

SHOP APOTHEKE

E U R O P E

HALF-YEAR FINANCIAL REPORT

30 JUNE 2017

LETTER TO SHAREHOLDERS.

Venlo, the Netherlands, 25 July 2017

Dear shareholders, ladies and gentlemen,

SHOP APOTHEKE EUROPE continues to grow fast also during the second quarter of the current fiscal year. Our consolidated revenues have risen by 54% during the first half of 2017 – another increase at the top end of our forecast. As of June 30, we had 2.2 million active customers – 0.7 million more than a year earlier. We confirm our forecast for the 2017 fiscal year, which projects an increase in revenues of 45 % to 55 %.

We have seen another positive development on the profit side during the first half of 2017. Profitability continued to grow in our core segment Germany with the gross margin at 21 %, up +0.5 pp from 20.5 % a year ago. In our rapidly growing international segment, we were once again able to triple our revenues to EUR 34m while the gross margin rose by +5.1 pp, from 17.0 % to 22.1 %.

We are also making progress in further developing operations and capacities: Thanks to ongoing process optimization and investments we have already made in expanding our warehouse facilities, we have significantly expanded our operations capacity. This means we are already well-positioned for the anticipated growth in our European markets in 2017 and 2018.

During our first annual shareholders' meeting on May 16, all proposals put forth by management were approved by large majorities.

We would like to thank you for your trust and will continue to diligently pursue our strategy of European market leadership.

The Board of Management

KEY FIGURES.

Performance indicators Group	2015				2016				2017	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Page visits (millions)	6.3	6.0	6.1	7.1	8.4	9.1	10.3	14.0	18.6	17.9
Mobile page visits (millions)	2.2	2.0	2.0	2.7	3.3	3.9	4.6	6.3	9.1	9.2
Ratio mobile (in %)	35	33	33	39	39	43	44	45	49	51
Orders (millions)	0.7	0.7	0.7	0.8	0.9	0.9	1.0	1.1	1.4	1.4
Orders by existing clients (in %)	71	71	74	74	75	73	73	71	71	75
Return rate (in %)	0,7	0,7	0,7	0,7	0,7	0,7	0,8	0,8	0,8	0,7
Active customers (millions)	1.0	1.1	1.2	1.3	1.4	1.5	1.6	1.8	2.1	2.2
Average shopping cart (in EUR)	52,1	51,8	52,2	53,1	52,2	51,3	51,6	53,5	52,0	53,3

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NOTE.

The figures listed in this management report were calculated using IFRS 16 financial reporting standards, which are expected to be approved (EU endorsement) by the end of 2017. This shall ensure that future reports can be easily and accurately compared to the current results. Both the effects of using IFRS 16 to compile the balance sheet and income statement as well as the effects of IFRS 16 are shown in the appendix (Note 10) to this report.



HIGHLIGHTS.

SHOP APOTHEKE EUROPE continues accelerated growth course while increasing profitability:

- Consolidated revenues for the first half of 2017 rose by 54 % to EUR 127m.
- Consolidated gross earnings grew by 61 % to EUR 27m with gross margin improving to 21.5 %.
- Market leadership in Germany further extended with revenues increasing by 31 % to EUR 92m.
- International revenues more than tripled to EUR 34m with gross margin rising significantly to 22.1 %.
- Number of active customers increased to more than 2.2m as of the closing date (+47 % compared to a year earlier).

KEY FIGURES:



EUR 127m (+54 %)

Revenue 1st HY 2017



2.2m (+47 %)

