

SHOP APOTHEKE
EUROPE

INTERIM REPORT

30 SEPTEMBER, 2022

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KEY FIGURES.

Continuously increasing our strong growth across Europe.



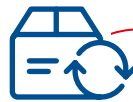
REVENUE Q3:
EUR 285 MILLION (+ 20 %).



PARCELS SENT IN Q3:
> 58,500 PARCELS A DAY.



GROSS MARGIN:
INCREASED TO 28.1 %.



REPEAT ORDERS:
85 PERCENT.



ACTIVE CUSTOMERS:
8.9 MILLION.
+ 0.3 MILLION CUSTOMERS
IN Q3.



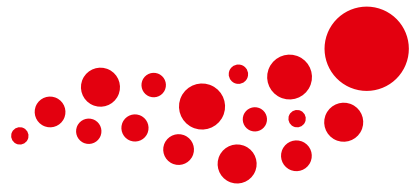
AVERAGE SHOPPING
BASKET SIZE:
€ 59.8 (Q3 2021: € 60.9).



SITE VISITS Q3:
79.5 MILLION (+ 28 %).



CUSTOMER SATISFACTION:
NET PROMOTER SCORE (NPS)
OF 73.



SHOP APOTHEKE
EUROPE

01

INTERIM GROUP
MANAGEMENT REPORT.

BUSINESS MODEL, GROUP STRUCTURE AND CORPORATE GOVERNANCE.

The statements made in the 2021 annual report regarding the business model, the group structure, the management system and the corporate governance practices still apply at the time of publication of this interim report with the exception of the acquisition of FIRST A.

BUSINESS DEVELOPMENT.

● CONSOLIDATED REVENUES AND RESULTS OF OPERATIONS.

Sales of prescription and non-prescription pharmaceuticals and pharmacy-related beauty and personal care products are subject to seasonal fluctuations, with demand for pharmaceuticals especially high during the first and fourth quarters of the year. However, in the past two years typical seasonal patterns have been distorted by the effect of the Covid19 pandemic.

Despite a weakening macroeconomic environment, SHOP APOTHEKE EUROPE continued to deliver a solid performance during the third quarter of this year. The company increased its group revenues during the first nine months of 2022 by 13.5% year-over-year to EUR 876.5 million. Sales in Q3 rose to EUR 284.5 million, up 19.5% compared to the same quarter last year (EUR 237.9 million).

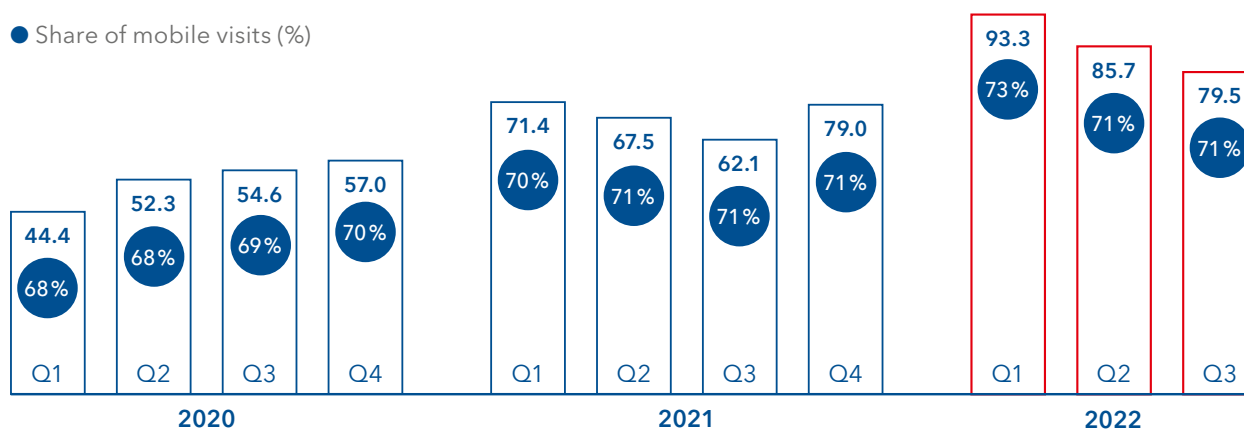
The number of active customers grew to 8.9 million as of 30 September 2022, an increase of 1.6 million compared to the same date last year and of 0.3 million over the third quarter.

