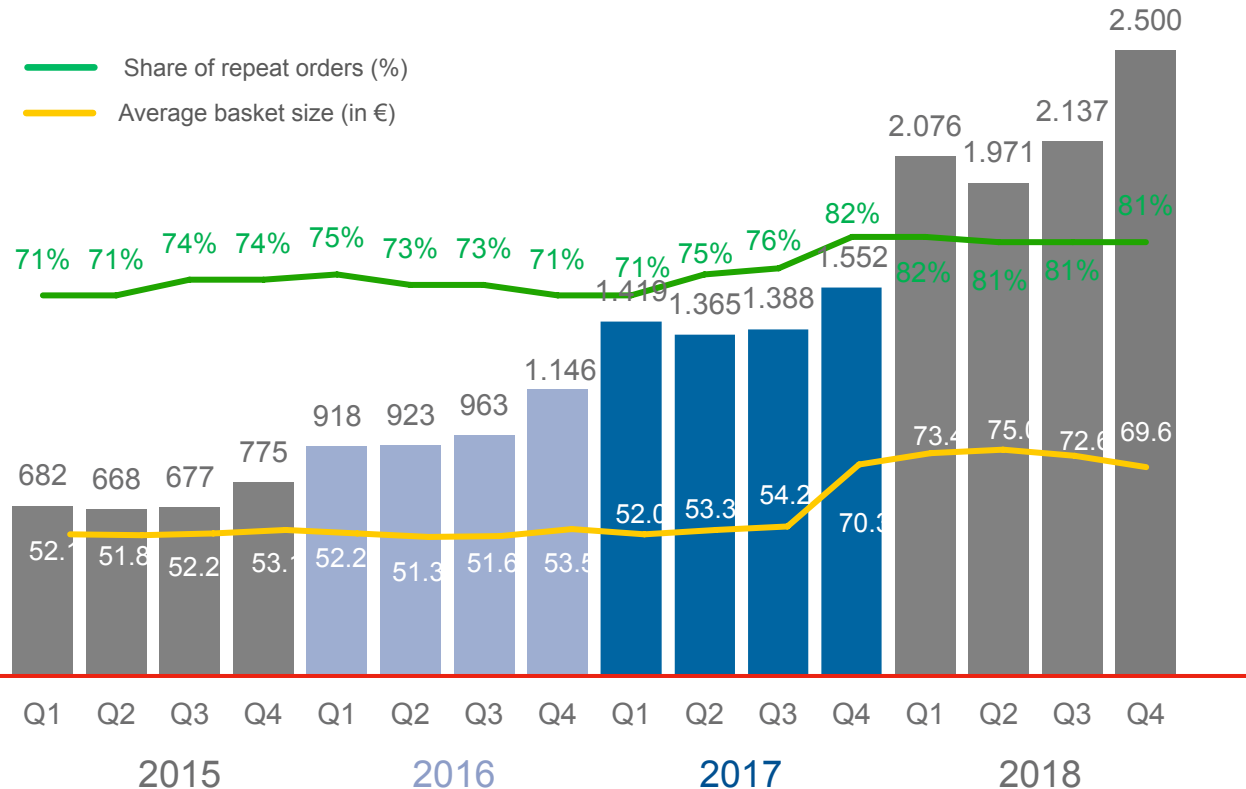
Number of Active Customers (in m)*



* We define active customers as unique customers who are active in 12 months preceeding a given period of time.

ATTRACTIVE BASKET SIZE BOOSTS PROFITABILITY.