Active Customers



73 %

Repeat orders



37m

Page visits



> 100.000

Available products



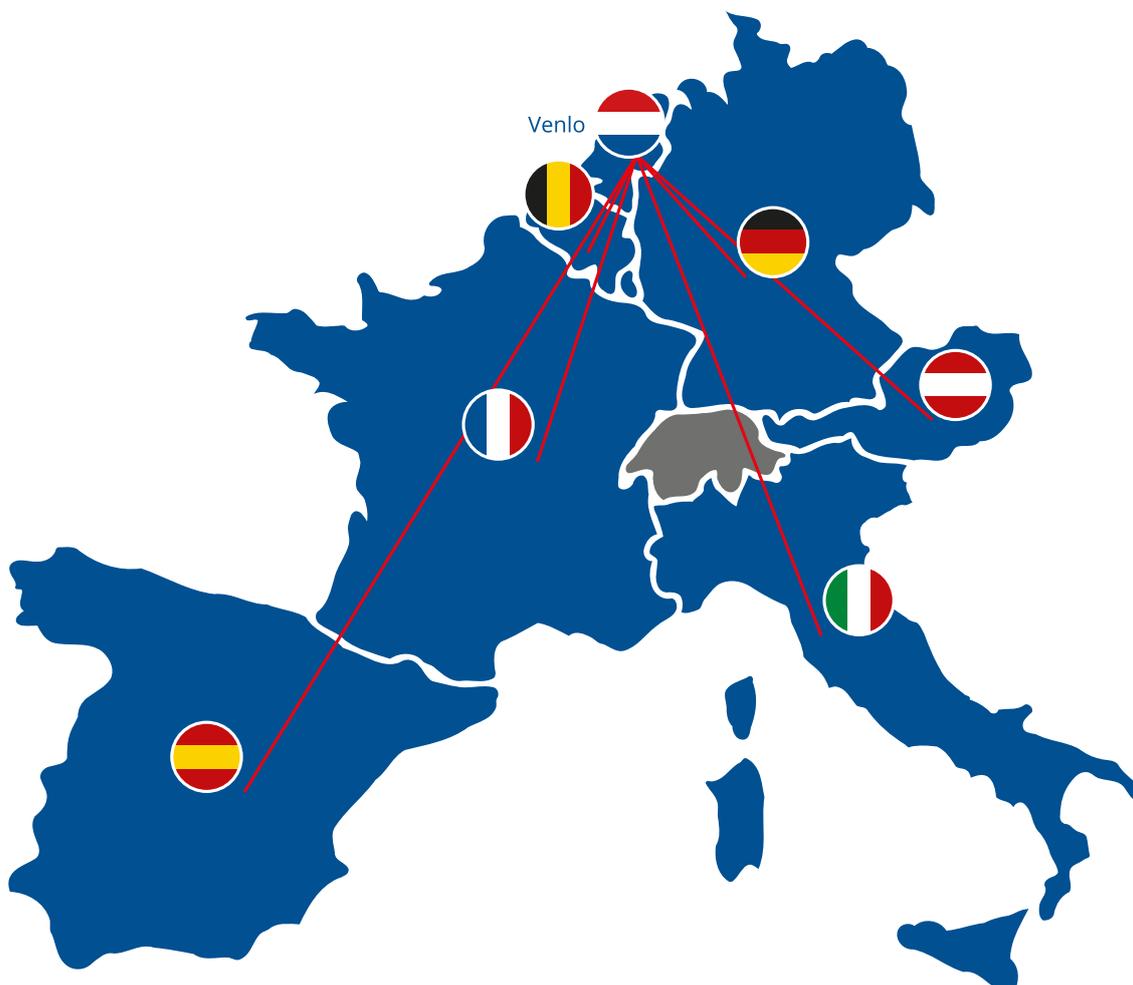
SHOP APOTHEKE EUROPE:
THE SUCCESSFUL
EUROPEAN
GROWTH STORY.

BUSINESS MODEL.

Europe's leading online OTC pharmacy.

SHOP APOTHEKE EUROPE is the leading online pharmacy in continental Europe. Its business activities focus on non-prescription over-the-counter (OTC) pharmaceuticals and pharmacy-related beauty and personal care (BPC) products. In its online stores, the founder-led company offers an extensive range of around 100,000 original products fast and at attractive prices to more than 2.2 million customers. The portfolio is supplemented by comprehensive pharmaceutical consultation services. A state-of-the-art, centralized logistics infrastructure in Venlo, the Netherlands, guarantees that SHOP APOTHEKE EUROPE can significantly expand its business volume while benefitting from economies of scale. All of the company's technological and logistics processes are already geared towards further growth thanks to investments in capacity expansion and automation.

Growth in the company's established markets and achieving the leading position in all relevant European markets are at the core of our growth strategy. With the acquisition of FARMALINE in September 2016, SHOP APOTHEKE EUROPE has further accelerated its European roll-out.



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.



BUSINESS DEVELOPMENT.

OVERALL ECONOMIC SITUATION.

Germany's Ministry of the Economy & Energy estimates that the economic outlook for the Eurozone has slightly improved in recent months. According to Statista, a web portal for studies and statistics, all EU member states except for Greece posted an increase in gross national product (GNP) during the first quarter of 2017.

Eurostat, the EU's statistics agency, reported that the April 2017 calendar-adjusted volume of retail trade in the Eurozone increased by 2.5 % compared to the same month a year ago and by 0.1 % compared to the previous month.

Market research institute Sempora Consulting projects continuous growth of around 4 % for the sale of OTC medications in Europe until 2020, with online sales expected to benefit from a substantially higher growth rate of around 21 % across Europe this year and an average growth rate of ca. 17 % until 2020. Projections for the still developing online markets in France, Italy and Spain are substantially higher, with an average growth rate of 30 % projected until 2020.

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 quarter of the year.

Following a strong start into the year, SHOP APOTHEKE EUROPE has successfully continued its rapid growth trajectory with consolidated revenues for the first six months of the current fiscal year increasing by +54 % to 126.7m compared to 82.2m during the same period last year.

As a result of the company's successful growth initiatives, the number of active customers rose substantially, from 1.5m at the end of Q2 2016 to more than 2.2m now.

The number of orders grew in line with revenues by 55 % to 2.8 million compared to the same period last year during which 1.8m orders were placed. In the first half-year of 2017, the rate of repeat orders rose to a 73 % with a continuing minimal return rate of just 0.8 % while the number of site visits rose significantly. Furthermore, the ratio of mobile site visits increased to 50 % during the first half of 2017.