During the nine-month period, the number of orders increased by 20.4% compared to the corresponding period last year, reaching 17.1 million (9M 2021: 14.2 million), with the average basket size of EUR 58.10, down 6.2% from last year's EUR 61.98. This development is mainly driven by faster growth of non-Rx orders than Rx orders. However, the average basket size has shown signs of recovery over the past three quarters (Q1: EUR 56.79, Q2: EUR 57.94, Q3: EUR 59.77). The share of repeat orders was 85% for Q3 2022 after 83% in prior year's quarter (9M: 83% after 82%), while the return rate remained minimal at significantly less than 1%.

	2020				2021				2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Page visits (million)	44.4	52.3	54.6	57.0	71.4	67.5	62.1	79.0	93.3	85.7	79.5
Mobile page visits (million)	30.0	35.5	37.4	39.7	50.4	48.0	44.4	56.0	67.7	60.6	56.3
Ratio mobile (in %)	68	68	69	70	70	71	71	71	73	71	71
Orders (million)	4.2	4.0	4.0	4.4	5.1	4.7	4.4	5.5	6.2	5.6	5.4
Orders by existing clients (in %)	82	79	83	83	81	82	83	81	81	83	85
Return rate (in %)	0.7	0.5	0.7	0.7	0.7	0.8	0.6	0.7	0.6	0.7	0,8
Active customers (million)	5.0	5.5	5.9	6.3	6.8	7.1	7.3	7.9	8.3	8.6	8.9
Average shopping cart (in €)	65.2	65.5	66.9	68.0	63.5	61.5	61.0	58.9	56.8	57.9	59.8

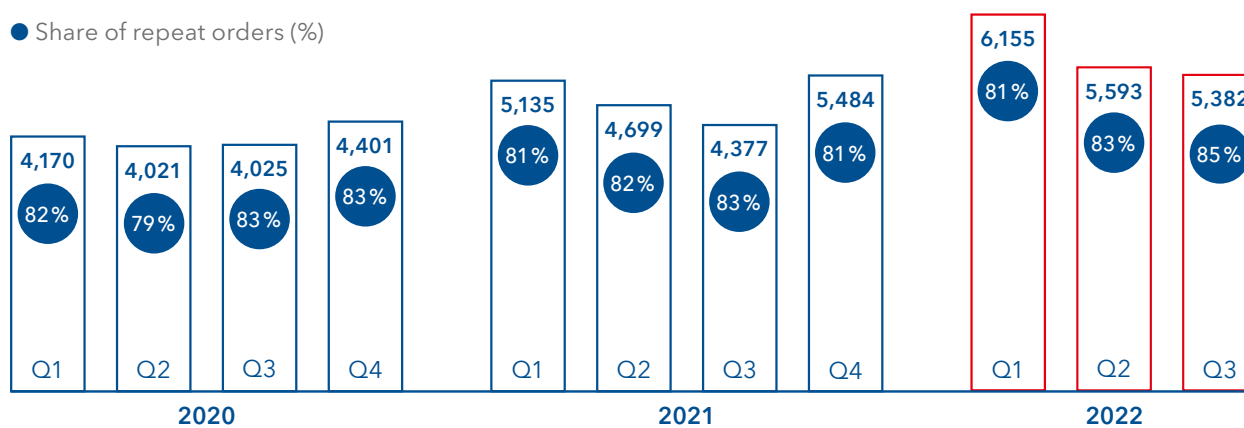
Site visits (in million)

● Share of mobile visits (%)



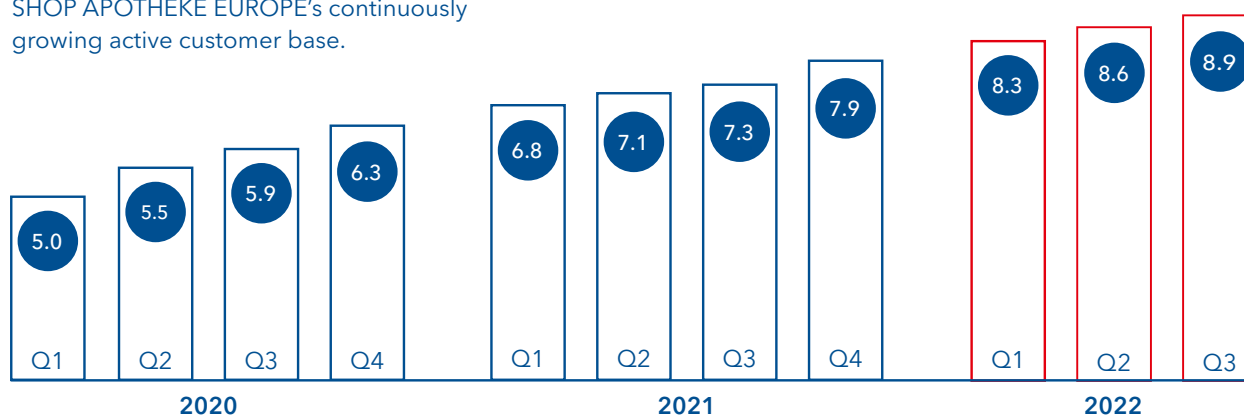
Number of orders (in '000)