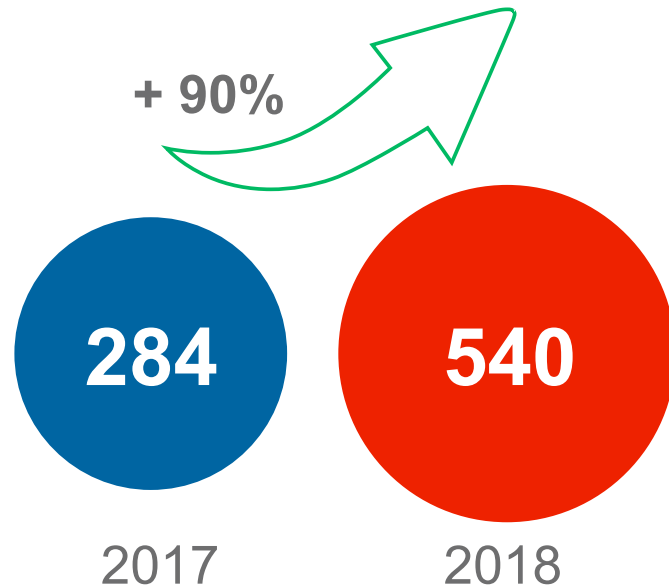
NUMBER OF ORDERS IN '000



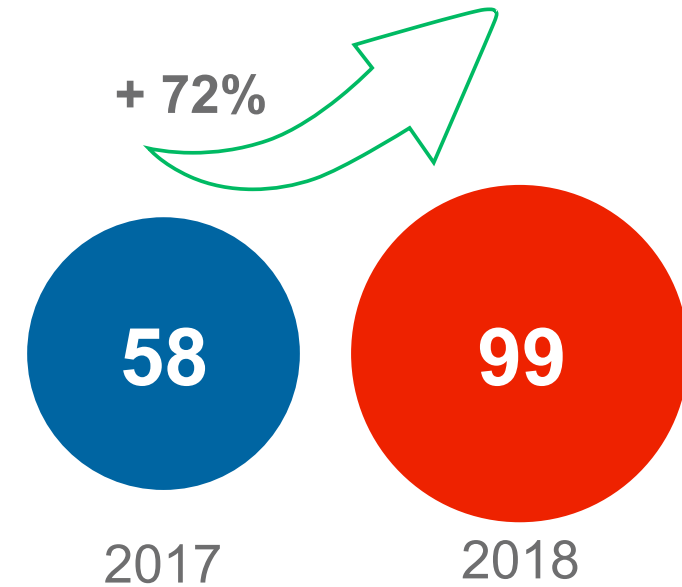
- Repeat orders are at 81%.
- Consolidation effects of nu3 are the reason for the decreased basket size which excluding that effect has shown further positive development.

KEY FINANCIALS 2018.

REVENUE IN EUR MILLION



GROSS PROFIT IN EUR MILLION

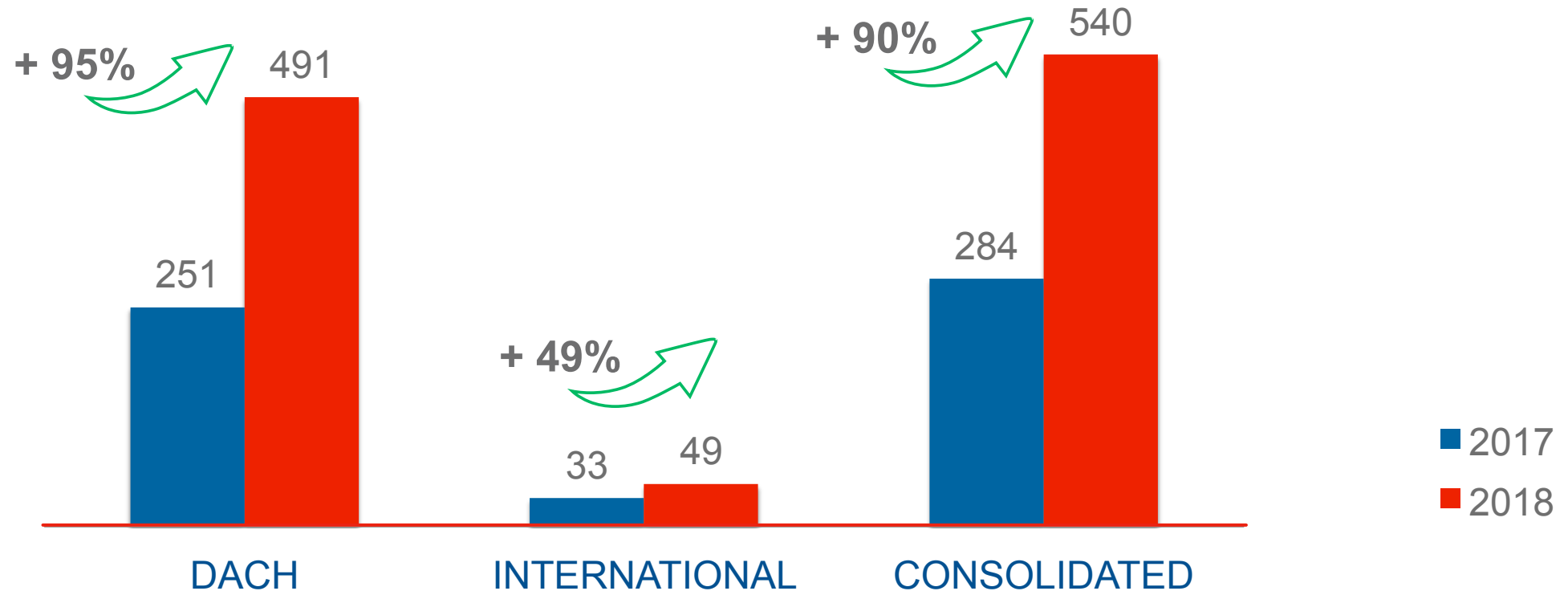


- Continued strong sales growth increased market share.
- SHOP APOTHEKE EUROPE is on sales target for FY 2018.