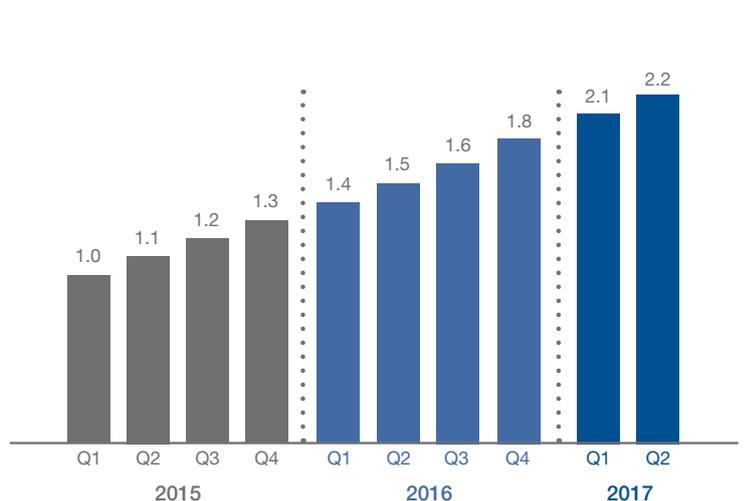
Web Traffic (in m)



Number of orders (in '000)



Number of active customers (in m)



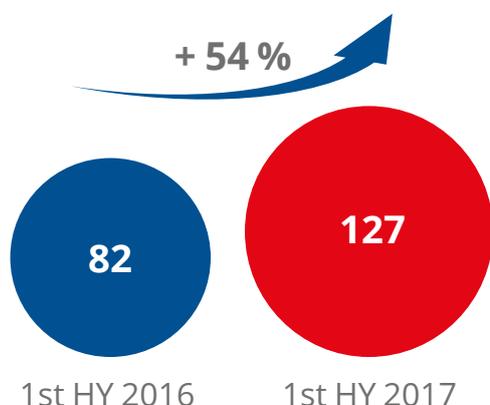
SHOP APOTHEKE EUROPE increased its half-year consolidated gross profit by 61% to EUR 27.2m (2016: EUR 16.9m). The consolidated gross margin also increased, by +1.0 pp to 21.5 %, despite increased spending on new customer acquisition. This positive development is the result of an increased gross margin in the segment Germany – up +0.5 pp to 21.0 % – and a substantial increase of +5.1 pp to 22.1 % of the gross margin in the segment International.

During the second quarter, SHOP APOTHEKE EUROPE had a positive consolidated segment EBITDA of EUR 1.1m. The cumulated consolidated segment EBITDA for the first half of 2017 amounts to EUR -0.6m compared to EUR -0.3m during the same period last year.

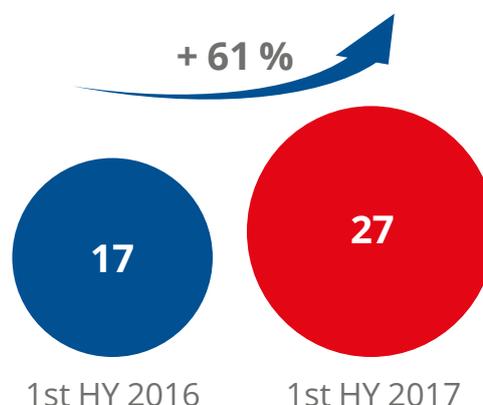
First-half 2017 administrative costs before depreciations of EUR 3.8m (past year: EUR 3.1m) were reduced to 3 % relative to revenues (past year: 3.8 %). Selling expenses before depreciations rose at a slightly disproportionate rate relative to revenues in part due to increased marketing spending on TV advertising as well as operating costs related to the expansion of capacity in Q1. They grew by 60 % from EUR 18.2m to EUR 29.1m, resulting in an EBITDA of EUR -4.4m compared to EUR -3.4m during the first half of 2016.

Including depreciations of EUR 2.7m (past year: EUR 1.5m), earnings before interest and taxes (EBIT) were EUR -7.1m (past year: EUR -4.9m). Earnings before taxes were EUR -8.0m (past year: EUR -6.2m); earnings after taxes were EUR -8.2m (past year: EUR -6.2m).

Revenue in EUR m



Gross Profit in EUR 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.

Germany, SHOP APOTHEKE EUROPE's core segment by revenue, posted profitable growth of 31 % during the first half of 2017 compared to the corresponding time period 2016. Revenues increased to EUR 92.1m during the first six months of 2017 after EUR 70.2m a year earlier. During the same period, gross profit grew at a disproportionate rate, up 35 % to EUR 19.4m from EUR 14.4m a year earlier. The corresponding gross margin increased by +0.5 pp to 21 % during the reporting period compared to 20.5 % a year earlier. Segment EBITDA for the first half of 2017 was EUR 2.8m after standing at EUR 1.3m a year earlier. This contributed to a +1.1 pp improvement in the segment's EBITDA margin from 1.9 % to 3 %.

Segment International.

