



SHOP APOTHEKE

E U R O P E

INTERIM STATEMENT

30 SEPTEMBER 2016

LETTER TO SHAREHOLDERS.

Venlo, 23 November 2016

Dear Shareholders, Ladies and Gentlemen,

SHOP APOTHEKE EUROPE remains on a strong growth path in the financial year 2016. The key factor in our successful strategy is our European market leadership in the online retail of OTC and pharmacy-related BPC (beauty and personal care) products, an area that is enjoying strong and sustainable growth.

Following on from the successful acquisition of FARMALINE – an online pharmacy with a broad-based presence in continental Europe – in September 2016, SHOP APOTHEKE EUROPE is now also expanding into Italy and Spain and is leading in all the relevant online OTC markets in continental Europe.

The company's successful listing on the Frankfurt Stock Exchange (Prime Standard) on 13 October 2016 laid the foundations for strong international growth over the coming years and the capacity expansion that will be required to achieve this.

The Management Board of SHOP APOTHEKE EUROPE is looking forward to speed up the expansion of our business in continental European markets in order to generate long-term value growth for our customers, shareholders and employees.

The Management Board

KEY FIGURES.

Performance indicators Group	2015				2016		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Site visits (in m)	6.3	6.0	6.1	7.1	8.4	9.1	10.3
Mobile site visits (in m)	2.2	2.0	2.0	2.7	3.3	3.9	4.6
Share of mobile visits (in %)	35	33	33	39	39	43	44
Number of orders (in m)	0.7	0.7	0.7	0.8	0.9	0.9	1.0
Repeat orders (in %)	71	71	74	74	75	73	73
Rate of return (in %)	0.7	0.7	0.7	0.7	0.7	0.7	0.8
Active customers (in m)	1.0	1.1	1.2	1.3	1.4	1.5	1.6
Gross basket (in €)	52.1	51.8	52.2	53.1	52.2	51.3	51.6

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01

HIGHLIGHTS.

Strong international growth continues.

- Revenue increased to €124.7 million in first nine months of 2016 (previous year: €91.0 million).
- International business volume more than triples.
- Number of active customers rises to over 1.6 million as at 30 September 2016 (previous year: approx. 1.2 million).
- Expansion into Italy and Spain: European presence extended thanks to successful FARMALINE acquisition.
- Accelerated growth anticipated in fourth quarter.



€125m
(+37 %)

Revenue
9M 2016



1.6m
(+37 %)

Active
customers



73 %

Repeat orders



3.1m

Average
monthly visits



> 100k

Available
products



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02

THE SHOP APOTHEKE
EUROPE GROWTH STORY.

Business model.

A leading online OTC pharmacy in Europe.

SHOP APOTHEKE EUROPE is one of the leading online pharmacies in Germany and Austria and a market leader in Continental Europe. Its business activities focus on non-prescription pharmaceuticals, so-called over-the-counter (OTC) medicines, and pharmacy-related beauty and personal care products. In its online shops, the founder-managed company offers an extensive range of more than 100,000 products at attractive prices, accompanied by comprehensive pharmaceutical consultation services. A state-of-the-art, centralised logistics infrastructure means that SHOP APOTHEKE EUROPE can significantly expand its business volume while benefiting from economies of scale. All of the company's technological and logistics processes are already geared towards further growth.

More than 1.6 million active customers (as at 30 September 2016) already use the services offered by SHOP APOTHEKE EUROPE's online shops.

SHOP APOTHEKE EUROPE has been operating from the Netherlands since 2010 as, in contrast to most other EU member states, Dutch law also allows legal entities to be pharmacy owners. The near-border location in Venlo (NL) not only makes distribution to Germany easy, but also offers excellent conditions for the company's continued expansion thanks to its position at the heart of Europe.

European presence expanded significantly.

The user-friendly online shops operated by SHOP APOTHEKE EUROPE are tailored to the local needs and requirements of seven European markets: Germany, Austria, France, Belgium, Italy, Spain, and the Netherlands.



Alongside growth in its established markets, the company's expansion strategy is aimed at moving into additional major continental European markets. With the acquisition of FARMALINE in September 2016, SHOP APOTHEKE EUROPE is continuing to extend its international presence in the relevant markets and accelerating its roll-out within Europe.

 Organic Footprint

 Footprint Expansion - FARMALINE

First mover in a large and attractive market.

