



SHOP APOTHEKE
EUROPE

INTERIM STATEMENT

30 SEPTEMBER 2017

LETTER TO THE SHAREHOLDERS.

Venlo, 13 November 2017

Dear Shareholders, Ladies and Gentlemen,

In the first nine months of the year, SHOP APOTHEKE EUROPE continued to record rapid growth: Group-wide, our sales increased by + 53 % year on year to more than EUR 191 m. The number of active customers as of 30 September 2017 was almost 2.4 m, an increase of 0.8 m or 50 % compared with the previous year. With a share of EUR 131 m (+ 31 % year on year), the core market Germany remains the largest segment. Once again, the international markets were the driver of growth, in which we nearly tripled our sales volume to around EUR 53 m.

The next automation step in the incoming goods system led to a one-off impact on earnings in the third quarter of 2017, as a higher volume of goods was temporarily purchased from wholesalers. Nevertheless, the Group's gross margin rose by 0.7 percentage points from 20.5 % to 21.2 % in the reporting period. In the fast-growing international regions, we even increased the gross margin by 4.8 percentage points from 17.1 % to 21.9 %.

With the aim of further expanding our European market leadership, we initiated the acquisition of Europa Apotheek in the third quarter. An extraordinary general meeting held on 6 November 2017 unanimously approved the transaction and a related capital increase.

SHOP APOTHEKE and Europa Apotheek are united by their common history and close cooperation. We therefore expect the integration of Europa Apotheek to proceed swiftly and smoothly. The respective business models of both companies are highly complementary. While Europa Apotheek generates the lion's share of its revenues from the sale of prescription medicines (Rx products), SHOP APOTHEKE concentrates on the online trading of over-the-counter medicines and standard pharmacy beauty and care products. Accordingly, the customer structure of both companies also complements each other. The majority of Europa Apotheek's customers are 65 or older, while almost three quarters of SHOP APOTHEKE's customers are 65 or younger.

The acquisition will significantly broaden our position in the various product categories and age groups and create Continental Europe's largest and fastest growing online pharmacy for the entire family in. Against the background of the consolidation of Europa Apotheek, we expect our growth to accelerate again in the fourth quarter. We have therefore raised our forecast for revenue growth in the financial year 2017 from 45 % to 55 % to 55% to 65 %.

We thank you for your trust and support on our way to becoming Europe's leading online pharmacy.

The Managing Board

KEY FIGURES.

Performance indicators Group	2015				2016				2017		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Page visits (millions)	6.3	6.0	6.1	7.1	8.4	9.1	10.3	14.0	18.6	17.9	18.0
Mobile page visits (millions)	2.2	2.0	2.0	2.7	3.3	3.9	4.6	6.3	8.9	9.2	9.4
Ratio mobile (in %)	35	33	33	39	39	43	44	45	48	51	53
Orders (millions)	0.7	0.7	0.7	0.8	0.9	0.9	1.0	1.1	1.4	1.4	1.4
Orders by existing clients (in %)	71	71	74	74	75	73	73	71	71	75	76
Return rate (in %)	0.7	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.7	0.8
Active customers (millions)	1.0	1.1	1.2	1.3	1.4	1.5	1.6	1.8	2.1	2.2	2.4
Average shopping cart (in €)	52.1	51.8	52.2	53.1	52.2	51.3	51.6	53.5	52.2	53.3	54.16

NOTICE

The financial figures referred to in the management report have been prepared in a manner comparable to IFRS 16 Accounting Standards, which are expected to be endorsed by the EU at the end of 2017. This is intended to ensure the comparability of future reporting with current business figures.

TABLE OF CONTENTS.