Thanks to the significantly higher number of orders, the International segment contributed strongly to the increase in consolidated revenues: SHOP APOTHEKE EUROPE has more than tripled segment revenues during the reporting period to EUR 34.1m compared to EUR 11.2m over the same period a year ago (+206 %). Gross profit increased at an even more substantial rate during the reporting period, growing by 297 % to EUR 7.5m (past year: EUR 1.9m). This was due to a significant improvement in gross margin, which increased year-on-year by +5.1 pp from 17.0 % to 22.1 %.

As part of the international expansion strategy, the International segment had a substantial increase in customer numbers. The significantly higher proportion of orders placed by new customers – and corresponding higher acquisition costs – contributed to a decline in segment EBITDA to EUR -3.6m during the first half of 2017 compared to EUR -2.1m a year earlier.

Segment Germany Services.

During the first six months of 2017, the segment Germany Services had gross revenues of EUR 3.1m compared to EUR 2.0m in the same period last year. The figure for the period under review includes revenues from intracompany services of EUR 2.7m (past year: EUR 1.1m), which are eliminated in consolidation.

Gross profit for the period under review was EUR 3.0m compared to EUR 1.7m the previous year.

Adjusted for intracompany services equivalent to EUR 2.7m, gross profit for the reporting period was EUR 0.3m compared to EUR 0.6m during the first half of 2016, with segment EBITDA at EUR 0.2m (2016: EUR 0.5m).

FINANCIAL AND LIQUIDITY SITUATION.

Financial situation.

As of the reporting date, the balance sheet total was EUR 118.2m, down EUR 2.2m. The SHOP APOTHEKE EUROPE Group was debt-free as of the reporting date, with no long-term loans from or other long-term commitments to banks. The equity capital ratio stood at 72.0 % as of the reporting date.

Liquidity situation.

Cash and cash equivalents including short-term investments in securities declined by EUR 5.5m, from EUR 58.5m as of December 31, 2016 to EUR 53m at the end of the current reporting period.

Efficient management of working capital as well as reporting date-related effects linked to inventory reduction resulted in a positive operating cash flow of EUR 0.6m.

Cash outflow of EUR 4.1m is mainly due to investments in automation and capacity expansion as well as in software developed primarily in-house. In addition, EUR 3.5m were invested in short-term securities in order to cover the cost of interest, resulting in a cash flow of EUR -7.6m from investment activities.

Cash flow from financial operations included interest payments equivalent to EUR -0.9m related to the cash payment providers active for SHOP APOTHEKE EUROPE. Additional cash outflow of EUR -1.1m met payment obligations as a result of the FARMALINE acquisition. Total cash flow from financial operations amounted to EUR -1.9m.

RISKS AND OPPORTUNITIES.

Our evaluation of the company's risks and opportunities has not changed substantially compared to the 2016 financial report.

The European Court of Justice's judgment of October 19, 2016 (Rs. C-148/15) regarding fixed prices for prescription medications in Germany provides scope for additional business opportunities. The Court determined that the fixed prices which German pharmacists are required to charge do not apply to medications that are sold across EU borders. Thanks to the introduction of a bonus system in late 2016, SHOP APOTHEKE EUROPE has the opportunity to generate additional revenues beyond its core product portfolio.

There still do not appear to be any risk factors that could threaten the future of SHOP APOTHEKE EUROPE.

GUIDANCE UPDATE.

In consideration of the company's dynamic half-year growth, the Board of Management has confirmed its forecast for the 2017 fiscal year, i.e. a 45 %-55 % increase in consolidated revenues. The Board expects an increase in profitability for the 2017 fiscal year due to effects of scale, improvements in efficiency and further automation.

This forecast is further supported by our expectation that the profitable growth course in the company's German core market will continue. The consolidated gross margin is expected to increase in line with projected growth. Furthermore, management expects a year-on-year improvement of the company-level EBITDA margin to around -2 % to -3 % (compared to -3.3 % a year earlier).

OVERALL STATEMENT BY THE BOARD OF MANAGEMENT.

The Board of Management considers the company's development during the first two quarters of the 2017 fiscal year to be very positive. SHOP APOTHEKE EUROPE has continued on its accelerated growth course and revenue growth is at the top range of the forecast. Thanks to its rapid growth, SHOP APOTHEKE EUROPE has gained market share in all countries where it is active. The increase in gross margin, particularly in the segment Intzernational, is the result of economies of scale, process optimization, and improvements in our cost structure. At the same time, SHOP APOTHEKE EUROPE made specifically targeted investments in software, capacity expansion and automation to further boost efficiency and improve the customer experience.

In summary, the profit, revenue and financial situation show that the company is in a strong economic position as of the reporting date.

Responsibility statement from the legal representatives.

Venlo, the Netherlands, 25 July 2017

To the best of our knowledge and in accordance with the applicable reporting principles for half-year financial reporting, the half-year consolidated financial statements give a true and fair view of the company's assets, liabilities, financial position and profitability, and the half-year management report of the group includes a fair review of the development and performance of the business including financial results, and the position of the company is described so that an accurate picture of the current situation is conveyed as well as a description of the principal opportunities and risks associated with the expected development of the group for the remainder of the fiscal year.

SHOP APOTHEKE EUROPE N.V.
The Management Board



APPENDIX.

CONSOLIDATED INTERIM FINANCIAL STATEMENTS.