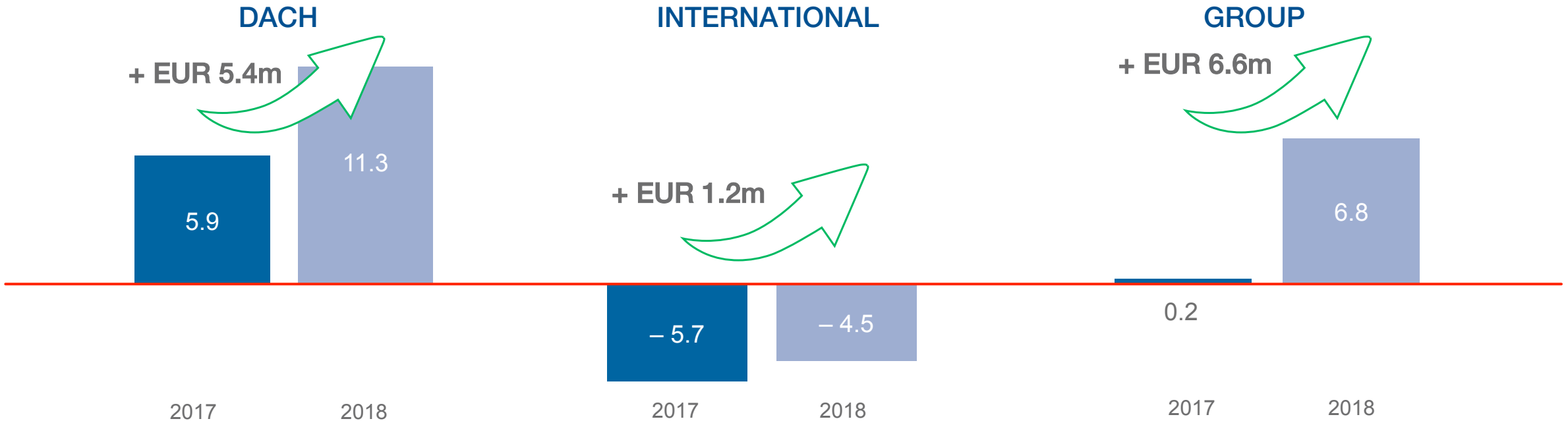
Gross profit has decreased in line with expectations by 1.9 pp to 18.4% due to higher share of prescription medicines.

CONTINUED STRONG GROWTH IN BOTH SEGMENTS.

REVENUE IN EUR MILLION



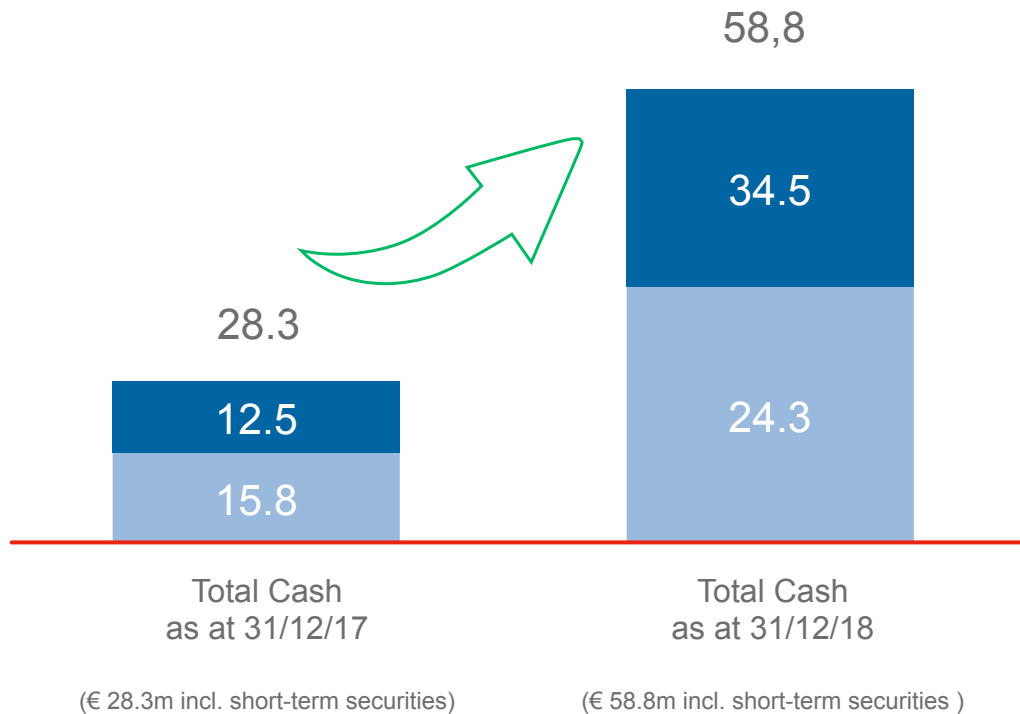
STRONG IMPROVEMENT IN PROFITABILITY.