01	HIGHLIGHTS.	
	SHOP APOTHEKE EUROPE establishes its position as the largest and fastest growing online pharmacy in continental Europe by acquiring Europa Apotheek.	6
02	SHOP APOTHEKE EUROPE: THE SUCCESSFUL EUROPEAN GROWTH STORY.	
	BUSINESS MODEL.	8
	GROUP STRUCTURE AND CORPORATE GOVERNANCE PRACTICES.	9
03	BUSINESS DEVELOPMENT.	
	CONSOLIDATED REVENUES AND RESULTS OF OPERATIONS.	11
	SEGMENT PERFORMANCE.	13
	ASSETS AND FINANCIAL POSITION.	14
	OUTLOOK.	15
04	APPENDIX.	
	GROUP SEGMENT REPORTING.	17
	CONSOLIDATED STATEMENT OF PROFIT AND LOSS.	18
	CONSOLIDATED BALANCE SHEET.	19
	CONSOLIDATED CASH FLOW STATEMENT.	20
	CONTACT/FINANCIAL CALENDAR.	21



SHOP APOTHEKE
EUROPE

01

HIGHLIGHTS.

SHOP APOTHEKE EUROPE establishes its position as the largest and fastest growing online pharmacy in continental Europe by acquiring Europa Apotheek.

- Consolidated revenues grow by + 53 % to over EUR 191 m in the first nine months of 2017
- Market position in Germany further expanded with 31 % growth.
- International sales almost tripled to EUR 53m with a significant increase in gross margin to 21.9%.
- Consolidated gross profit grows by 59 % to EUR 41m, gross margin improved to 21.2%.
- Further acceleration of growth expected in the fourth quarter due to consolidation of Europa Apotheek, sales forecast raised to 55 % to 65 %.

KEY FIGURES.



€ 191 m (+ 53 %)

Revenue 9M 2017



2.4 m (+ 37 %)

Active customers



76 %

Repeat orders



54.5 m

Site visits



> 100,000

Available products



SHOP APOTHEKE
EUROPE

02

SHOP APOTHEKE EUROPE:
THE SUCCESSFUL
EUROPEAN GROWTH STORY

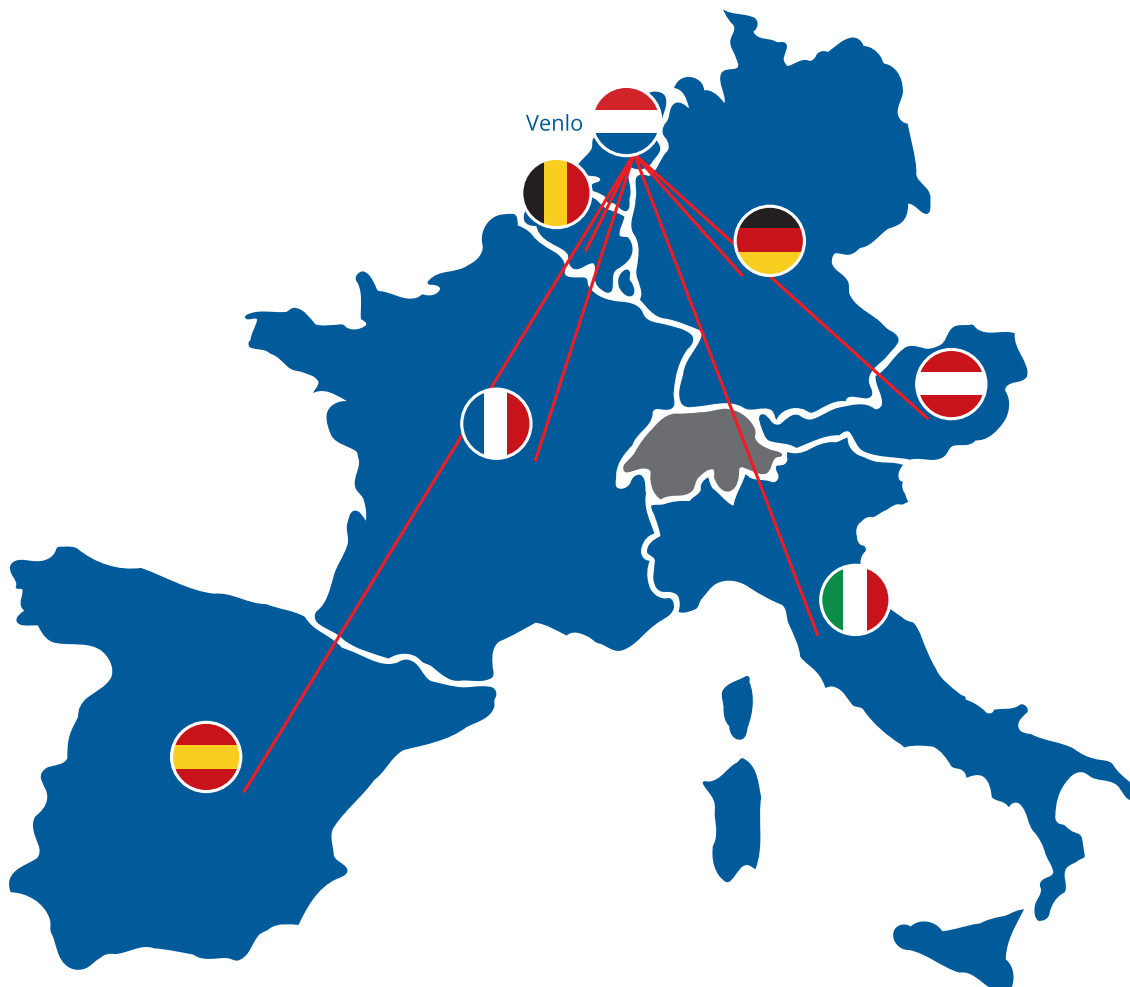
BUSINESS MODEL.