Based on estimates by Sempora Management Consultants, the volume of the continental European market for non-prescription medicines and beauty and personal care products was €33 billion in 2015. In many continental European countries, the low level of online penetration of just two percent in this segment (outside Germany) is expected to increase significantly over the coming years. As a first mover, SHOP APOTHEKE EUROPE is a leader in its target markets, meaning it is already excellently positioned to benefit from the growing shift from physical to online retail.

Demographic change, growing health awareness and the trend towards self-medication are also driving long-term growth in the market for OTC medicines and pharmacy-related beauty and personal care products.

Group structure and corporate governance practices.

The business activities of SHOP APOTHEKE EUROPE are managed by the parent company SHOP APOTHEKE EUROPE N.V., Venlo, Netherlands, a naamloze vennootschap (stock corporation) formed in the Netherlands and subject to Dutch law. The financial year is the calendar year.

SHOP APOTHEKE EUROPE N.V. has a dual management structure consisting of a Management Board and a Supervisory Board. The Management Board is responsible for Group strategy and controlling. The Supervisory Board advises the Management Board and monitors its management of the company.

The Management Board and Supervisory Board work in close cooperation for the benefit of the company. Their shared objective is the international expansion of the company's business and achieving a sustainable increase in its enterprise value. To this end, the Management Board reports to the Supervisory Board regularly, comprehensively and in a timely manner on all key issues concerning strategy, planning and business development, the risk situation, risk management and compliance issues.

The Management Board currently has five members. In accordance with the Articles of Association, the number of Management Board members is determined by the Supervisory Board. They are appointed by resolution of the Annual General Meeting.

The by-laws of the Management Board determine the internal procedures and decision-making processes and the division of responsibilities between the members of the Management Board. In particular, they define the catalogue of information and reporting duties and the matters requiring the approval of the Supervisory Board.

The Supervisory Board of SHOP APOTHEKE EUROPE N.V. currently has four members. The Annual General Meeting of the company is responsible for determining the number of members and their appointment. It is held within six months of the end of the financial year. Unless otherwise prescribed by Dutch law or the Articles of Association, resolutions are passed by a simple majority. Each share grants the bearer one vote at the Annual General Meeting. There are no restrictions on voting rights.

The success of SHOP APOTHEKE EUROPE is reliant on the confidence the company enjoys among consumers, customers, investors and employees. Accordingly, high standards of responsibility are set for the company as a whole and for each individual employee. The Code of Conduct and a Whistleblower Policy are intended to help employees to implement the key principles of the company and its values in their everyday working life. These and other policies can be viewed in the Corporate Governance section of the company's website.

Management.

The internal reporting structure at SHOP APOTHEKE EUROPE is based on geographical segments. Activities in Germany are broken down further on the basis of sales channels. This results in the Germany, International and Germany Services business segments. The core segments Germany and International encompass the sale and distribution of medicines, pharmaceuticals and pharmacy-related beauty and personal care products, while the Germany Services segment reports the webshop services of the subsidiary Xsite GmbH, Düsseldorf, Germany. The business success of SHOP APOTHEKE EUROPE depends to a large extent on the company's international revenue growth and European market leadership. The results-oriented key financial performance indicators used in managing the Group include gross profit and segment EBITDA.

SHOP APOTHEKE EUROPE also uses the following key operating performance indicators in managing the Group:

Number of site visits/number of mobile site visits.

As a performance indicator with a significant impact on the growth of SHOP APOTHEKE EUROPE, the number of site visits is a central tool for company management. As a growing number of people are using mobile devices to access the internet, the number of mobile site visits is recorded separately. This indicator is also used to examine the success of the mobile websites and apps that SHOP APOTHEKE EUROPE is permanently developing and expanding specifically for this target group.

Number of active customers.

SHOP APOTHEKE EUROPE 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 (from 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 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.

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 consolidated net profit.

Return Rate.

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



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BUSINESS DEVELOPMENT.

Consolidated revenue and results of operations.

Trading in pharmaceuticals, medicines and pharmacy-related beauty and personal care products is subject to seasonal fluctuations in some cases. In particular, demand for pharmaceuticals and medicines is higher in the first and last quarters of the calendar year.

SHOP APOTHEKE EUROPE generated revenue of €124.7 million in the first nine months of the current financial year compared with €91.0 million in the same period of the previous year. This represents an increase of around 37 %. The Group recorded significant revenue growth in the core segments Germany and International.

