



**SHOP APOTHEKE**  
EUROPE

# INTERIM STATEMENT

MARCH 31, 2018

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# LETTER TO OUR SHAREHOLDERS.

Venlo, May 15, 2018

Dear Shareholders, Ladies and Gentlemen,

SHOP APOTHEKE EUROPE continued on its rapid growth course over the first three months of 2018: Consolidated revenues increased by + 105 % compared to the same period a year ago to EUR 131 million. At the same time, Group-level segment EBITDA improved from EUR – 1.7 million a year ago to EUR – 1.3 million over the period under review. Relative to revenues, consolidated segment EBITDA improved from – 2.6 % to – 1.0 %. The number of active customers stood at 2.7 million as of March 31, 2018 – an increase of 0.6 million compared to the same date a year earlier.

The German market remains the company's core segment with revenues of around EUR 104 million, an increase of + 117 % year-on-year driven partly by the takeover of Europa Apotheek. As a consequence of selling a higher ratio of prescription medications and of our greater focus on the contribution margin per parcel, the segment's gross margin declined to 16.6 %. However, at the same time, Group-level segment EBITDA increased significantly. In the mid-term, the focus on the contribution margin per parcel is geared towards achieving a positive Group-level EBITDA excluding one-time costs during the current fiscal year. As a result of the company's new segmentation and the loss of other operational income in connection with the integration of Europa Apotheek, segment EBITDA was at the same level as a year earlier at EUR 0.4 million (2017: EUR 0.4 million). Adjusted for these effects, segment EBITDA slightly improved compared to the previous year.

International revenues also grew substantially, up 69 % to EUR 27.1 million (previous year: EUR 16.0 million). The International segment's gross margin rose by 1.3 % to 21.4 %, which is largely due to the fact that our international business consists almost exclusively of the sale of prescription-free medications as well as beauty and personal care products, which generally have a higher gross margin than prescription medicines. Thanks to effects of scale and improvements in efficiency, segment EBITDA improved significantly, from EUR – 2.3 million, i. e. 14.6 % of sales a year ago to EUR – 1.8 million, i. e. 6.5 % of sales in Q1 2018.

SHOP APOTHEKE EUROPE is on a good way to reaching its goals for the 2018 financial year so that we are able to confirm our outlook for the year.

We thank you again for your trust and support.

The Managing Board

## KEY FIGURES.

Performance indicators Group	2016				2017				2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Page visits (millions)	8.4	9.1	10.3	14.0	18.6	17.9	18.0	17.1	21.9
Mobile page visits (millions)	3.3	3.9	4.6	6.3	8.9	9.2	9.4	8.9	12.3
Ratio mobile (in %)	39	43	44	45	48	51	53	52	56
Orders (millions)	0.9	0.9	1.0	1.1	1.4	1.4	1.4	1.6	2.1
Orders by existing clients (in %)	75	73	73	71	71	75	76	82	82
Return rate (in %)	0.7	0.7	0.8	0.8	0.8	0.7	0.8	0.7	0.7
Active customers (millions)	1.4	1.5	1.6	1.8	2.1	2.2	2.4	2.7	2.7
Average shopping cart (in €)	52.2	51.3	51.6	53.5	52.2	53.3	54.2	70.3	73.4

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**SHOP APOTHEKE**  
EUROPE

01

HIGHLIGHTS.

## SHOP APOTHEKE EUROPE starts 2018 fiscal year with a revenue increase of + 105 %

- Q1 consolidated revenues more than doubled to EUR 130.7 million compared to EUR 63.8 million a year ago.
- Profitable growth of 117% in the core segment Germany.
- International revenues increased by more than 69%.
- Number of active customers rose to 2.7 million as of the reporting date compared to 2.1 million on the equivalent date a year ago.
- Guidance for the 2018 fiscal year re-confirmed.