Europe's leading online OTC pharmacy

SHOP APOTHEKE EUROPE is the leading and fastest growing online pharmacy in Continental Europe with a focus on OTC and pharmacy related beauty and personal care products. With the acquisition of FARMALINE in September 2016 and the takeover of Europa Apotheek in November 2017, SHOP APOTHEKE EUROPE has significantly expanded its European market leadership with an extended product range for the whole family.

The founder-led company delivers an extensive range of more than 100,000 original products fast and at attractive prices to around 2.4 m customers. The range of services is supplemented by comprehensive pharmaceutical advice. The modern and centralized logistics infrastructure in Venlo allows SHOP APOTHEKE EUROPE to significantly expand its business volume while benefiting from economies of scale. All processes in the areas of technology and logistics are already geared to further growth through investments in capacity expansion and automation.

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



GROUP STRUCTURE AND CORPORATE GOVERNANCE PRACTICES.

The business activities of SHOP APOTHEKE are managed by SHOP APOTHEKE EUROPE N. V., Venlo, The Netherlands.

SHOP APOTHEKE EUROPE's internal reporting structure is based on geographic segmentation with the three business segments Germany, International and Germany Services. The core segments Germany and International comprise the sale of non-prescription pharmaceuticals and pharmacy-related beauty and personal care products while the segment Germany Services comprises web-shop services.

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

The management of SHOP APOTHEKE EUROPE also uses the following key performance indicators in managing the Group:

Number of website visits/number of mobile website visits:

As a performance indicator with a significant impact on the growth of the SHOP APOTHEKE EUROPE Group, the number of website visits is a key tool for company management. Since a growing number of people are using 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 of apps that SHOP APOTHEKE EUROPE is continuously 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 shopping cart size:

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

Repeat orders (orders by active customers):

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 a direct positive impact on segment EBITDA.

Return rate:

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



SHOP APOTHEKE
EUROPE

03

BUSINESS DEVELOPMENT.

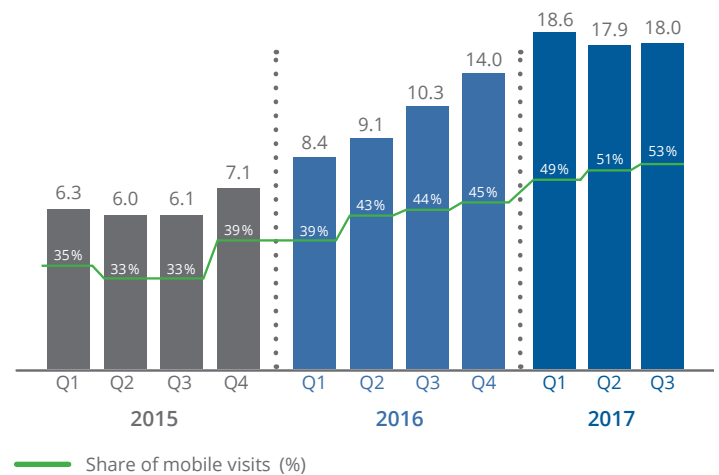
CONSOLIDATED REVENUES AND RESULTS OF OPERATIONS.