Unaudited Consolidated Statement of Profit and Loss for the six month period ended 30 June 2017.

	Period ended 30.06.2017	Period ended 30.06.2016
	EUR 1,000	EUR 1,000
Revenue	126,707	82,161
Cost of sales	-99,490	-65,294
Gross profit	27,216	16,867
Other income	1,323	1,098
Selling and Distribution	-31,389	-19,514
Administrative Expense	-4,245	-3,361
Result from operations	-7,094	-4,910
Finance income	71	0
Finance expense	-892	-1,310
Net finance costs	-821	-1,310
Result before tax	-7,915	-6,220
Income tax expenses	-209	-4
Result for this period	-8,124	-6,224
Attributable to:		
Owners of the company	-8,124	-6,224

Unaudited Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2017.

	Period ended 30.06.2017	Period ended 30.06.2016
	EUR 1,000	EUR 1,000
Loss for the period	-8,124	-6,224
Other comprehensive income/loss	0	0
Total comprehensive loss	-8,124	-6,224
Attributable to Owners of the company	-8,124	-6,224
Earnings per share	EUR	EUR
Basic and diluted per share 30 June 2017	-0,90	-6,22
Calculation of earnings per share:		
Result for the six month period attributable to owners of the company	-8,124	-6,224
Weighted average number of shares	9,069,878	1,000,000
Earnings per share	-0,90	-6,22

Unaudited Interim Consolidated Statement of Financial Positions as at 30 June 2017.

Assets	30.06.2017	31.12.2016
	EUR 1,000	EUR 1,000
Non-current assets		
Property, plant and equipment	3,466	2,613
Intangible assets	23,336	22,169
	26,803	24,782
Current assets		
Inventories	14,546	18,841
Pre-ordered stock	4,766	6,823
Trade and other receivables	12,275	8,278
Receivables from related parties	111	0
Other current assets	2,554	3,130
Other financial assets	23,528	20,012
Cash and cash equivalents	29,507	38,485
	87,286	95,569
Total assets	114,088	120,351

Equity and liabilities	30.06.2017	31.12.2016
	EUR 1,000	EUR 1,000
Shareholders' equity		
Issued capital and share premium	122,238	122,238
Reserves/accumulated losses	-37,117	-28,993
	85,121	93,245
Provisions	1,971	2,961
Non-current liabilities		
Loan from related parties (shareholders)	0	0
Deferred tax liability	0	0
Amounts due to related parties	3,000	3,000
Other liabilities	411	334
	3,411	3,334
Current liabilities		
Trade and other payables	16,010	12,563
Amounts due to related parties	0	404
Other liabilities	7,575	7,844
	23,585	20,811
Total equity and liabilities	114,088	120,351

Unaudited Interim Consolidated Statement of Cash Flows for the six month period ended 30 June 2017.

	Period ended 30.06.2017	Period ended 30.06.2016
	EUR 1,000	EUR 1,000
Cash flow from operating activities		
Operating result	-7,094	-4,910
Adjustments for:		
- Depreciation and amortisation of non-current assets	2,095	1,489
Operating result adjusted for depreciation and amortisation and provisions	-4,999	-3,421
- Movements in working capital:		
- (Increase)/decrease in trade and other receivables and other current assets	-3,422	-994
- (Increase)/decrease in inventory	4,295	108
- (Increase)/decrease in pre-ordered stock	2,057	1,297
- Increase/(decrease) in trade and other payables and other liabilities	2,969	4,056
- Increase/(decrease) in amounts due to related parties	-515	-1,784
Working capital movement	5,385	2,682
Cash generated from operations	386	-739
Interest received	180	0
Net cash (used in)/generated by operating activities	566	-739
Cash flow from investing activities		
Investment for property, plant and equipment	-1,271	-376
Investment for intangible assets	-2,846	-1,364
Investment for FARMALINE acquisition	0	0
Investment in other financial assets	-3,516	0
Net cash (used in)/generated by investing activities	-7,632	-1,740

	Period ended 30.06.2017	Period ended 30.06.2016
	EUR 1,000	EUR 1,000
Cash flow from financing activities		
Interest paid	-888	-597
Shareholder Loan Repayment	0	0
Net additional financing from related parties	0	0
Capital increase	0	10,005
Share issue from IPO	0	0
Payment of earn-out obligations FARMALINE	-1,100	0
Deposit from related parties and other non-current liabilities	77	0
Net cash (used in)/generated by financing activities	-1,911	9,408
Net increase/(decrease) in cash and cash equivalents	-8,977	6,929
Cash and cash equivalents at the beginning of the year	38,485	3,529
Cash and cash equivalents at the end of the year	29,507	10,458

Unaudited Consolidated Interim Statement of Changes in Shareholders' Equity for the six month period ended 30 June 2017.

	Issued and paid-up share	Share premium	Accumulated losses	Undistributed results	Equity
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Equity as of 1 January 2017	181	122,057	-10,548	-18,445	93,245
Transfer to accumulated losses	0	0	-18,445	-18,445	0
Comprehensive loss for the period	0	0	0	-8,176	-8,176
Balance as at 30 June 2017	181	122,057	-28,993	-8,176	85,069

Unaudited Consolidated Interim Statement of Changes in Shareholders' Equity for the six month period ended 30 June 2016.