## KEY FIGURES.



**€ 131 m (+ 105 %)**  
Q1 2018



**2.7 m (+ 29 %)**  
Active customers



**82 %**  
Repeat orders



**21.9 m**  
Site visits



**> 100,000**  
Available products



**SHOP APOTHEKE**  
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02

SHOP APOTHEKE EUROPE:  
THE SUCCESSFUL  
EUROPEAN GROWTH STORY

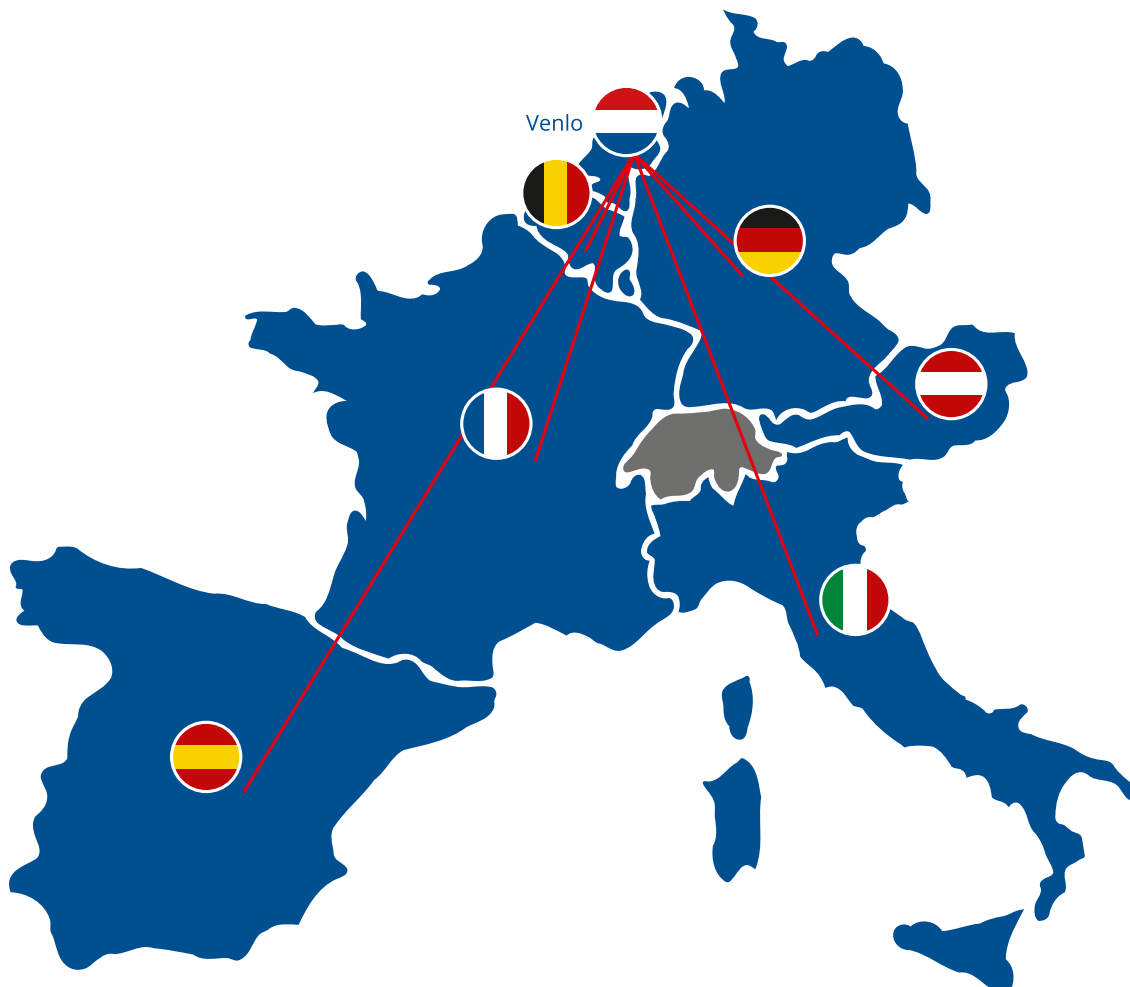
# BUSINESS MODEL.