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

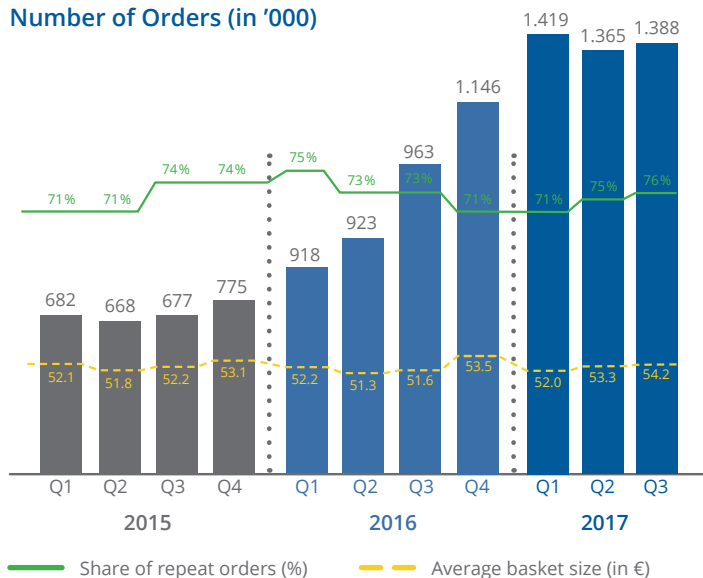
SHOP APOTHEKE EUROPE again grew strongly in the first nine months of the 2017 financial year. Group revenues increased by 53 % to EUR 191.2 m after EUR 124.7 m in the same period of the previous year. As a result of successful growth initiatives, the number of active customers rose significantly by around 50 % from 1.6m at reporting date of last year to almost 2.4 m.

The increase in sales is mainly based on a 50 % year-on-year growth in the number of orders to 4.2 m (2016: 2.8 m) combined with a further improvement in the average basket size. At 76 %, the share of orders from existing customers was 3 percentage points higher in the third quarter than the already high level of the same period last year (73 %). The return rate remained constantly low at 0.8 % and was accompanied by a significant increase in site visits. The proportion of mobile website visits increased once again to 53 % in the third quarter of 2017, up from 44 % in the same quarter of the previous year.

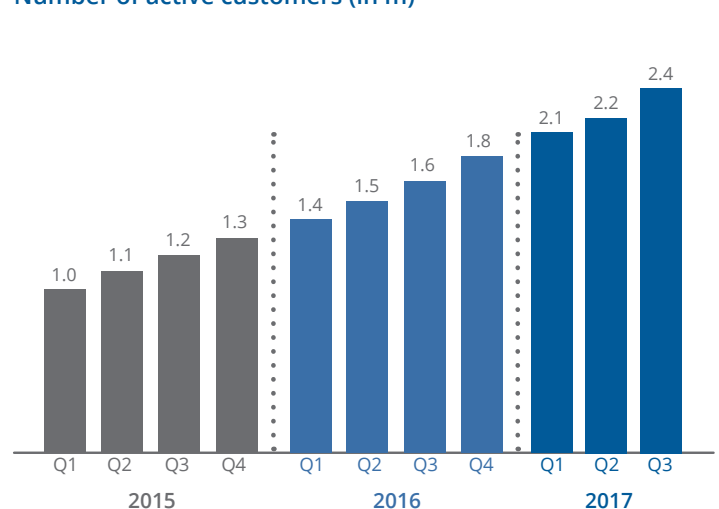
Web Traffic (in m)



Number of Orders (in '000)



Number of active customers (in m)

