SHOP APOTHEKE EUROPE

ANNUAL REPORT.
GESCHÄFTSBERICHT.
BILAN DE SOCIÉTÉ.
JAARVERSLAG.
RAPPORTO ANNUALE.
MEMORIA ANUAL.

2017

STRATEGICALLY
POSITIONED
FOR GROWTH.

SHOP APOTHEKE
EUROPE

SHOP APOTHEKE

SHOP PHARMACIE

SHOP FARMACIA

FARMALINE

europa apotheek

KEY FIGURES.

EXPANDING OUR ONLINE MARKET LEADERSHIP IN EUROPE.

EUR 284 million (+ 60 %)
revenue FY 2017

Site visits grew by
29.7 million to **71.5 million**

2.7 million (+ 50 %)
active customers

6.0 million
average monthly visits

76 %
repeat orders

Covering the whole range of OTC, BPC and Rx products.

Average shopping basket size increased to
€ 54 (OTC + BPC only)
€ 187 (Rx + OTC Germany)
€ 58 (overall average)

INTRODUCING EUROPE'S LARGEST ONLINE PHARMACY.

SHOP APOTHEKE AT A GLANCE.

WE ARE ONE FAMILY.

The complementary brands of SHOP APOTHEKE EUROPE and EUROPA APOTHEEK focus on families as target customers: SHOP APOTHEKE targets its marketing efforts particularly towards the family's "health manager" – the person who is in charge of caring for all family members' needs regarding OTC medications as well as pharmacy-related BPC products throughout the year.

Besides OTC products, EUROPA APOTHEEK also offers prescription drugs in Germany with a special focus on patients with chronic diseases and a continuous need for prescription medications.

With SHOP APOTHEKE already active in all relevant Continental European markets, electronic prescriptions that are expected to be introduced in those countries are important future business opportunities that could be rolled out immediately from the German core market to Continental Europe.

- **Europe's leading online pharmacy for OTC and personal care products.**
- **Now also a leading mail order pharmacy for prescription medications in Germany, prepared to expand the online prescription business to further Continental European markets.**
- **Founded in 2001 as the online shop of a local pharmacy in Germany.**
- **Headquarters in Venlo (the Netherlands) with offices in Cologne and Düsseldorf (Germany) and Tongeren (Belgium).**
- **Active in seven Continental European markets.**
- **Clear market leader in Germany and Austria (OTC and BPC products).**
- **Successful online shops in Belgium, the Netherlands, France, Italy and Spain.**
- **Convincing OTC, BPC and Rx product offering for the whole family.**
- **High standard of pharmaceutical safety.**
- **Outstanding customer counselling.**

WE SERVE CONTINENTAL EUROPE.

FOUR LOCATIONS.
ONE ENTREPRENEURIAL SPIRIT.

In addition to our headquarters in **Venlo**, the Netherlands, we also have a marketing & sales office in **Cologne**, Germany, and the European Service Centre in **Tongeren**, Belgium, serving all new markets.

RedTecLab, part of the SHOP APOTHEKE Group and responsible for all of our IT services, is located in **Düsseldorf**.

- **1 online pharmacy site.**
- **7 European target markets.**
- **Trained pharmacists for each local market.**

FARMALINE
Dé Online Apotheek voor België

Founded in 2008.
Part of SHOP APOTHEKE Group since October 2016.
Huge variety of OTC and pharmacy-related beauty and personal care (BPC) products. The webshop addresses both monolingual regions of Belgium (Flanders and Wallonia); option to choose between Flemish and French.

↗ **farmaline.be**

CLOSE TO OUR CUSTOMERS:
SHOP APOTHEKE EUROPE AND ITS LOCAL WEBSHOPS.

SHOP FARMACIA
La farmacia online para España

Launched as FARMALINE in 2014.
Portfolio of OTC and pharmacy-related beauty and personal care (BPC) products.

↗ **shop-farmacia.es**

FROM THE HEART OF EUROPE TO CONTINENTAL EUROPE'S KEY MARKETS.

Choosing Venlo in the Netherlands as operations centre has been a smart move. Located close to the Dutch-German border, it does not only make it efficient to ship orders to Germany, our biggest market. It also acts as a central processing and distribution hub from where we ship the orders to our customers in our different Continental European markets. Furthermore, it is an excellent basis for future expansion.

FARMALINE
Dé Online Apotheek voor Nederland

Founded in 2011, part of the SHOP APOTHEKE Group since October 2016. Portfolio of OTC and pharmacy-related beauty and personal care (BPC) products.

↗ farmaline.nl

SHOP APOTHEKE
Die Online-Apotheke für Deutschland

Founded in 2001 in Cologne, Germany. Full range of OTC and pharmacy-related beauty and personal care products as well as prescription drugs.

↗ shop-apotheke.de

europa apotheek

Founded in 2001, part of the SHOP APOTHEKE Group since November 2017. Specialized in prescription drugs (Rx) and serving patients with chronic diseases. Broad range of over-the-counter as well as beauty and personal care products.

↗ europa-apotheek.com

SHOP APOTHEKE
Die Online-Apotheke für Österreich

Founded in 2011.
Portfolio of OTC as well as pharmacy-related beauty and personal care (BPC) products.