● Share of repeat orders (%)



Number of active customers (in millions)

SHOP APOTHEKE EUROPE's continuously growing active customer base.



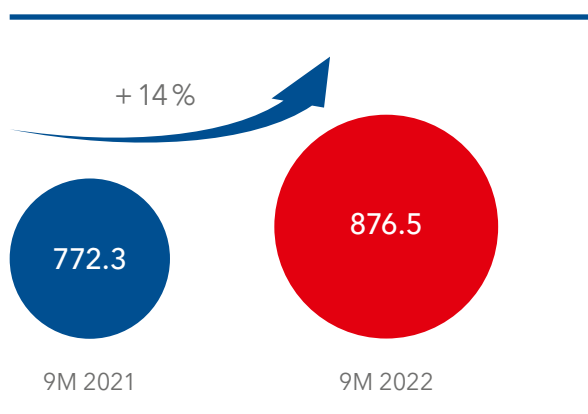
With a growth rate of 23%, gross profit at group level rose significantly faster than sales, from EUR 195.6 million during the first nine months of 2021 to EUR 240.6 million for the period under review. Compared to last year, the consolidated gross margin rose by 2.1 pp to 27.4% for the first nine months of the year. The gross profit margin also increased significantly in Q3, from 25% in last year to 28.1% this year. The increase was largely driven by improved pricing and product mix.

Adjusted selling and distribution (S&D) expenses were EUR 220.7 million for the first nine months of the year, or 25.2% of sales (9M 2021: 21.7%). This includes an impact of 0.3 pp resulting from the FIRST A acquisition. The adjusted consolidated S&D ratio for Q3 was at 24.2% (23.8% without FIRST A) compared to last year's 22.7%. The increase can largely be attributed due to higher marketing expenses and partly to the slowdown in consumer spending, which resulted in a lower average basket size. Furthermore, marketing efforts in 2021 - and consequently costs - were lower due to the full lockdown quarter Q1 2021 in Germany.

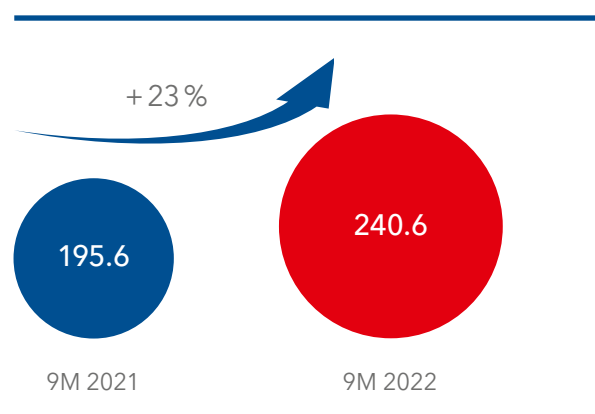
Administrative costs for the first nine months 2022 were EUR 48.3 million (previous year: EUR 30.5 million) and included one-off expenses and employee stock option expenses amounting to EUR 19.1 million (2021: EUR 6.5 million). The adjusted administrative cost ratio was 3.3% (3.2% without FIRST A), up 0.2 pp (0.1 pp without FIRST A) from 3.1% a year earlier. In Q3, the adjusted administrative cost ratio amounted to 3.5% (3.3% without FIRST A) compared to 3.2% in previous year's Q3.

Adjusted EBITDA was EUR -9.2 million compared to EUR 4.7 million for the first nine months of 2021, translating into an adjusted EBITDA margin of -1.0% after 0.6% in the corresponding period 2021. Including depreciation of EUR 28.6 million (previous year: EUR 18.4 million), EBIT was EUR -57.7 million (9M 2021: EUR -21.9 million). After net finance cost and income tax, the net result was EUR -67.9 million compared to EUR -31.7 million a year earlier.