- DACH Segment adj. EBITDA has increased to EUR 11.3m in 2018 from EUR 5.9m in 2017 despite consolidation effects eliminating most other income.
- International Segment adj. EBITDA improved from EUR – 5.7m in 2017 to EUR – 4.5m in 2018 despite the strong sales growth from EUR 53m to EUR 86m.

CASH POSITION SIGNIFICANTLY INCREASED.

DEVELOPMENT OF CASH AND SHORT-TERM SECURITIES IN EUR MILLION



- Total cash position as at 31 December 2018 including short term-securities increased by EUR 30.5m compared to year-end 2017.
- The increase was mainly driven by the issuance of convertible bonds in the amount of (net) EUR 73.5m.
- Investments in property, plant and equipment as well as in intangible assets led to an outflow of EUR 16m.
- An additional EUR 22m has been invested in short-term securities to avoid negative interest.

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HIGHLIGHTS & ACHIEVEMENTS 2018.

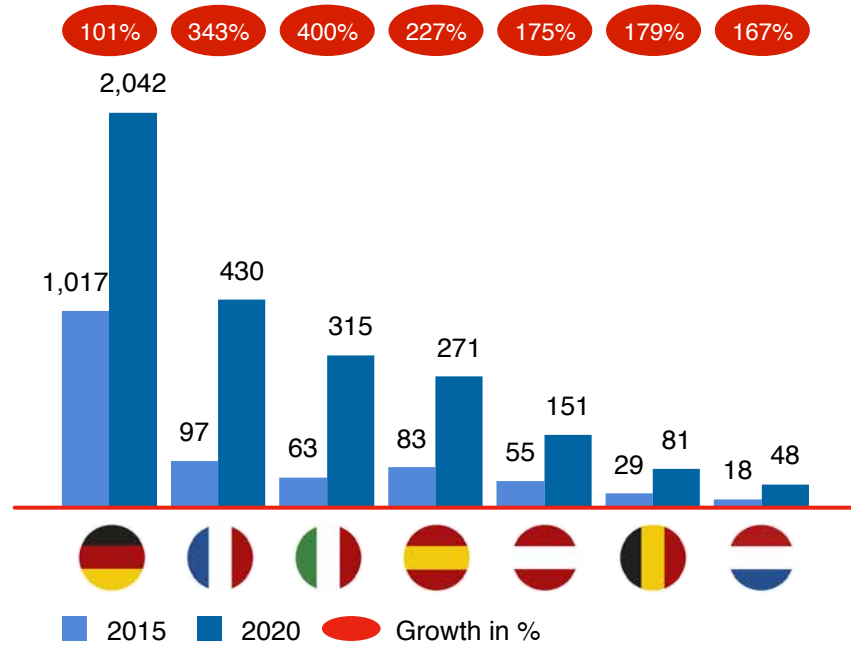
**E-SCRIPT: OUR STRATEGY FOR THE
FUTURE.**

OUTLOOK.