## 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 extended its European market leadership with an expanded product portfolio for the whole family.

The founder-led company delivers an extensive range of over 100,000 original products at attractive prices to currently around 2.7 million customers. The offering is supplemented by comprehensive pharmaceutical consulting services. The modern and centrally located logistics infrastructure in Venlo, the Netherlands, allows SHOP APOTHEKE EUROPE to significantly expand its business volume while benefitting from effects of scale. All processes in the technology and logistics areas are already prepared for future growth through investments in capacity expansion and automation.

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





# GROUP STRUCTURE AND CORPORATE GOVERNANCE PRACTICES.

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

SHOP APOTHEKE EUROPE's internal reporting structure is based on geographic segmentation with the two business segments Germany and International. The former segment Germany Services, which had comprised of webshop services, has been integrated in the Germany segment due to its overall low revenue contribution.

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 financial key performance indicators (KPIs) used to manage the Group include gross margin and segment EBITDA.

In addition to financial performance indicators SHOP APOTHEKE EUROPE also uses non-financial performance indicators to manage the business:

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

As a performance indicator with a significant impact on the growth of the SHOP APOTHEKE EUROPE Group, the number of website visits is a central 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 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 12 months (as of the reporting date).

## Number of orders:

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

## Average shopping cart 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.



**SHOP APOTHEKE**  
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03

BUSINESS DEVELOPMENT.

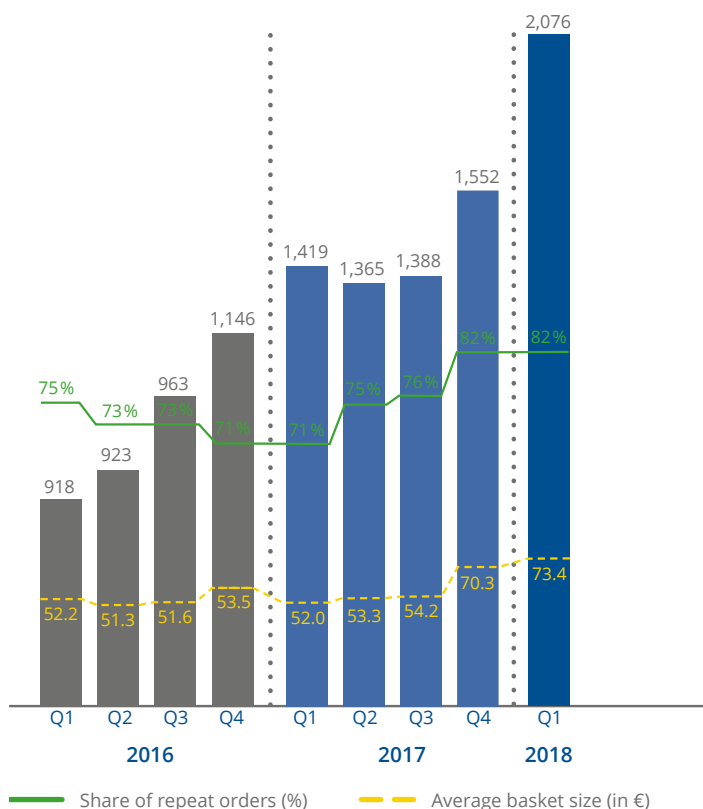
# CONSOLIDATED REVENUES AND RESULTS OF OPERATIONS.

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.