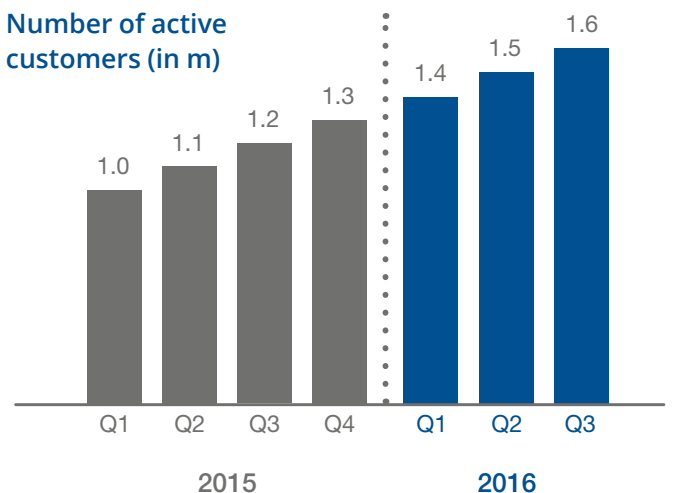
As the Belgium-based online pharmacy FARMALINE was consolidated on 14 September 2016, this acquisition will make a significant contribution to growth in the revenue volume only in the fourth quarter of 2016, with the result that revenue growth is expected to be comparable to that recorded in previous years.

The upturn in revenue in the period under review is primarily attributable to the 37 % increase in the total number of orders to 2.8 million (previous year: 2.0 million). This development was accompanied by a significant rise in the number of website visits. The steady growth in the proportion of mobile website visits to 44 % in the third quarter of 2016 also serves to underline the importance of retail using mobile devices.

Web Traffic (in m)

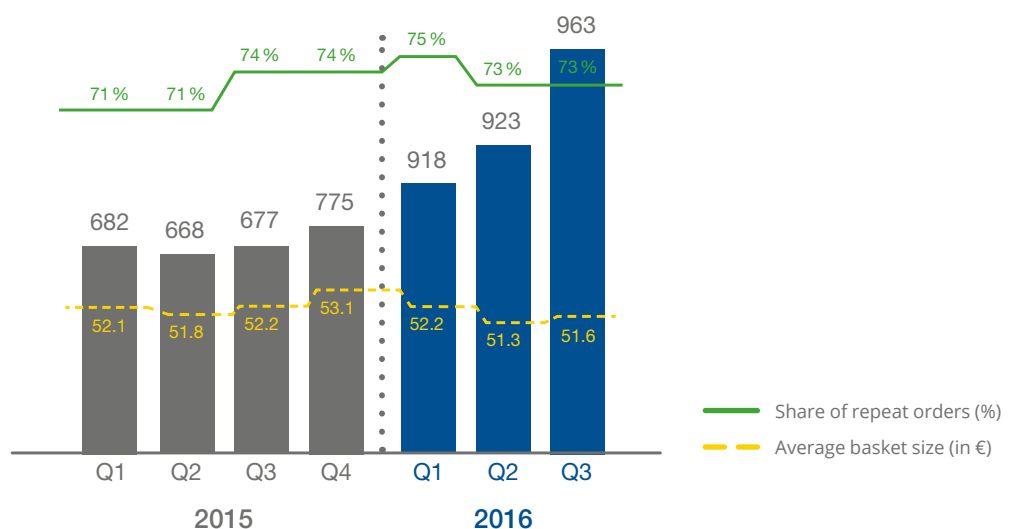


Number of active customers (in m)



— Share of mobile visits (%)

Number of orders (in '000)

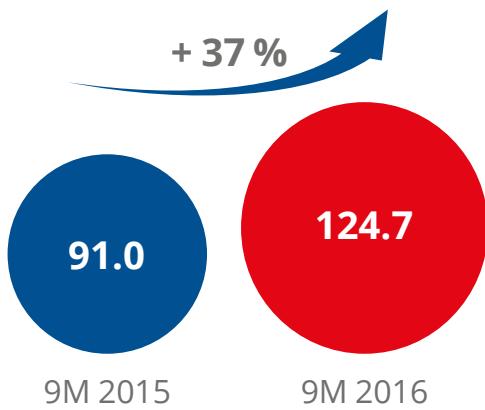


— Share of repeat orders (%)