	Issued and paid-up share	Share premium	Accumulated losses	Undistributed results	Equity
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Equity as of 1 January 2016	100	12,907	0	-10,548	2,459
Transfer to accumulated losses	0	0	-10,548	10,548	0
Capital increase	7	9,998	0	0	10,005
Comprehensive loss for the period	0	0	0	-6,224	-6,224
Balance as at 30 June 2016	107	22,905	-10,548	-6,224	6,240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

1. Basis of preparation

These Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2016 annual report. The Interim Consolidated Financial Statements have not been audited. However, a review of these statements has been performed by the independent external auditor.

2. Significant accounting policies

The preparation of interim consolidated financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Shop Apotheke Europe N.V. has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2016 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2017, and will be adopted in the 2017 annual financial statements.

The nature and impact of each new standard and interpretation adopted by the group is detailed below.

Note: Not all standards and interpretations impact the group's annual or interim consolidated financial statements.

Amendment to IAS 7: Disclosure Initiative

The amendment requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment did not result in any effect on the Group's interim consolidated financial statements during the interim period.

Amendment to IAS 12: Income Tax – unrealized losses on debt instruments at fair value

The amendment addresses diversity in practice by clarifying the recognition of a deferred tax asset related to debt instruments measured at fair value (if the situation gives rise to a temporary difference and the assets can be recovered for more than their carrying amounts). The amendment did not result in any effect on the Group's interim consolidated financial statements during the interim period.

Deferred tax assets from losses carried forward are recognized only to the extent that they compensate deferred tax liabilities resulting from variances in the evaluation of intangible fixed assets.

Amendment to IFRS 12: Disclosures about interests in other entities

The amendment clarifies that certain disclosure requirements in IFRS 12 do not apply to subsidiaries, joint ventures and associates that are held for sale or part of a group of assets (and liabilities) held for sale. The amendment did not result in any effect on the Group's interim consolidated financial statements during the interim period.

IFRS 15 Revenue from Contracts with Customers (and the related Clarifications)

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

IFRS 15 is effective for financial periods starting on or after 1 January 2019. Using the possibility for early adoption, the Group has implemented this standard as of 1 January 2017. The implementation did not result in any effect on the Group's interim consolidated financial statements during the interim period.

IFRS 16: Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 is effective for financial periods starting on or after 1 January 2019.

Early adoption is allowed once the European Union has endorsed this standard (under the condition that IFRS 15 has also been adopted).

Considering that:

- endorsement by the European Union is expected in the fourth quarter of 2017,
- the Group intends to adopt IFRS 16 immediately after EU endorsement, and
- the Group intends to present the effects of the implementation of this standard, the consolidated interim financial statements also disclose amounts based on IFRS 16 being adopted: these details are disclosed in Note 10.

Going concern

From 1 January through 30 June 2017, the Company incurred losses before tax of EUR 7.9m and generated a positive cash flow from operating activities of EUR 566k. The working capital position at 30 June 2017 is positive at EUR 10.6m.

	30.06.2017	30.06.2016
	EUR 1,000	EUR 1,000
Trade and other receivables	12,275	8,278
Other current assets	2,554	3,130
Inventory	14,546	18,841
Pre-ordered stock	4,766	6,823
Trade and other payables	-16,010	-12,563
Amounts due to related parties	0	-404
Other liabilities	-7,575	-7,844
Working capital	10,556	16,261
% Revenue	4.76 %	9.17 %

After the successful Initial Public Offering on 13 October 2016, the shareholder's equity developed to EUR 85.1m as at 30 June 2017, with a cash and other financial assets position of EUR 53.0m.

The Company is on track with its planned investment in capacity expansion and automation.

On the basis of the above, the Consolidated Financial Statements have been prepared on a going concern basis.

3. Use of estimates and judgements

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the annual financial statements 2016.

4. Development expenses

In determining the development expenditures to be capitalized, we make estimates and assumptions based on expected future economic benefits generated by products that are the result of these development expenditures. In particular, we have capitalized development work for our websites and the ERP system that supports the business.

Business development spending is not capitalized but reported under "Selling & Distribution Expenses".

5. Seasonality

For the business of the Shop Apotheke Group, the first and fourth quarter of the year tend to be slightly stronger than the second and third. Also, TV advertising focuses on the first quarter of the year.

Vendor allowances are calculated for the interim financial statements on a pro-rata basis under the assumption of full target achievement.

6. Segment 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 the statutory directors of the Group and make strategic decisions.

For management purposes, our Group is organized into geographic business units:

- Germany: Mostly prescription-free pharmaceuticals (OTC) and beauty and personal care products (BPC) sold to individual customers located in the German market.
- International: Only prescription-free pharmaceuticals (OTC) and beauty and personal care products (BPC) sold to individual customers located in other European markets.
- Germany Services: Webshop services of RedTecLab delivered mostly to German customers/companies.