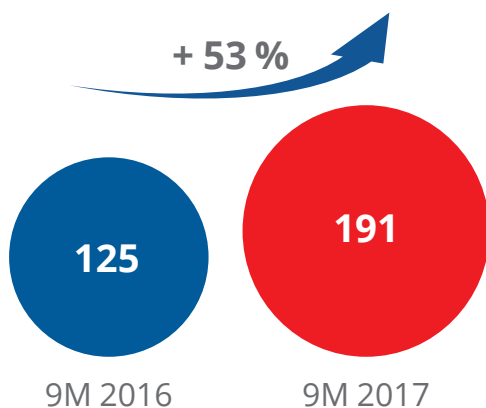


At Group level, SHOP APOTHEKE EUROPE increased its gross profit in the period under review from EUR 25.6 m in the previous year's period to EUR 40.6 m – an increase of nearly 59 %. In connection with the next automation step, changes in the incoming goods system led to a twofold increase in volumes being procured from wholesalers in the third quarter. This temporary measure and increased expenses for the acquisition of new customers had an impact on earnings in the third quarter. Nevertheless, the gross margin at Group level improved by 0.7 percentage points to 21.2 % during the nine-month period. This positive development is the result of an increase of the gross margin in the Germany segment by 0.3 percentage points to 20.8 % and a very substantial increase of the gross margin in the International segment by 4.8 percentage points to 21.9 %.

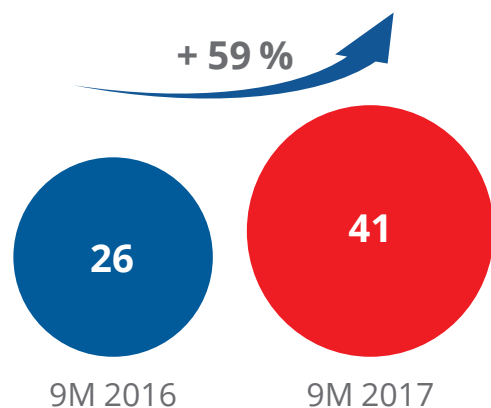
Selling and distribution expenses (before depreciation and amortization) developed slightly disproportionately higher than sales during the reporting period, rising from EUR 26.9 m to EUR 43.6 m. This leads to an increase in the selling expenses ratio from 21.6 % to 22.8 %. As a result, consolidated segment EBITDA for the first nine months of 2017 amounted to EUR – 1.0 m, compared with EUR – 0.2 m in the same period of the previous year.

SHOP APOTHEKE EUROPE benefited from economies of scale in the period under review: Administrative expenses (before depreciation) amounted to EUR 5.8 m in the first nine months of 2017 (prior year period: EUR 5.1 m). Relative to sales, administrative expenses decreased to 3.1 % (previous year: 4.1 % or 3.8 % adjusted for one-off IPO costs). In the period under review, this led to consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR – 6.8 m after EUR – 4.8 m in the previous year and EUR – 4.3 m adjusted for one-off expenses. After depreciation and amortization of EUR 4.1 m (previous year: EUR 2.3 m), earnings before interest and taxes (EBIT) amounted to EUR – 11.0 m (previous year: EUR – 7.1 m or EUR – 6.6 m adjusted).

Revenue in € m



Gross Profit in € m



SEGMENT PERFORMANCE.

The positive development of consolidated revenues and gross profit can be attributed in particular to the significant growth in the core segments Germany and International.

Segment Germany.

In the largest revenue-generating segment Germany, SHOP APOTHEKE EUROPE recorded profitable growth of 31 % in the first nine months of 2017 compared to the same period last year. Revenues rose to EUR 137.5 m compared to EUR 105.1 m in the same period of the previous year. At the same time, the gross profit improved by 32 % from EUR 21.6 m in the previous year to EUR 28.6 m. Accordingly, the gross margin increased by 0.3 percentage points to 20.8% in the period under review, compared with 20.5 % in the same period of the previous year. The segment EBITDA in the period under review amounted to EUR 4.2 m after EUR 3.0 m in the same period of the previous year. This led to an improvement in the segment EBITDA margin of 0.2 percentage points from 2.8 % to 3.0 %.

Segment International.