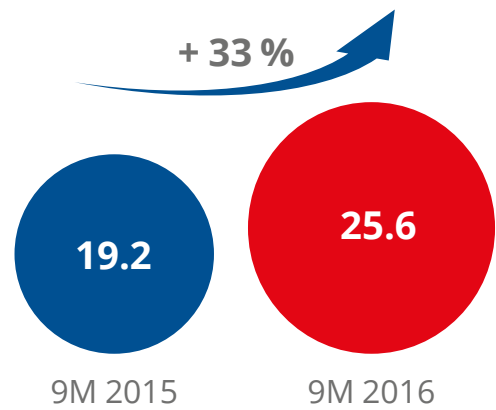
- - - Average basket size (in €)

Gross profit amounted to €25.6 million in the period under review after €19.2 million in the first nine months of the 2015 financial year and improved in all segments in Q3.

Revenue in €m



Gross Profit in €m



Segment performance.

The positive development of consolidated revenue and gross profit is attributable in particular to the significant growth in the operating core segments Germany and International.

Segment Germany.

Revenue and EBITDA in the Germany segment increased substantially in the first nine months of 2016. Revenue rose from €84.2 million in the first nine months of the previous year to €105.1 million in the period from January to September 2016, corresponding to a growth rate of 25 %. Gross profit saw above-average growth of 29 % in the same period, from €16.8 million to €21.6 million. Accordingly, the gross margin increased by 0.5 % to 20.5 % in the period under review after 20.0 % in the previous year. Adjusted segment EBITDA amounted to €3.0 million in the first three quarters of 2016 compared with €0.5 million in the same period of the previous year.

International segment.

The International segment made a significant contribution to consolidated revenue thanks to a sharp upturn in the number of orders. At €18.4 million, segment revenue for the period from January to September 2016 was more than three times higher than in the same period of the previous year (€5.2 million). The above-average increase in gross profit, from €0.9 million in 2015 to €3.1 million in the period under review, meant that the second core segment of SHOP APOTHEKE EUROPE also saw a substantial improvement in the gross margin from 16.5 % in the previous year to 17.1 %.

There was a significant increase in the number of new customers on the back of the company's international expansion strategy. The considerably higher proportion of orders from new customers – accompanied by correspondingly higher acquisition costs – meant that adjusted segment EBITDA declined from €-1.2 million in the first nine months of the previous year to €-3.2 million in the period under review.

Segment Germany Services.

Gross revenue in the Germany Services segment increased to €3.0 million in the first nine months of 2016 after €2.4 million in the same period of the previous year. The figure for the period under review includes revenue from intragroup services of €1.8 million that is eliminated in consolidation.

Gross profit also increased from €2.2 million in the previous year to €2.6 million in the period under review. Adjusted for intragroup services in the amount of €1.8 million (previous year: €0.7 million), gross profit amounted to €0.8 million (previous year: €1.5 million).

With €0.7 million as at 30 September 2016, the segment EBITDA in Germany Services fell slightly short of the €0.9 million generated over the same period of the previous year due to investments in the own web shops.

Net assets and financial position.

Liquidity situation.

Cash and cash equivalents increased from €3.5 million as at 1 January 2016 to €6.3 million at the reporting date.

Net cash from financing activities amounted to €9.2 million in the period under review after €16.1 million in the same period of the previous year. In addition to interest expenses, this includes the capital increase with a volume of €10.0 million that was implemented in June 2016.

Net cash used in investing activities amounted to €4.4 million (previous year: €2.9 million). Investing activities included a cash component in connection with the acquisition of FARMALINE in September 2016.

Net cash used in operating activities improved by €4.0 million, from €6.0 million in the previous year to €2.0 million. This improvement was mainly due to optimisations in working capital management.

Working Capital.

Working capital decreased year-on-year to €3.7 million as at 30 September 2016. Working capital is expected to increase in the fourth quarter as a result of increased inventories in connection with the expansion of the company's international business, as well as seasonal factors in the area of medicines and pharmaceuticals.

Capital expenditure.

Including the acquisition of FARMALINE, capital expenditure amounted to €10.4 million in the first nine months of 2016.

Report on expected developments.

All in all, SHOP APOTHEKE EUROPE expects its operating performance indicators to continue to develop well in the 2016 financial year, with a corresponding impact on revenue.