Consolidated revenues (in € million)



Consolidated gross profit (in € million)



SEGMENT PERFORMANCE.

● DACH SEGMENT.

During the first nine months of 2022, DACH – SHOP APOTHEKE EUROPE’s largest segment by revenues, covering business activities in Germany, Austria and Switzerland – grew by 9.8% compared to the same period a year earlier. Revenues rose to EUR 679.1 million after EUR 618.3 million for the first nine months of 2021 although Rx sales decreased by 13.2% to EUR 95.8 million due to the impact of the Rx bonus ban in Germany. During the same period, gross earnings were up more than 22% year-over-year, from EUR 153.5 million to EUR 187.4 million. The gross margin rose by 2.8 pp to 27.6% compared to 24.8% last year. The adjusted EBITDA for the first nine months of 2022 was EUR 9.6 million compared to EUR 17.6 million during the same period of last year.

● INTERNATIONAL SEGMENT.

Sales for SHOP APOTHEKE EUROPE’s International Segment (Belgium, France, Italy and the Netherlands) grew considerably faster during the first nine months of 2022 – up 28.2% to EUR 197.4 million (previous year: EUR 154.0 million). Segment gross earnings rose by 49.6% – from EUR 42.1 million to EUR 53.2 million with a gross margin at 26.9% (last year: 27.4%). The adjusted EBITDA for the first nine months of 2022 stood at to EUR -18.9 million from EUR -13.0 million a year earlier.

9M 2022 Segment development

in EUR 1,000	Dach	International	consolidated
Revenues	679.082	197.440	876.522
Gross Profit	187.355	53.200	240.555
EBITDA	-2.219	-26.838	-29.057
Adjusted EBITDA	9.700	-18.877	-9.177
Adjusted EBITDA ongoing operations	12,526	-18,877	-6,351

9M 2021 Segment development

in EUR 1,000	Dach	International	consolidated
Revenues	618.301	153.995	772.296
Gross Profit	153.462	42.136	195.598
EBITDA	10.940	-14.499	-3.559
Adjusted EBITDA	17.638	-12.958	4.680

Q3 2022 Segment development

in EUR 1,000	Dach	International	consolidated
Revenues	223.720	60.799	284.519
Gross Profit	62.965	16.855	79.820
EBITDA	1.838	-7.777	-5.939
Adjusted EBITDA	6.167	-4.911	1.256
Adjusted EBITDA ongoing operations	7,604	-4,911	2,693

Q3 2021 Segment development

in EUR 1,000	Dach	International	consolidated
Revenues	189.404	48.450	237.854
Gross Profit	46.201	13.114	59.342
EBITDA	-110	-5.084	-5.167
Adjusted EBITDA	2.305	-4.496	-2.191

ASSETS, LIABILITIES AND FINANCIAL POSITION.

● ASSETS AND LIABILITIES.

As of the reporting date, the balance sheet total was EUR 769 million after EUR 783.1 million at the end of the 2021 fiscal year. Within the non-current assets, intangible assets rose by EUR 50.2 million, driven by EUR 38 million due to investments in software development and the acquisition of First A. Current assets decreased by EUR 64.8 million from EUR 432.8 million to EUR 367.9 million. Inventories were down from EUR 96.6 million to EUR 78.5 million, largely due to the usual seasonality pattern. Cash and cash equivalents decreased from EUR 247.4 million to EUR 115.2 million, as EUR 80.9 million have been invested in securities and are shown in other financial assets which as of 30 September 2022 total to EUR 117.3 million.

Loans and borrowings within the non-current liabilities increased from EUR 230 million as per year end 2021 to EUR 267.2 million. Current liabilities amounted to EUR 127.1 million after EUR 124.1 million.

The equity capital ratio stood at 47 percent as of the reporting date.

● LIQUIDITY SITUATION.

Operational cash flow was EUR 0.3 million compared to EUR 28.4 million during the same period of fiscal year 2021. This development was substantially driven by the lower operating result and a less favourable development of working capital movements compared to last year's nine months period.