This is based on our different shops and products and services provided. Segment EBITDA shows profitability by geographic segment without central overhead functions (IT, finance and management) that serve all segments and are sized for future international roll-out.

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.

No changes exist in the calculation methodology of this segment information in comparison to the 2016 annual report. The amounts reported as "Eliminations" represent intercompany business by the Germany Services segment. No other inter-segment revenues apply.

Segment information for the six month period ended 30 June 2017.

	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	92,129	34,113	3,145	-2,680	126,707
Cost of sales	-72,757	-26,588	-146	0	-99,490
Gross Profit	19,372	7,525	2,999	-2,680	27,216
% of revenue	21.0 %	22.1 %	95.4 %		21.5 %
Other income	973	335	25	-9	1,323
Selling & Distribution	-17,866	-11,560	-2,863	2,680	-29,609
Segment EBITDA	2,478	-3,699	161	-9	-1,069
Administrative expense					-3,930
EBITDA					-5,000
Depreciation					-2,095
EBIT					-7,095
Net finance cost and income tax					-1,029
Net Loss					-8,124

Segment information for the six month period ended 30 June 2016.

	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	70,174	11,152	1,976	-1,141	82,161
Cost of sales	-55,783	-9,255	-256	0	-65,294
Gross Profit	14,391	1,897	1,720	-1,141	16,867
% of revenue	20.5 %	17.0 %	87.1 %		20.5 %
Other income	937	147	13	0	1,097
Selling & Distribution	-13,988	-4,143	-1,259	1,141	-18,249
Segment EBITDA	1,340	-2,099	474		-284
Administrative expense					-3,137
EBITDA					-3,421
Depreciation					-1,489
EBIT					-4,910
Net finance cost and income tax					-1,314
Net Loss					-6,224

7. Business combinations

For the acquisition of the Farmaline business in September 2016, the measurement period has not yet passed. However, an adjustment of the fair value as calculated in 2016 is considered not necessary.

8. Fair Value

As at 30 June 2017, no significant changes of fair value calculations have occurred in comparison to the fair values from the 2016 annual report.

9. Related party transactions

Details of transactions between the Group and other related parties are disclosed below.

Transactions with the EHS Europe Health Services group

As of 30 September 2015, the Group was carved out from the EHS Europe Health Services group. As a result of the carve-out the Group entered into service agreements with the EHS Europe Health Services group, which will provide for the provision of services such as purchasing, warehouse operations, IT and administration performed by the Group for EHS Europe Health Services group. As of 1 October 2015 a EUR 3.0m non-current deposit (five years term at 0% interest) was provided from EHS Europe Health Services group to the Group to facilitate agent product purchases on behalf of EHS Europe Health Services group. The services also included the provision of certain application maintenance, application development and infrastructure maintenance services. The service agreements will provide for a term of up to five years.

Revenue from other services relates to income from service transactions provided to Europa Apotheek Venlo B.V. and is based on service agreements (six month period 2017: EUR 1.3m).

As at 30 June 2017, a remaining balance of EUR 111k is presented under "Amounts from to related parties".

MK Beleggingsmaatschappij B.V. is a related party without transactions in 2017.

Shop Apotheke Group entered into a supply agreement with a company ultimately owned by Dr. Robert Hess, who is at the same time our indirect shareholder by owning 100 % of the shares in Dr. Hess Verwaltungsgesellschaft mbH which indirectly holds 6 % of the shares in Shop Apotheke Europe N.V.

10. Effect of implementation of IFRS 16

As described under Note 2 ("IFRS 16"), the Group intends to implement IFRS 16 immediately after endorsement by the European Union. The following statements provide information on the effects of the application of IFRS 16 in comparison to the Consolidated Interim Financial Statements as presented earlier.

Note: Since the application of IFRS 16 leads to a different evaluation but not to cash flow changes, an additional cash flow statement does not apply. A separate statement of changes in shareholders' equity is also not presented since the only variance relates to the comprehensive loss for the period that is already disclosed in the statement of profit and loss.

Unaudited Consolidated Statement of Profit and Loss for the six month period ended 30 June 2017.
Including the effect of application of IFRS 16.

	Period ended 30.06.2017	Period ended 30.06.2017
	EUR 1,000	EUR 1,000
Revenue	126,707	126,707
Cost of sales	-99,490	-99,490
Gross Profit	27,216	27,216
Other income	1,323	1,323
Selling and Distribution	-31,389	-31,361
Administrative Expense	-4,245	-4,230
Result from operations	-7,094	-7,052
Finance income	71	71
Finance expense	-892	-987
Net finance costs	-821	-916
Result before tax	-7,915	-7,967
Income tax expenses	-209	-209
Result for this period	-8,124	-8,176
Attributable to Owners of the Company	-8,124	-8,176

**Unaudited Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2017.
Including the effect of application of IFRS 16.**

	Period ended 30.06.2017	Period ended 30.06.2017
	EUR 1,000	EUR 1,000
Loss for the period	-8,124	8,176
Other Other comprehensive income/loss	0	0
Total comprehensive loss	-8,124	-8,176
Attributable to Owners of the Company	-8,124	-8,176
Earnings per share	EUR	EUR
Basic and diluted per share 30 June 2017	-0,90	-0,90
Calculation or earnings per share:		
Result for the six month period attributable to owners of the Company	-8,124	-8,176
Weighted average number of shares:	9,069,878	9,069,878
Earnings per share	-0,90	-0,90

Unaudited Interim Consolidated Statement of Financial Positions as at 30 June 2017.
Including the effect of application of IFRS 16.