The Management Board expects growth in consolidated revenue to accelerate in the fourth quarter compared with the first three quarters of 2016 thanks to the consolidation of FARMALINE with effect from 14 September 2016. At the same time, SHOP APOTHEKE EUROPE is seeking to improve its gross profit margin at group level for 2016 as a whole compared with the previous year.

In the core Germany segment, the focus is on profitable growth. The substantial market share already gained by SHOP APOTHEKE EUROPE in Germany and higher online penetration compared with other international markets mean that this will be driven primarily by orders from existing customers in the medium term. In the company's international target markets of Austria, France, Belgium, Italy and Spain, the Management Board is anticipating significantly higher growth thanks to the acquisition of new customers. An optimised pricing strategy, a more pronounced focus on higher-margin products and improved procurement conditions as a result of larger volumes are some of the factors that are expected to contribute to continued growth in the gross profit margin.

SHOP APOTHEKE EUROPE is also anticipating further investment in its continued international expansion accompanied by a reduction in the ratio of operating expenses to revenue. This will result from planned efficiency improvements in the area of marketing due to an increase in the number of orders from existing customers, as well as optimisations in customer relationship management (CRM) and general operational efficiency improvements thanks to economies of scale and ongoing process automation. In light of these developments, the Management Board is forecasting a continuous improvement in the EBITDA margin at both segment and group level.

Long-term forecasts also provide for a constant improvement in working capital management, although inventories are expected to continue to rise as a result of the company's strong international expansion.

Capital expenditure over the coming years is expected to be concentrated on capacity expansion and additional automation in particular, as well as the expansion of the IT infrastructure. The proceeds from the IPO of SHOP APOTHEKE EUROPE N.V. in October 2016 will be used to finance the Group's international growth and capacity expansion.



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MATERIAL EVENTS AFTER
REPORTING DATE.

MATERIAL EVENTS AFTER REPORTING DATE.

Successful IPO.

On 13 October, the shares of SHOP APOTHEKE EUROPE were listed for the first time on the Regulated Market (Prime Standard) of the Frankfurt Stock Exchange under ticker symbol "SAE", ISIN NL0012044747 and German Securities Code Number (WKN) A2AR94. The issue price for the shares of SHOP APOTHEKE EUROPE was €28.00 per share.

In the course of the IPO, a total of 3,571,428 new no-par value bearer shares from a capital increase were placed with investors. The gross proceeds amounted to around €100 million. Up to 535,714 additional no-par value bearer shares held by the existing shareholders were provided in order to satisfy the greenshoe option. This option was exercised almost in full and ahead of schedule on 28 October 2016 for a total of 532,019 shares. Including the overallotment, the total volume of the share offer was around €115 million.

The capital increase implemented as part of the IPO means that the share capital of SHOP APOTHEKE EUROPE now amounts to €181,398, divided into a total of 9,069,878 shares. Around 45 % of the shares are currently in free float.

Repayment of shareholder loans.

Some of the proceeds of the IPO were used to repay shareholder loans with a nominal value of €27.1 million. The loans were repaid as scheduled on 31 October 2016.

Investment programme for business volume expansion.

A significant portion of the proceeds of the IPO is earmarked for financing the continued growth of SHOP APOTHEKE EUROPE, including investments in IT infrastructure, capacity expansion and additional automation. The first phase of this programme has already commenced with the installation of a high-bay warehouse system at the central logistics centre in Venlo, Netherlands.

ECJ judgement on fixed prices for prescription-only medicines.

On 19 October, the European Court of Justice (ECJ) decided that the German system of fixed prices for prescription-only medicines represents an infringement of EU law (Case C-148/15). This means that the uniform prices for German pharmacies are not binding for cross-border mail order medicine orders, and mail-order pharmacies in other EU member states may grant incentives to customers purchasing prescription-only medicines. SHOP APOTHEKE EUROPE broadly welcomes the ECJ judgement in the spirit of the free movement of goods and intends to implement the judgement for the benefit of its customers.



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APPENDIX.

Group Segment Reporting.