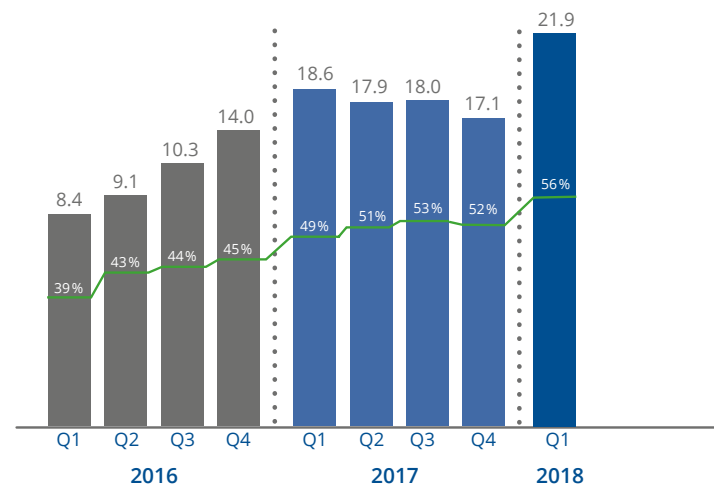
SHOP APOTHEKE EUROPE has further accelerated its growth rate and thereby substantially increased its consolidated business volume. During the first three months of the current fiscal year consolidated revenues climbed by around 105 % to EUR 130.7 million compared to EUR 63.8 million during the equivalent period a year earlier. During the first quarter 2017 the growth rate had been 56 %. The further acceleration of our growth is the result of our international expansion and the acquisition of Europa Apotheek in November 2017.

As a consequence of our growth initiatives the number of active customers increased significantly from 2.1 million at the end of Q1 2017 to 2.7 million at the end of the current reporting period. Consequently the number of orders (and correlated revenues) rose by 50 % year-on-year to 2.1 million (Q1: 1.4 million). The ratio of repeat orders stayed at a consistently high level of 82 % with the return rate still minimal at 0.7 %. The number of site visits also grew substantially with mobile site visits now accounting for 56 % during the first quarter 2018.

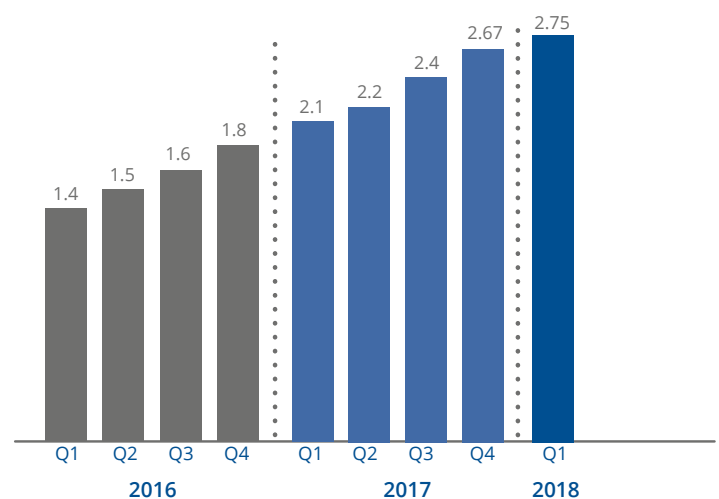
Number of Orders (in '000)



Web Traffic (in m)



Number of active customers (in m)

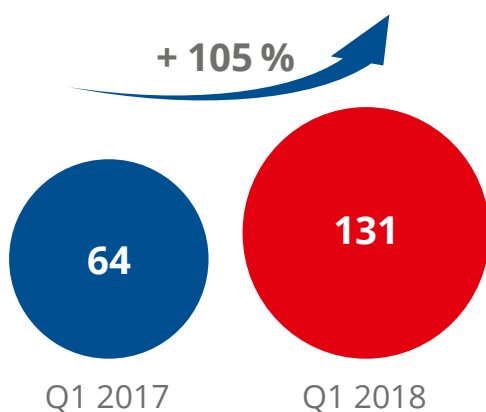


SHOP APOTHEKE EUROPE improved its consolidated gross earnings from EUR 13.2 million during the first three months of the 2017 fiscal year to EUR 23 million, an increase of 74%. As projected, the gross margin was lower than last year, having been reduced from 20.7% to 17.6%. This is largely due to the larger ratio of prescription medications in the Germany segment following the takeover of Europa Apotheek.