EUR -122.6 million was used for investing activities in the first nine months of 2022 (previous year: EUR -70.9 million). EUR 80.6 million of the investing cash flow concern an investment in securities, shown in other financial assets (previous year: divestment of EUR 2.4 million). Previous year's investment activities included the acquisitions of SMARTPATIENT and MEDAPP. Net of cash acquired, the cash outflow for these investments amounted to EUR -44.0 million against an outflow of EUR -6 million this year for the acquisition of FIRST A. EUR -7.6 million (9M 2021: EUR -8.6 million) were investments in property, plant and equipment.

Cash flow from financing activities shows an outflow of EUR -9.9 million vs. an inflow EUR 232.1 million last year. Last year's development was essentially driven by the issuance of new convertible bonds in January 2021 with a net cash inflow of EUR 222.2 million and a capital increase of EUR 10.7 was related to the employee stock option programme.

Overall, cash and cash equivalents decreased by EUR 164.8 million during the reporting period and amounted to EUR 115.2 million as of the balance sheet date. Including short-term financial assets (securities) it stood at EUR 232.5 million after EUR 316.4 million last year.

IMPORTANT EVENTS DURING THE REPORTING PERIOD.

● ACQUISITION OF "FIRST A", A PIONEERING QUICK-COMMERCE PLAYER IN THE GERMAN PHARMACY MARKET.

During the reporting period, SHOP APOTHEKE EUROPE entered into the growing q-commerce market through the acquisition of FIRST A. SHOP APOTHEKE EUROPE acquired 100% of the shares from the FIRST A founders but the company continued to operate separately. To keep the pace, all three founders and the current management team stayed on board continuing to lead and manage the growth of FIRST A.

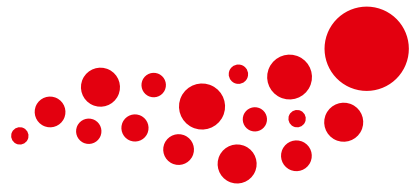
EVENTS AFTER THE BALANCE SHEET DATE.

No events have occurred since September 30, 2022, which have a material impact on the company's consolidated financial statements.

FORECAST.

For the full year 2022, the Management Board of SHOP APOTHEKE EUROPE confirms the guidance for the ongoing business of sales growth of everything-but-Rx of 15 - 25%, and an adjusted EBITDA margin in the range of - 1.5% to 1.5%.

The newly acquired business of First A is expected to impact the operating result of 2022 by approximately -0.5% of sales.



SHOP APOTHEKE
EUROPE

02

APPENDIX.

RESULTS PER SEGMENT.

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

Segment information - non adjusted and adjusted	DACH	International	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	679,082	197,440	876,522
Cost of sales	-491,727	-144,240	-635,967
Adjusted cost of sales	-491,727	-144,240	-635,967
Gross profit	187,355	53,200	240,555
Adjusted gross profit	187,355	53,200	240,555
% of revenue	27.6 %	26.9 %	27.4 %
Other income	105	30	135
Selling & distribution	-160,591	-60,810	-221,401
Adjusted S&D	-160,163	-60,506	-220,669
Segment EBITDA	26,869	-7,580	19,289
Adjusted segment EBITDA	27,297	-7,276	20,021
Administrative expenses	-29,088	-19,258	-48,346
Adjusted AE	-17,597	-11,601	-29,198
EBITDA	-2,219	-26,838	-29,057
Adjusted EBITDA	9,700	-18,877	-9,177
Depreciation	-17,222	-11,403	-28,625
EBIT	-19,441	-38,241	-57,682
Adjusted EBIT	-7,522	-30,280	-37,802
Net finance cost and income tax			-10,196
Adjusted net finance cost and income tax			-10,196
Net loss			-67,878
Adjusted net loss			-47,998

Reconciliation EBITDA to EBITDA for ongoing business (guidance)

	DACH	International	Total
EBITDA of acquisition(s) after issuance of 2022 guidance	-2.826	0	-2.826
Adjusted EBITDA ongoing operations	12,526	-18,877	-6,351
Adjusted EBITDA margin ongoing operations	1,8 %	-9,6 %	-0,7 %