Due to a significant increase in orders, the International segment contributed significantly to the increase in Group revenues: at EUR 53.0 m, SHOP APOTHEKE EUROPE almost tripled segment revenues in the reporting period to EUR 18.4 m (+ 188 %) compared to the same period of the previous year. Gross profit grew by 270 % to EUR 11.6 m (previous year: EUR 3.1 m) in the reporting period. The reason for this was a significant improvement in the gross margin, which rose by 4.8 percentage points from 17.1 % to 21.9 % compared with the previous year.

In line with its international expansion strategy, the segment recorded substantial growth in new customers. The significantly higher proportion of orders from new customers – together with correspondingly higher acquisition costs – had a negative impact on segment earnings. The segment EBITDA in the period under review amounted to EUR – 5.3 m, compared with EUR – 3.5 m (adjusted: EUR – 3.2 m) in the same period of the previous year.

Segment Germany Services.

In the first nine months of 2017, gross revenues in the Germany Services segment amounted to EUR 4.6 m, compared with EUR 3.0 m in the same period of the previous year. This figure comprises revenues of EUR 4.0 m (previous year: EUR 1.8 m) for intragroup services, which are eliminated in the course of consolidation.

The gross profit was EUR 4.3 m in the reporting period, compared to EUR 2.6 m in the previous year.

Taking into account intra-Group services of EUR 4.0 m, gross profit for the reporting period amounted to EUR 0.3 m, compared with EUR 0.8 m in the corresponding period of the previous year, and segment EBITDA amounted to EUR 0.1 m, compared with EUR 0.7 m in the previous year.

ASSETS AND FINANCIAL POSITION.

Assets.

As of the reporting date, the balance sheet total increased by EUR 4.2 m to EUR 124.6 m. The equity ratio amounted to almost 65 % at the balance sheet date.

Financial Position.

Cash and cash equivalents and short-term investments in securities decreased by EUR 7.0 m from EUR 58.5 m as of 31 December 2016 to EUR 51.5 m during the reporting period.

Efficient working capital management and the effects of a reduction in inventories led to a positive operating cash flow of EUR 3.7 m as per the balance sheet date (previous year's period EUR – 2.0 m).

An outflow of funds amounting to EUR 10.8 m mainly resulted from investments in automation and capacity expansion as well as in software primarily developed in-house. In addition, a net investment of EUR 1.1 m was made in short-term securities to avoid negative interest. This results in a cash flow from investing activities of EUR – 11.9 m.

The cash flow from financing activities includes interest expenses of EUR – 1.5 m in connection with the payment service providers working for SHOP APOTHEKE EUROPE. A further EUR – 1.1 m relates to payment obligations from the acquisition of FARMALINE. Taking into account a deposit of EUR 2.7 m from related companies, the total cash flow from financing activities amounts to EUR 0.2 m.

OUTLOOK.

Against the background of the consolidation of Europa Apotheek, the Managing Board anticipates a further acceleration of growth at Group level in the fourth quarter of 2017, with a forecast for the Group's revenue growth – as announced on 25 September 2017 – of between + 55 % and + 65 % after + 45 % to + 55 %. The forecast for the consolidated EBITDA margin before non-recurring transaction expenses remains unchanged at – 2.0 % to – 3.0 %.



SHOP APOTHEKE
E U R O P E

04

APPENDIX.

GROUP SEGMENT REPORTING.

Q3 2017	GERMANY	INTERNATIONAL	GERMANY SERVICES	ELIMINATIONS	CONSOLIDATED
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	137,514	53,039	4,591	- 3,979	191,165
Cost of sales	- 108,914	- 41,410	- 248	0	- 150,571
Gross Profit	28,600	11,629	4,343	- 3,979	40,594
% of revenue	20.8 %	21.9 %	94.6 %		21.2 %
Other income	1,442	517	36	9	1,986
Selling & Distribution	- 25,857	- 17,424	- 4,268	3,979	- 43,570
Segment EBITDA	4,185	- 5,278	111	- 9	- 991
Administrative expense					- 5,842
EBITDA					- 6,833
Depreciation					- 4,134
EBIT					- 10,967
Finance income					69
Finance expense					1,452
Net finance cost					- 1,383
Result before tax					- 12,350

CONSOLIDATED STATEMENT OF PROFIT AND LOSS.