Assets	30.06.2017	30.06.2017
	EUR 1,000	EUR 1,000
Non-current assets		
Property, plant and equipment	3,466	7,549
Intangible assets	23,336	23,336
	26,803	30,886
Current assets		
Inventories	14,546	14,546
Pre-ordered stock	4,766	4,766
Trade and other receivables	12,275	12,275
Receivables from related parties	111	111
Other current assets	2,554	2,554
Other financial assets	23,528	23,528
Cash and cash equivalents	29,507	29,507
	87,286	87,286
Total assets	114,088	118,171

Equity and liabilities	30.06.2017	30.06.2017
	EUR 1,000	EUR 1,000
Shareholders' equity		
Issued capital and share premium	122,238	122,238
Reserves/accumulated losses	-37,117	-37,169
	85,121	85,069
Provisions	1,971	1,971
Non-current liabilities		
Loan from related parties (shareholders)	0	0
Deferred tax liability	0	0
Amounts due to related parties	3,000	3,000
Other liabilities	411	3,255
	3,411	6,255
Current liabilities		
Trade and other payables	16,010	16,010
Amounts due to related parties	0	0
Other liabilities	7,575	8,866
	23,585	24,876
Total equity and liabilities	114,088	118,171

Segment information for the six month period ended 30 June 2017.

	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	92,129	34,113	3,145	-2,680	126,707
Cost of sales	-72,757	-26,588	-146	0	-99,490
Gross Profit	19,372	7,525	2,999	-2,680	27,216
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Other income	973	335	25	-9	1,323
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Segment EBITDA	2,478	-3,699	161	-9	-1,069
Administrative expense					-3,930
EBITDA					-5,000
Depreciation					-2,095
EBIT					-7,095
Net finance cost and income tax					-1,029
Net Loss					-8,124

Segment information for the six month period ended 30 June 2017 (in case of application IFRS 16).

	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	92,129	34,113	3,145	-2,680	126,707
Cost of sales	-72,757	-26,588	-146	0	-99,490
Gross Profit	19,372	1,525	2,999	-2,680	27,216
% of revenue	21.0 %	22.1 %	95.4 %		21.5 %
Other income	973	335	25	-9	1,323
Selling & Distribution	-17,526	-11,444	-2,814	2,680	-29,104
Segment EBITDA	2,818	-3,584	210	-9	-565
Administrative expense					-3,832
EBITDA					-4,397
Depreciation					-2,655
EBIT					-7,052
Net finance cost and income tax					-1,124
Net Loss					-8,176

11. Risks and risk management

The Group's risk categories and risk factors that could have material impact on its financial position and results are described in Shop Apotheke's annual report 2016 (page 89-92). Those risk categories and factors are deemed incorporated and repeated in this report by this reference and Shop Apotheke believes that these risks similarly apply for the six month period ending 30 June 2017.

The Group will publish its annual report 2017 in March 2018 with a detailed update of Shop Apotheke's principal risks.

12. Responsibility statement from the Directors

The Board of Management of the company hereby declares that, to the best of their knowledge, the Consolidated Interim Financial Statements for the six months ended 30 June 2017, give a true and fair view of the assets, liabilities, financial position and income of the company and the undertakings included in the consolidation taken as a whole, and the interim management report gives a fair review of the information required pursuant to section 5:25d, subsection 8 and, as far as applicable, subsection 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

CONTACT AND FINANCIAL CALENDAR.

Investor Relations.

Dr. Ulrich Wandel

Phone: +31 77 850 6117

E-Mail: ulrich.wandel@shop-apotheke.com

Financial calendar 2017.

26 July

Publication of the Half-Year Report 2017

13 November

Publication of the Third Quarter Results 2017

Conferences 2017.

29 – 31 August

Commerzbank Sector Conference, Frankfurt

06 –08 September

Citi Global Technology Conference 2017, New York

18 –20 September

Berenberg & Goldman Sachs German Corporate Conference, Munich

04 –07 December

Berenberg European Conference, London

REVIEW REPORT.

To: the Management of Shop Apotheke Europe N.V.

Engagement

We have reviewed the accompanying condensed consolidated interim financial information of Shop Apotheke Europe N.V., Venlo, which comprises the statement of profit and loss for the six month period ended 30 June 2017, the statement of comprehensive income for the six month period ended 30 June 2017, the statement of financial positions as at 30 June 2017, the statement of cash flows for the six month period ended 30 June 2017 and the statement of changes in shareholders' equity for the six month period ended 30 June 2017 and the notes to the consolidated financial statements. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six month period ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Eindhoven, 25 July 2017

For and on behalf of BDO Audit & Assurance B.V.,

sgd. P.P.J.G. Saasen RA