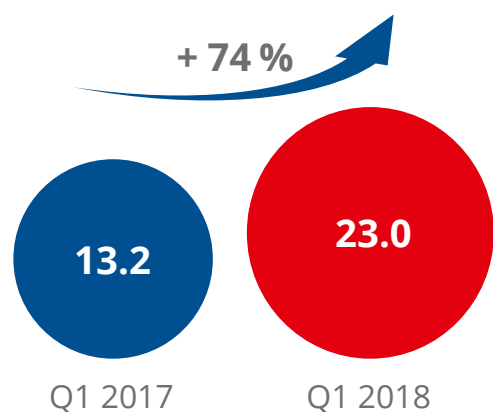
A greater focus on the contribution margin also led to a slight decline in the gross margin; however it also significantly improved the sales cost ratio. In the International segment, the gross margin improved by 1.3% from 20.1% to 21.4% despite investments in new customer acquisition.

The planned increase in marketing expenses - particularly for TV advertising - that is a key part of our expansion strategy again had a negative impact on first quarter consolidated operating results. Overall, EBIT for the period under review was EUR -8.2 million compared to EUR -4.9 million over the same time frame 2017. Relative to revenues, the EBIT margin improved from -7.6% to -6.2% in the year before.

#### Consolidated revenues in € m



#### Gross earnings in € m



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# SEGMENT PERFORMANCE.

## Segment Germany.

In the largest revenue-generating segment, Germany, SHOP APOTHEKE EUROPE recorded profitable growth of 117 % during the first three months of 2018 compared to the same period a year ago. Revenues increased from EUR 47.5 million in Q1 2017 to EUR 103.5 million. Webshop services, which had previously been reported as part of the Germany Services segment, are now included in the Germany segment due to their relatively small contribution to overall revenues. Gross earnings improved by 76 % from EUR 9.8 million to EUR 17.2 million year-on-year. Due mainly to the higher ratio of prescription medications sold and the focus on contribution margin per order, the gross margin declined in line with projections by 4.1 % to 16.6 % compared to 20.7 % a year earlier. Segment EBITDA for Q1 was at approximately at the same level as last year at EUR 418 K compared to EUR 442 K for the first quarter of 2017. These figures are calculated taking into account effects due to the company's new segment structure as well as the loss of other operational income related to the integration of Europa Apotheek. Adjusted for these effects, segment EBITDA would be slightly improved compared to a year earlier.

## Segment International.

Thanks to a substantial increase in the number of orders, the International segment also contributed significantly to the increase in consolidated revenues. Segment revenues rose by more than 69 %, from EUR 16 million during the first quarter 2017 to EUR 27.1 million during the period under review. The disproportionately high 87 % increase in gross earnings from EUR 3.2 million in Q1 2017 to EUR 5.8 million at the end of the reporting period led to an improvement of 1.3 % in the gross margin from 20.1 % to 21.4 %.

In line with the company's international expansion strategy, the segment recorded a substantial increase in the number of new customers. Despite the high ratio of order by first-time customers and the related acquisition costs, segment EBITDA improved from EUR - 2.3 million during the first three months of 2017 to EUR - 1.8 million.

## Segment Germany Services.

Due to its relatively low contribution to overall revenues, this segment has been integrated in the "Germany" segment.

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# ASSETS AND FINANCIAL POSITION.

## Assets.

Over the reporting period the amount of cash and cash equivalents – including short-term investments in securities – increased by EUR 3.8 million, from EUR 28.3 million as of December 31, 2017 to 32.1 million at the end of the current reporting period. Operating cash flow was EUR 9.3 million compared to EUR 2.3 million during the first quarter of 2017. The increase mainly results from a reduction in inventories by the reporting date as well as from a higher level of trade payables.

Investments accounted for an outflow of funds of EUR – 0.2 million during Q1 2018 (2017: EUR – 5.9 million), mainly for intangible assets like software.

During the period under review, a cash outflow of EUR – 2.1 million for financing activities, i. e. interest payments, was recorded (Q1 2017: EUR -0.6 million).