	Q3 2017	Q3 2016
	EUR 1,000	EUR 1,000
Revenue	191,165	124,688
Costs of sales	- 150,571	- 99,134
Gross profit	40,594	25,554
Other income	1,986	1,599
Selling & Distribution	- 47,084	- 28,877
Administrative Expense	- 6,463	- 5,397
Result from operations	- 10,967	- 7,121
Finance income	69	1
Finance expense	- 1,452	- 1,912
Net finance cost	- 1,382	- 1,911
Result before tax	- 12,350	- 9,033
Income tax expenses	- 237	- 4
Result for the period	- 12,586	- 9,029

CONSOLIDATED BALANCE SHEET.

ASSETS	30 SEP 17	31 DEZ 16
	EUR 1,000	EUR 1,000
Non-current assets		
Property, plant and equipment	7,569	2,613
Intangible assets	23,916	22,169
	31,484	24,782
Current assets		
Inventories	19,751	18,841
Pre-ordered stock	5,283	6,823
Trade and other receivables	12,284	9,449
Other current assets	4,276	3,130
Other financial assets	21,071	20,012
Cash and cash equivalents	30,464	38,485
	93,129	95,569
Total Assets	124,613	120,351
EQUITY AND LIABILITIES	30 SEP 17	31 DEZ 16
	EUR 1,000	EUR 1,000
Shareholders' equity		
Issued capital and share premium	122,238	122,238
Reserves/accumulated losses	- 41,580	- 28,993
	80,658	93,245
Provisions	2,015	2,961
Non-current liabilities		
Amounts due to EHS	3,000	3,000
Other liabilities	3,061	334
	6,061	3,334
Current liabilities		
Trade and other payables	24,683	12,563
Amounts due to EHS	3,213	404
Other liabilities	7,984	7,844
	35,879	20,811
Total Equity and Liabilities	124,613	120,351

CONSOLIDATED CASH FLOW STATEMENT.

	30 SEP 17	31 DEZ 16
	EUR 1,000	EUR 1,000
CASH FLOW FROM OPERATING ACTIVITIES		
Results flow from operations	- 10,967	- 7,121
Adjustments for:		
- Depreciation and amortisation of non-current assets	4,134	2,283
Operating result adjusted for depreciation and amortisation	- 6,833	- 4,838
Movements in working capitals:		
- (Increase)/decrease in trade and other receivables and other current assets	- 5,152	- 3,694
- (Increase)/decrease in inventory	- 910	- 5,040
- (Increase)/decrease in pre-ordered stock	1,540	2,239
- Increase/(decrease) in in trade and other payables and other liabilities	10,673	10,479
- Increase/(decrease) in amounts due to EHS	2,809	- 1,173
Working capital movement	10,309	2,811
Cash generated from operations	3,476	- 2,026
Interest received	223	1
Net cash (used in)/generated by operating activities	3,699	- 2,026
CASH FLOW FROM INVESTING ACTIVITIES		
Investment for property, plant and equipment	- 6,503	- 526
Investment for intangible assets	- 4,334	- 2,231
Investment for acquisitions	0	- 1,650
Investment in other financial assets	- 1,059	0
Net cash (used in)/generated by investing activities	- 11,896	- 4,407
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	- 1,452	- 833
Capital increase	0	10,008
Payment of earn-out obligations Farmaline	- 1,100	0
Deposit from EHS	2,727	0
Net cash (used in)/generated by financing activities	175	9,175
Net increase/(decrease) in cash and cash equivalents	- 8,020	2,742
Cash and cash equivalents at the beginning of the year	38,485	3,529
Cash and cash equivalents at the end of the year	30,464	6,271

CONTACT/FINANCIAL CALENDAR.

Investor Relations.

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Financial Calendar 2017/2018.

November 15, 2017
Commerzbank Conference, Warsaw

Dezember 7 – 8, 2017
Berenberg Pennyhill Conference, London

March 2018
Annual Report 2017

April 26, 2018
Annual General Meeting

May 22 – 24, 2018
Berenberg US Conference 2018, Tarrytown NY