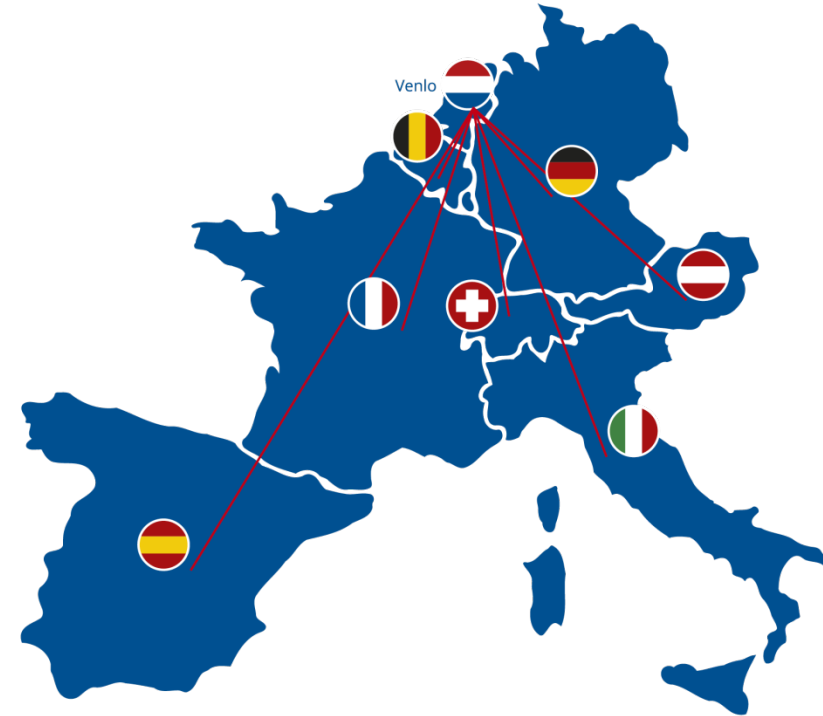
Q + A.

OUR STRATEGY: ONE STEP AHEAD

Step 1:
Penetrating all relevant OTC markets.



Step 2: Adding online Rx – core market Germany to introduce E-Scripts in 2020 – liberalization in EU markets expected in future.

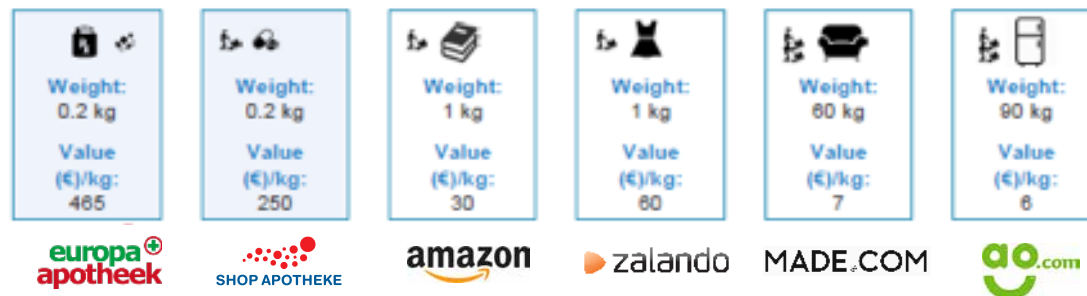


Source: ⁽¹⁾ Sempora market research 2017; ⁽²⁾ IMS PharmaScope, 2017, Sempora market study, 2017, Euromonitor (as of 03 April 2017), online penetration calculated by dividing the internet retailing market size across Europe by the total market size for each vertical, DE and US 2015, other European markets including France, Germany, Italy, Spain, United Kingdom, Switzerland, 2016; ⁽³⁾ ABDA, Sempora, Euromonitor, IMS health: avg. online penetration in Europe was 2.5% for Rx and 3.5% for OTC in 2016; The avg. online penetration rate is expected to grow to 6% by 2020 in continental Europe (excl. DE)

PRESCRIPTION MEDICATION (RX) IS PERFECTLY SUITED FOR E-COMMERCE. SHOP APOTHEKE IS LEADING ONLINE.

WELL SUITED FOR MAIL ORDER

- Small packages and reduced storage requirements



of delivery persons needed

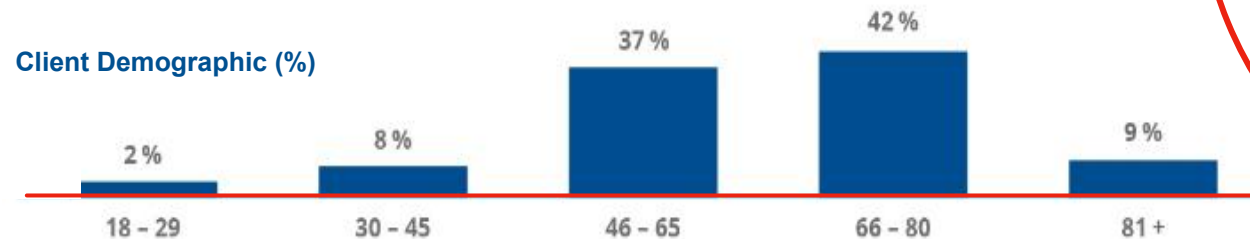


VERY LOW RETURN RATES

High basket value of Rx customers:

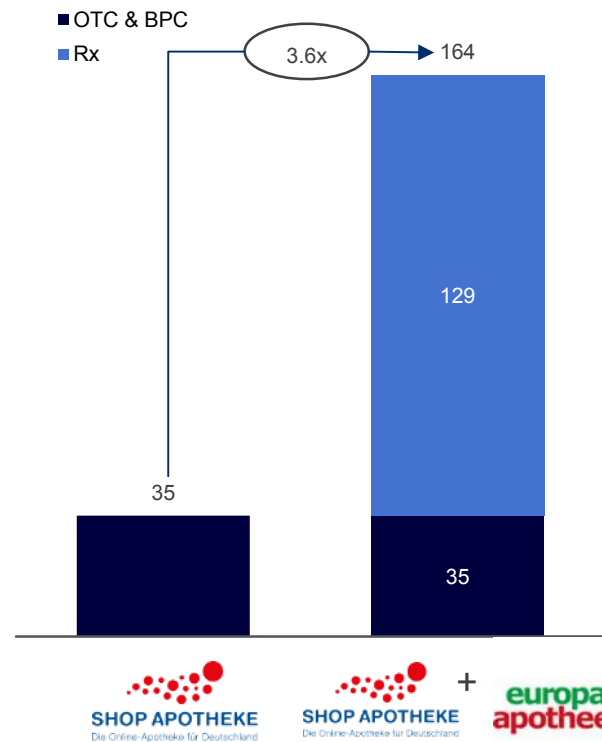
ATTRACTIVE CUSTOMER LIFETIME

- Competitive customer lifetime compared to other verticals
- Mother as health manager covers lifecycle



PREPARING FOR THE NEXT GENERATION OF GROWTH: E-SCRIPT IN OUR EUROPEAN MARKETS.

Large Opportunity Complimentary to OTC/BPC⁽¹⁾ 2017 Continental European Total Addressable Market ("TAM"), € bn (excl. VAT)

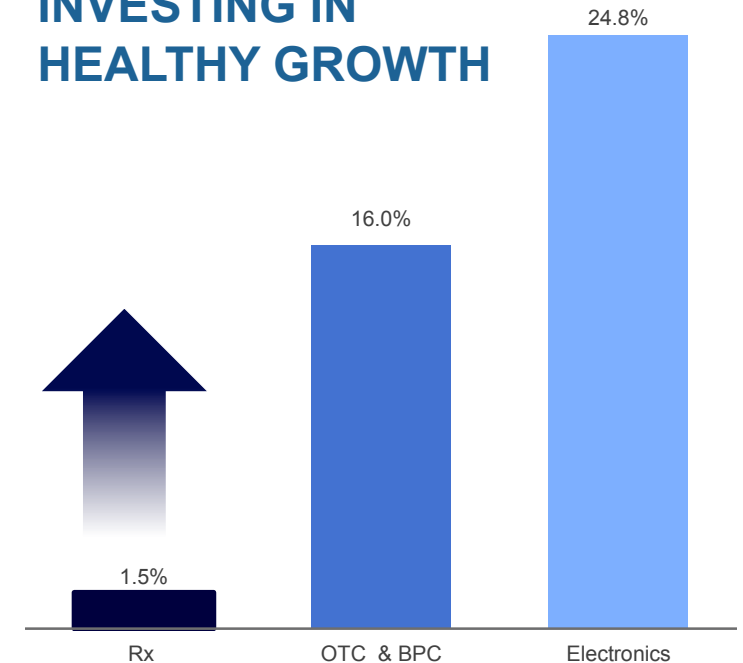


Well Suited for E-commerce⁽²⁾

- Attractive Customer Lifetime
- Well Suited for Mail Order
- Very Low Return Rate
- High Frequency of Orders
- High Basket Size Value

With Highly Attractive Online Penetration Potential⁽³⁾ 2017E, Online Penetration in Germany

eRX: INVESTING IN HEALTHY GROWTH



Source: ⁽¹⁾ Sempora 2017, OTC is defined as non-prescription medication. Continental Europe excludes the UK and certain small EU countries; countries included are: Germany, France, Italy, Spain, Poland, Romania, Netherlands, Belgium, Portugal, Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway, Austria. SAE is OTC and Pharma Related BPC. ⁽²⁾ Please refer to page 11. ⁽³⁾ Sempora and Euromonitor. All market sizes exclude VAT.

RX WILL FURTHER ACCELERATE REVENUE GROWTH.