FOR THE PERIOD ENDED 30 SEPTEMBER 2021

Segment information - non adjusted and adjusted	DACH	International	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	618,301	153,995	772,296
Cost of sales	-464,839	-111,859	-576,698
<i>Adjusted cost of sales</i>	-464,624	-111,806	-576,430
Gross profit	153,462	42,136	195,598
<i>Adjusted gross profit</i>	153,677	42,189	195,866
% of revenue	24.8%	27.4%	25.3%
Other income	47	11	58
Selling & distribution	-123,819	-44,887	-168,706
<i>Adjusted S&D</i>	-122,627	-44,642	-167,269
Segment EBITDA	29,690	-2,740	26,950
<i>Adjusted segment EBITDA</i>	31,097	-2,442	28,655
Administrative expenses	-18,750	-11,759	-30,509
<i>Adjusted AE</i>	-13,459	-10,516	-23,975
EBITDA	10,940	-14,499	-3,559
<i>Adjusted EBITDA</i>	17,638	-12,958	4,680
Depreciation	-11,296	-7,084	-18,380
EBIT	-356	-21,583	-1,939
<i>Adjusted EBIT</i>	6,342	-20,042	-13,700
Net finance cost and income tax			-9,762
<i>Adjusted net finance cost and income tax</i>			-9,762
Net loss			-31,701
<i>Adjusted net loss</i>			-23,462

For better orientation, we also provide adjusted figures, which reflect extraordinary items (the non-cash IFRS expenses related to the Employee Stock Ownership Plan, and one-of costs related business projects). A detailed reconciliation of adjustments can be found in the following table:

Reconciliation of adjustments in EBITDA overview

	Adjustments Q3 2022 YTD					Adjustments Q3 2021 YTD					
	Non-adjusted	1.	2a.	2b.	3.	Adjusted	Non-adjusted	1.	2a.	2b.	Adjusted
Revenue	876,522	-	-	-	-	876,522	772,296	-	-	-	772,296
Cost of sales	-635,967	-	-	-	-	-635,967	-576,698	-	268	-	576,430
Gross profit	240,555	-	-	-	-	240,555	195,598	-	268	-	195,866
Other income	135	-	-	-	-	135	58	-	-	-	58
Selling & Distribution	-221,401	-	-	732	-	220,669	-168,706	-	924	513	167,269
Segment EBITDA	19,289	-	-	732	-	20,021	26,950	-	1.192	513	28,655
Administrative expenses	-48,346	5,384	-	733	13,031	-29,198	-30,509	5,185	653	696	-23,975
EBITDA	-29,057	5,384	-	1,465	13,031	-9,177	-3,559	5,185	1,845	1,209	4,680
Depreciation	-28,625	-	-	-	-	-28,625	-18,380	-	-	-	-18,380
EBIT	-57,682	5,384	-	1,465	13,031	-37,802	-21,939	5,185	1,845	1,209	-13,700
Net finance cost and income tax	-10,196	-	-	-	-	-10,196	-9,762	-	-	-	-9,762
Net loss	-67,878	5,384	-	1,465	13,031	-47,998	-31,701	5,185	1,845	1,209	-23,462

Description of adjustment:

1. IFRS expenses of the employee stock option plans. These expenses are non-cash for Shop Apotheke Europe.

2a. One-off external project expenses specifically related to our new logistics center project "Venlo 2020".

2b. One-off external project expenses related to other projects. This mainly concerns external advisory costs.

3. Other major non-recurring one-offs. In 2022, this concerned the impact of contingent considerations to former owners of the acquired companies SmartPatient and MedApp. In the light of these acquisitions of 100% of the shares of SmartPatient and MedApp, the total purchase price for the shares which SHOP APOTHEKE EUROPE agreed upon with the selling shareholders amounts EUR 70,545 thousand and EUR 8,004 thousand respectively. Along with the acquisitions contingent considerations are provided to the former owners which contain a service condition. Payments in the form of cash and shares under this contingent consideration forfeit if employment is terminated. The total contingent consideration amounts to EUR 47,839 thousand. On the basis of an IFRIC decision on IFRS 3.B55 Business Combinations - the contingent part of this purchase price should be accounted for as consideration for post-combination services - employee expenses during the vesting period. The total impact of the recognition of the cash component and share component of the contingent considerations of both business combinations in the result of the first nine months of the year 2022 amounts to EUR 13.0 million. These costs are included in the employment expenses presented in the profit and loss statement under "administrative expenses". The P&L impact of this accounting method distorts the view on our underlying financial result of our business for management reporting purposes, which is the reason we adjust for it in the presented adjusted EBITDA. Reference is made to note 28 to the consolidated financial statements of the financial year 2021 for detailed explanation.