Total assets amounted to EUR 297.2 million on the reporting date, compared to EUR 297.8 million at the end of the 2017 financial year. The equity ratio was 77.7 %.

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## OUTLOOK.

Taking the company's strong first quarter growth into account, the Management Board confirms its outlook for the 2018 fiscal year. The planned increase in consolidated revenues for all of 2018 by 87 % to 97 % to EUR 530 million to EUR 560 million is primarily driven by our growing international business and the consolidation of Europa Apotheek. Taking into account further improvements in efficiency and effects of scale, a positive Group EBITDA of EUR 0 to EUR 2 million (excluding one-time costs) is projected.

Potential acquisitions are not considered for the purpose of the 2018 outlook. SHOP APOTHEKE EUROPE intends to keep playing an active role in the ongoing consolidation of the online pharmacy market. In order to be able to react quickly and flexibly to possible opportunities, SHOP APOTHEKE EUROPE has placed convertible bonds worth EUR 75 million with institutional investors in April 2018. The net earnings will primarily be used to finance acquisitions on the German OTC market to further accelerate the company's growth in its most developed market.

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## SUPPLEMENTARY REPORT.

On April 12, 2018, SHOP APOTHEKE EUROPE N.V. successfully placed unsecured and unsubordinated convertible bonds with a running time of five years divided into shares of EUR 100.000 with institutional investors (subsequently referred to as “the convertible bonds”). The total nominal amount of the issued convertible bonds is EUR 75 million. The Management Board and Supervisory Board accepted the conditions of the bond issue the same day.

The convertible bonds are convertible into new ordinary bearer shares of the company (the “new shares”) or into existing shares of the same class held by the company as own shares. The resolution provides for the issue of bonds and the granting of subscription rights to shares of the company in the amount of 19.9 % of the current issued and outstanding share capital. The subscription right of the shareholders to the convertible bonds and thus also to the new shares has been excluded.

The net proceeds will primarily be used to finance acquisitions in the OTC segment. The focus is primarily on the German market in order to further accelerate the company's growth in its most developed market. In addition, the redeemed funds also serve general corporate purposes.

The bond bears interest at a rate of 4.500 % per annum, payable semi-annually in arrears. The initial conversion premium was set at EUR 46.6864. This equates to a premium of 25.0 % on the volume-weighted average share price during the bookbuilding process.





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APPENDIX.

## GROUP SEGMENT REPORTING.

Q1 2018	GERMANY	INTERNATIONAL	CONSOLIDATED
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	103,527	27,139	130,667
Cost of sales	- 86,319	- 21,333	- 107,652
<b>Gross Profit</b>	<b>17,209</b>	<b>5,806</b>	<b>23,015</b>
% of revenue	16.6 %	21.4 %	17.6 %
Other income	- 13	42	29
Selling & Distribution	- 16,778	- 7,599	- 24,377
<b>Segment EBITDA</b>	<b>418</b>	<b>- 1,751</b>	<b>- 1,333</b>
Administrative expense			- 3,637
<b>EBITDA</b>			<b>- 4,970</b>
Depreciation			- 3,087
<b>EBIT</b>			<b>- 8,057</b>
Net finance cost and income tax			- 50
<b>Net Loss</b>			<b>- 8,107</b>

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS.

	PERIOD ENDED 31. 3. 2018	PERIOD ENDED 31. 3. 2017
	EUR 1,000	EUR 1,000
Revenue	130,667	63,778
Costs of sales	- 107,652	- 50,547
<b>Gross profit</b>	<b>23,015</b>	<b>13,231</b>
Other income	29	784
Selling & Distribution	- 27,001	- 16,777
Administrative Expense	- 4,101	- 2,095
<b>Result from operations</b>	<b>- 8,057</b>	<b>- 4,856</b>
Finance income	24	22
Finance expense	- 477	- 553
<b>Net finance cost</b>	<b>- 452</b>	<b>- 531</b>
<b>Result before tax</b>	<b>- 8,510</b>	<b>- 5,387</b>
Income tax	403	- 52
<b>Result after tax</b>	<b>- 8,107</b>	<b>- 5,439</b>