- Rx market in Europe nearly four times bigger than OTC/BPC.
- Online Rx business dominated by only two companies (SHOP APOTHEKE, Doc Morris).
- SHOP APOTHEKE EUROPE is well-positioned to serve the Rx market.
 - Strong Online Brand.
 - 2017 takeover of EUROPA APOTHEEK delivered process & pharmaceutical know-how.
 - Transfer of e-Commerce know-how to EUROPA APOTHEEK.
 - Already strong Rx customer base of chronically ill patients in Germany.
- Why online Rx & SHOP APOTHEKE EUROPE are a perfect match:
 - Organically acquired customer base of c. 5 m by 2020 will boost further growth.
 - High cross-selling potential with OTC/BPC.
 - Monetary basket size increases significantly.

E-SCRIPTS INCREASE OUR PROFITABILITY.



- Much lower handling cost
 - no mailing cost, no handling of envelopes, no scanning, no recognition,
 - no manual corrections, easier money collection from sick funds



- Faster delivery – as immediate execution of order

- Lower Customer Acquisition Cost (CAC)

- Higher value baskets, higher retention, additional margins lead to a much higher Customer Lifetime Value



TOTAL 500 MIO.
PRESCRIPTIONS
IN GERMANY

A UNIQUE SERVICE FOR RX CUSTOMERS.

- As Continental Europe's leading online pharmacy, SHOP APOTHEKE EUROPE is a well-established and trusted player.
- Thanks to the integration of Rx specialist Europa Apotheek, necessary know-how & processes are already in place and can be further streamlined.
- SMART, our chronic patient care program, is essential both to high medication adherence and extraordinary customer loyalty.
- Unique service for chronically ill patients in Germany.



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FORECAST 2019.

- Sales: c. 30 % growth corresponding to c. EUR 700 m.
- Adjusted EBITDA-margin: at 2018 level or slightly better.

MID- AND LONG-TERM GROWTH & PROFITABILITY TARGETS.

- EBITDA – Break-even in 2020.
- Focus on strong organic growth towards EUR 1 bn.
- Target profitability of at least 6% EBIT.

INVEST IN HEALTHY GROWTH: SHOP APOTHEKE EUROPE.

- **The booming online medication market will be further boosted by eRx, with future liberalization of Rx regulations country by country.**
- Strong organic customer growth is supported by increasing online penetration and medication need in an ageing population.
- Proven M&A track record with successful integration of acquisitions (Farmaline, Europa Apotheek, nu3) to further boost our growth.
- Preparing for launch of market place in Germany – other markets to follow
- **Significant potential for additional future revenue streams from media solutions, data services and e-health further increasing profitability.**



CORPORATE CALENDAR 2019.

30 April 2019

Annual General Meeting, Venlo

15 May 2019

Publication of the results for Q1 2019

14 August 2019

Publication of the results for H1 2019

14 November 2019

Publication of the results for Q3 2019





SHOP APOTHEKE
EUROPE

APPENDIX

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended 31 December 2018

	Period ended 31. 12. 2018	Period ended 31. 12. 2017
	EUR 1,000	EUR 1,000
Revenue	539,710	283,992
Cost of sales	- 440,392	- 226,407
Gross profit	99,318	57,585
Other income	196	3,015
Selling and distribution	- 105,564	- 66,417
Administrative expense	- 22,679	- 13,378
Result from operations	- 28,730	- 19,197
Finance income	324	40
Finance expenses	- 6,185	- 2,246
Net finance costs	- 5.861	- 2,206
Result before tax	- 34,591	- 21,403
Income tax	982	45
Result after tax	- 33,609	- 21,358
Attributable to:		
Owners of the company	- 33,609	- 21,358

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2018

	Year ended 31. 12. 2018	Year ended 31. 12. 2017
	EUR 1,000	EUR 1,000
Assets		
Non-current assets		
Property, plant and equipment	11,924	8,278
Intangible assets	199,892	189,827
Deferred tax assets	973	3,447
Investments in equity-accounted joint ventures	1,002	905
Investments in associates	400	0
Investments in equity-instruments	10	0
	214,201	202,457
Current assets		
Inventories	43,349	39,989
Trade and other receivables	34,596	27,070
Other financial assets	34,422	12,510
Cash and cash equivalents	24,338	15,783
	136,705	95,352
Total assets	350,906	297,808