30/09/2016	GERMANY	INTERNATIONAL	GERMANY SERVICES	ELIMINATIONS	CONSOLIDATED
	€ '000	€ '000	€ '000	€ '000	€ '000
Revenue	105,132	18,396	2,986	-1,826	124,688
Cost of sales	-83,542	-15,250	-342	0	-99,134
Gross Profit	21,590	3,146	2,644	-1,826	25,554
% of revenue	20.5 %	17.1 %	88.6 %		20.5 %
Other income	1,346	232	21	0	1,599
Selling & Distribution	-19,984	-6,843	-1,936	1,826	-26,937
<i>Adjusted S&D*</i>	-19,961	-6,625	-1,936	1,826	-26,697
Segment EBITDA	2,952	-3,465	729		216
<i>Adjusted Segment EBITDA</i>	2,975	-3,247	729		456
Administrative expense					-5,054
<i>Adjusted AE**</i>					-4,788
EBITDA					-4,838
<i>Adjusted EBITDA</i>					-4,333
Depreciation					-2,283
EBIT					-7,121
<i>Adjusted EBIT</i>					-6,615
Finance income					1
Finance expense					-1,912
Net finance cost					-1,912
Result before tax					-9,033
<i>Adjusted Result before tax</i>					-8,527

* Adjusted S&D excludes one-off Farmaline integration cost

** Adjusted AE excludes one-off costs related to the IPO

Consolidated income statement.

	PERIOD ENDED 30 SEP 16	PERIOD ENDED 30 SEP 15
	€ '000	€ '000
Revenue	124,688	91,043
Cost of sales	-99,134	-71,873
Gross Profit	25,554	19,170
Other income	1,599	758
Selling and Distribution	-28,877	-21,053
Administrative Expense	-5,397	-4,413
Result from operations	-7,121	-5,539
Finance income	1	591
Finance expense	-1,912	-1,688
Net finance cost	-1,912	-1,097
Result before tax	-9,033	-6,636
Income tax expenses	4	-37
Result for the year	-9,029	-6,673

Consolidated balance sheet.

ASSETS	30 SEP 16	30 SEP 15	EQUITY AND LIABILITIES	30 SEP 16	30 SEP 15
	€ '000	€ '000		€ '000	€ '000
Non-current assets			Capital and reserves		
Property, plant and equipment	2,370	2,256	Business Equity	8,054	6,492
Intangible assets	21,815	13,233	Equity	8,054	6,492
	24,185	15,489	Non-current liabilities		
Current assets			Loan from related parties (shareholders)	20,071	18,669
Inventories	15,452	6,151	Deferred tax liability	2,560	2,572
Pre-ordered stock	3,414	4,554	Other liabilities	3,000	
Trade and other receivables	7,440	4,020		25,631	21,241
Other current assets	2,692	2,476	Current liabilities		
Cash and cash equivalents	6,271	7,446	Trade and other payables	16,096	7,190
	35,269	24,647	Amounts due to related parties	2,030	
			Other liabilities	7,643	5,212
				25,769	12,402
Total Assets	59,454	40,135	Total Equity and Liabilities	59,454	40,135

Consolidated cash flow statement.

CASH FLOW FROM OPERATING ACTIVITIES	30 SEP 16	30 SEP 15
	€ '000	€ '000
Operating result	-7,121	-5,539
- Depreciation and amortisation of non-current assets	2,283	1,525
- Movements in working capital:		
- (Increase)/decrease in trade and other receivables	-3,694	-1,565
- (Increase)/decrease in inventory	-5,040	-1,559
- (Increase)/decrease in pre-ordered stock	2,239	978
- Increase/(decrease) in provisions	-1	-78
- Increase/(decrease) in trade and other payables	10,479	190
- Increase/(decrease) in amounts due to related parties	-1,173	0
Working capital movement	2,810	-2,034
Cash generated from operations	-2,028	-6,047
Interest received	1	0
Net cash (used in)/generated by operating activities	-2,027	-6,047
CASH FLOW FROM INVESTING ACTIVITIES		
Investment for property, plant and equipment	-526	-966
Investment for intangible assets	-2,231	-1,893
Investment for acquisitions	-1,650	0
Net cash (used in)/generated by investing activities	-4,407	-2,859
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	-833	-695
Net additional financing from related parties		16,750
Capital increase	10,008	
Net cash (used in)/generated by financing activities	9,175	16,055
Net increase/(decrease) in cash and cash equivalents	2,741	7,148
Cash and cash equivalents at the beginning of the year	3,529	297
Cash and cash equivalents at the end of the year	6,271	7,446