# CONSOLIDATED BALANCE SHEET.

ASSETS	PERIOD ENDED 31. 3. 2018	PERIOD ENDED 31. 12. 2017
	EUR 1,000	EUR 1,000
<b>Non-current assets</b>		
Property, plant and equipment	8,431	8.278
Intangible assets	189,360	189.827
Deferred tax assets	3,884	3.447
Investments in equity-accounted joint ventures	905	905
	<b>202,580</b>	<b>202.457</b>
<b>Current assets</b>		
Inventories	34,361	39.989
Trade and other receivables	23,711	20.546
Other current assets	4,354	6.524
Other financial assets	9,926	12.510
Cash and cash equivalents	22,222	15.783
	<b>94,573</b>	<b>95.352</b>
<b>Total Assets</b>	<b>297,152</b>	<b>297.808</b>

EQUITY AND LIABILITIES	PERIOD ENDED 31. 3. 2018	PERIOD ENDED 31. 12. 2017
	EUR 1,000	EUR 1,000
<b>Shareholders' equity</b>		
Issued capital and share premium	289,317	289.317
Reserves/accumulated losses	- 58,458	- 50.351
	<b>230,859</b>	<b>238.966</b>
<b>Non-current liabilities</b>		
Provisions	220	323
Deferred tax liability	12,730	12.711
Other liabilities	3,783	4.316
	<b>16,733</b>	<b>17.350</b>
<b>Current liabilities</b>		
Trade and other payables	33,349	23.090
Amounts due to banks	4,225	4.863
Other liabilities	11,986	13.539
	<b>49,560</b>	<b>41.492</b>
<b>Total Equity and Liabilities</b>	<b>297,152</b>	<b>297.808</b>

# CONSOLIDATED CASH FLOW STATEMENT.

	PERIOD ENDED 31. 3. 2018	PERIOD ENDED 31. 3. 2017
	EUR 1,000	EUR 1,000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Results flow from operations	- 8,057	- 4,856
Adjustments for:		
- Depreciation and amortisation of non-current assets	3,087	1,295
Operating result adjusted for depreciation and amortisation, taxes and provisions	- 4,970	- 3,561
<b>Movements in working capitals:</b>		
- (Increase)/decrease in trade and other receivables and other current assets	- 995	488
- (Increase)/decrease in inventory	5,628	2,962
- Increase/(decrease) in in trade and other payables and other liabilities	9,631	2,962
<b>Working capital movement</b>	<b>14,265</b>	<b>6,412</b>
<b>Cash generated from operations</b>	<b>9,295</b>	<b>2,851</b>
<b>Interest received</b>	<b>24</b>	<b>22</b>
<b>Net cash (used in)/generated by operating activities</b>	<b>9,319</b>	<b>2,873</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Investment for property, plant and equipment	- 841	- 4,348
Investment for intangible assets	- 1,933	- 1,545
Investment in other financial assets	2,584	0
<b>Net cash (used in)/generated by investing activities</b>	<b>- 189</b>	<b>- 5,893</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	- 420	- 553
Payment of earn-out obligations Farmaline	- 1,100	0
Other non-current liabilities	- 533	0
<b>Net cash (used in)/generated by financing activities</b>	<b>- 2,052</b>	<b>- 553</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,077</b>	<b>- 3,573</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>10,920</b>	<b>38,485</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>17,996</b>	<b>34,912</b>

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# CONTACT/FINANCIAL CALENDAR.

## Investor Relations.

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## Financial Calendar 2018.

**May 17, 2018**

Citibank Internet and eCommerce Day, London

**May 23 – 24, 2018**

Berenberg Conference USA 2018, Tarrytown, NY

**August 14, 2018**

Publication of the results for H1 2018

**August 30, 2018**

Commerzbank Sector Conference, Frankfurt

**November 14, 2018**

Publication of the results for Q3 2018