	Year ended 31. 12. 2018	Year ended 31. 12. 2017
	EUR 1,000	EUR 1,000
Equity and liabilities		
Shareholders' equity		
Issued capital and share premium	292,045	289,317
Reserves/accumulated losses	- 78,069	- 50,351
	213,976	238,966
Non-current liabilities		
Loans and Borrowings	72,411	4,316
Deferred tax liability	10,841	12,711
	83,252	17,027
Current liabilities		
Trade and other payables	28,436	28,855
Loans and Borrowings	6,488	2,722
Amounts due to banks	9,805	4,914
Tax liabilities	1,846	3,947
Employee benefit liabilities	2,173	1,054
Provisions	4,930	323
	53,678	41,815
Total equity and liabilities	350,906	297,808

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	Period ended 31. 12. 2018	Period ended 31. 12. 2017
	EUR 1,000	EUR 1,000
Cash flow from operating activities		
Result from operations	-28,730	-19,197
Adjustments for:		
- Depreciation and amortisation of non-current assets	13,171	7,059
- Corporate income tax	0	0
- Movements in provisions	3,573	-1,861
- Issuance of stock option plan	1,450	0
Operating result adjusted for depreciation and amortisation, taxes and provisions	-10,536	-13,999
Movements in working capital		
- (Increase)/decrease in trade and other receivables	-5,174	-203
- (Increase)/decrease in inventory	128	-14,236
- (Increase)/decrease in trade and other payables	-7,953	5,359
Working capital movement	-12,998	-9,080
Cash generated from operations	-23,534	-23,079
Interest received	324	40
Interest paid on financial lease	-331	-205
Net cash (used in)/generated by operating activities	-23,541	-23,244
Cash flow from investing activities		
Investment for property, plant and equipment	-2,804	-3,143
Investment for intangible assets	-9,051	-6,472
Investment for other financial assets	-21,913	7,502
Acquisition of subsidiary, net of cash acquired	-4,379	1,255
Net cash (used in)/generated by investing activities	-38,147	-858

	Period ended 31. 12. 2018	Period ended 31. 12. 2017
	EUR 1,000	EUR 1,000
Cash flow from financing activities		
Interest paid	-4,467	-2,041
Share issue cost	0	-1,103
Payment of earn-out obligations Farmaline	-1,100	-1,100
Investment equity accounted joint ventures	0	0
Investment associates	-400	0
Investment equity instruments	-10	0
Issue convertible bond, net of costs of issuance	73,499	0
Cash-out lease payments	-2,221	0
Other non-current liabilities	0	781
Net cash (used in)/generated by financing activities	65,302	-3,463
Net increase/(decrease) in cash and cash equivalents	3,613	-27,565
Cash and cash equivalents at the beginning of the period	10,920	38,485
Cash and cash equivalents at the end of the period	14,533	10,920
Reconciliation to the balance sheet:		
Cash and cash equivalents - assets	24,338	15,783
Bank overdraft	-9,805	-4,863
	14,533	10,920

SEGMENT REPORTING 2018

	DACH	International	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000
Revenues	491,078	48,632	539,710
Cost of sales	-403,328	-37,064	-440,392
Gross profit	87,750	11,568	99,318
% of revenues	17.9%	23.8%	18.4%
Other income	156	40	196
Selling & distribution costs	-78,082	-16,287	-94,369
Adjusted selling & distribution costs	-76,605	-16,132	-92,736
Segment EBITDA	9,825	-4,680	5,145
Adjusted segment EBITDA	11,301	-4,524	6,777
Administrative expenses			-20,704
Adjusted administrative expenses			-18,530
EBITDA			-15,559
adjusted EBITDA			-11,753
Depreciation			-13,171
EBIT			-28,730
Adjusted EBIT			-24,924
Financial result and taxes on income			-4,879
Adjusted financial result and taxes on income			-4,879
Period result			-33,609
Adjusted period result			-29,803

SEGMENT REPORTING 2017

	DACH	International	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000
Revenues	251,289	32,703	283,992
Cost of sales	-201,721	-24,687	-226,407
Gross profit	49,569	8,016	57,585
% of revenues	19.7%	24.5%	20.3%
Other income	2,592	422	3,015
Selling & distribution costs	-46,286	-14,131	-60,416
Adjusted selling & distribution costs			-60,416
Segment EBITDA	5,875	-5,693	182
Adjusted segment EBITDA	5,875	-5,693	182
Administrative expenses			-12,320
Adjusted administrative expenses			-8,728
EBITDA			-12,137
adjusted EBITDA			-8,545
Depreciation			-7,059
EBIT			-19,197
Adjusted EBIT			-15,605
Financial result and taxes on income			-2,161
Adjusted financial result and taxes on income			-2,161
Period result			-21,358
Adjusted period result			-17,766

INVESTOR CONTACT.

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