Reconciliation EBITDA to EBITDA for ongoing business (guidance)

	Q3 YTD 2022
EBITDA non-adjusted	-29,057
Adjustments	19,880
EBITDA adjusted	-9,177
EBITDA acquisition after issuance of guidance	2,826
EBITDA adjusted for ongoing business	-6,351
adj. EBITDA marge for ongoing business	-0.7%

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS.

FOR THE PERIOD ENDED 30 SEPTEMBER 2022

	Period ended 30. 9. 2022	Period ended 30. 9. 2021
	EUR 1,000	EUR 1,000
Revenue	876,522	772,296
Cost of sales	-635,967	-576,698
Gross profit	240,555	195,598
Other income	135	58
Selling and distribution	-245,732	-184,328
Administrative expenses	-52,640	-33,266
Operating result	-57,682	-21,938
Finance income	2,214	183
Finance expenses	-12,281	-9,444
Share of profit of associates and joint ventures	0	-449
Result before tax	-67,749	-31,648
Income tax	-129	-53
Result after tax	-67,878	-31,701
Attributable to:		
Owners of the company	-67,878	-31,701

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

AS AT 30 SEPTEMBER 2022

	30.9.2022	31.12.2021
	EUR 1,000	EUR 1,000
Assets		
Non-current assets		
Property, plant and equipment	82,510	78,261
Intangible assets	307,640	257,476
Deferred tax assets	-	-
Other financial assets	9,421	13,109
Investments in joint ventures	1,154	1,154
Investments in associates	305	305
Investments in equity-instruments	10	10
	401,040	350,315
Current assets		
Inventories	78,541	96,624
Trade and other receivables	56,862	52,310
Other financial assets	117,296	36,415
Cash and cash equivalents	115,222	247,413
	367,921	432,762
Total assets	768,961	783,077
Equity and liabilities		
Shareholders' equity		
Shareholders' equity	570,695	566,898
Issued capital and share premium	-209,578	-151,485
Reserves/accumulated losses	361,117	415,413
Non-current liabilities		
Loans and Borrowings	267,172	230,028
Deferred tax liability	13,551	13,552
	280,723	243,580
Current liabilities		
Trade and other payables	77,852	80,523
Loans and Borrowings	7,491	6,368
Amounts due to banks	39	38
Other liabilities	41,739	37,156
	127,121	124,085
Total equity and liabilities	768,961	783,077

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS.

FOR THE PERIOD ENDED 30 SEPTEMBER, 2022

	Period ended 30.9.2022	Period ended 30.9.2021
	EUR 1,000	EUR 1,000
Cash flow from operating activities		
Operating result	-57,682	-21,938
Adjustments for:		
- Depreciation and amortisation of non-current assets	28,625	18,380
- Result subsidiaries	-	-449
- Net foreign exchange differences	2,078	-
- Share-based payment charge for the period	13,207	5,185
Corporate income tax paid	-303	-117
Operating result adjusted for depreciation and amortisation and taxes	-14,075	1,061
Movements in:		
- (Increase)/decrease in trade and other receivables	-2,358	3,442
- (Increase)/decrease in inventory	18,083	6,392
- Increase/(decrease) in trade payables	-4,501	11,609
- Increase/(decrease) in other payables and other liabilities	3,149	5,849
Total movements in	14,373	27,292
Net cash (used in)/generated by operating activities	298	28,353
Cash flow from investing activities		
Investment for property, plant and equipment	-7,609	-8,626
Investment for intangible assets	-29,947	-20,671
Investment/divestment of escrow account	1,412	300
Investment for/disposal of other financial assets	-80,563	2,442
Acquisition of subsidiary, net of cash acquired	-6,017	-44,497
Interest received	121	138
Net cash (used in)/generated by investing activities	-122,603	-70,914
Cash flow from financing activities		
Interest paid	-5,093	-4,454
Capital increase exercised options	369	10,827
Issue convertible bond, net of expenses	0	222,197
Repayment of other long-term loans	-1,249	7,752
Cash-out lease payments	-3,913	-4,214
Net cash (used in)/generated by financing activities	-9,886	232,108
Net increase/(decrease) in cash and cash equivalents	-132,191	189,547
Cash and cash equivalents at the beginning of the period	247,413	90,485
Cash and cash equivalents at the end of the period	115,222	280,032

GLOSSARY.

For definitions of non-IFRS terms, please refer to the Annual Report 2021, pages 194 and 195 which you will find on SHOP APOTHEKE EUROPE's Corporate Website www.shop-apotheke-europe.com in the Investor Relations section.

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