↗ shop-apotheke.at

SHOP PHARMACIE
La pharmacie en ligne pour la France

Pharmacy and parapharmacy, founded in 2015. Portfolio of OTC and pharmacy-related beauty and personal care (BPC) products.

↗ shop-pharmacie.fr

SHOP FARMACIA
La farmacia online per l'Italia

Launched as FARMALINE 2014.
Portfolio of OTC and pharmacy-related beauty and personal care (BPC) products.

↗ shop-farmacia.it

TABLE OF CONTENTS.

TABLE OF CONTENTS.

01

LETTER FROM THE MANAGEMENT BOARD.

DEAR SHAREHOLDERS, LADIES AND GENTLEMEN,

In 2017 we have written another successful chapter in our SHOP APOTHEKE EUROPE growth story. We have grown strongly in our target countries and have further strengthened our market-leading position in Europe by adding the prescription medications business in Germany, our core market. By acquiring Europa Apotheek, one of the continent's leading online providers of prescription medications, we have expanded our product range to include prescription medicines, broadened our customer base and tapped new growth potential. SHOP APOTHEKE EUROPE is now a full-service online pharmacy with a comprehensive product portfolio of prescription-only drugs (Rx), over-the-counter medications (OTC) and pharmacy-related beauty and personal care (BPC) products with business activities in seven European countries. In line with our corporate strategy we have also invested in the expansion and automation of our warehouse, logistics and IT infrastructure to be prepared for future growth.

With a revenue increase of 60 % to EUR 284 million compared to 2016, we have achieved our ambitious growth target for 2017. Our international markets – including Austria, France, Belgium, the Netherlands, Spain and Italy – were once again the strongest growth drivers with sales increasing 143 % to EUR 74 million. As a result, the international share of revenues rose from 17 % in 2016 to 26 % in the year under review.

The number of SHOP APOTHEKE EUROPE's active customers increased by 50 % to 2.7 million at the end of 2017. On this continuously expanding basis, our customers order online via country-specific websites from a range of over 100,000 products at attractive prices. Why is the merger of Shop Apotheke with Europa Apotheek so attractive for our business? First of all, the average shopping basket size increases significantly – it is around EUR 187 at Europa Apotheek, compared to around EUR 54 at Shop Apotheke. With an average of 3.7 orders per year, the order frequency of Europa Apotheek's customers is about 50 % higher than in our pure OTC business and the proportion of repeat orders is about 90 % (vs. around 75 % at Shop Apotheke). Our total addressable European market, including prescription medications, is estimated to be around EUR 164 billion annually (compared to just EUR 35 billion without prescription medications).

And there are additional benefits for our business: The OTC/BPC customer base offers vast cross-selling potential with Rx customers and vice versa. At the same time, we are further strengthening our relationships with manufacturers and suppliers. While Shop Apotheke appeals to a large number of customers between 30 and 60 years of age, Europa Apotheek focuses on care for chronically ill, often elderly, patients. Due to this limited overlap, the two companies' customer bases are highly complementary. As a result of the merger, our company has thus substantially expanded its footprint across the different product ranges and demographic groups. This way, the SHOP APOTHEKE EUROPE Group has become a one-stop-shop for the whole family in our German core market – a success story we plan to replicate in other European markets that allow patients to purchase their prescription medications online.

Shop Apotheke und Europa Apotheek have a shared history and tradition of collaborating closely at our headquarters and pharmacy in Venlo in the Netherlands. We are therefore optimistic that the integration process will run swiftly and smoothly, with significant cost savings from synergies expected from 2019 onwards. Let's take a look at some future business opportunities: As the European online pharmacy market leader, SHOP APOTHEKE EUROPE will have a first mover advantage in regard to the introduction of electronic prescrip-tions and the deregulation of pharmaceutical sales in Europe. Big parts of the customer base, logistics and the network of suppliers are already in place thanks to our well-established OTC and BPC business. Mail order of prescription medications is already permitted in Germany and the Netherlands. The digitalization of healthcare (eHealth) has been shown to provide huge benefits to both payers and patients, leading to substantial cost savings and greater convenience – so it is not surprising that introducing electronic prescriptions (e-scripts) has been designated a strategic priority by the EU. SHOP APOTHEKE EUROPE is prepared to rapidly respond when e-scripts are rolled out in our European target markets, so that we can leverage the vast experience gathered in our German core market for the benefit of patients and shareholders alike.

Our modern and centralized logistics infrastructure is one of the key elements of our successful business model. In 2017, we have invested significantly in capacity expansion and automation. This includes automation in the goods receipt system and packing line as well as ERP control of the product storage bins. By building a high-rack warehouse system, we are moving into a new dimension that will create substantial additional capacity and further boost efficiency. Along with the benefits we achieve through economies of scale, we are well-prepared in terms of technology and logistics to meet our growth targets for 2018 and beyond. These investments have already started to pay off during the past fiscal year. Our cost structures improved and thus we achieved an adjusted EBITDA margin of minus 3 %, compared with minus 3.3 % the previous year. In the Germany segment, SHOP APOTHEKE EUROPE has been profitable for the third year in a row with EBITDA on a clear upward trajectory; the segment EBITDA margin increased to 3.3 % from 2.7 % in 2016.

We have defined clear strategic goals. In our new European OTC and BPC markets, we will continue to focus on gaining market share and achieving market leadership quickly. We believe that we are well-positioned to benefit from the growing shift to online shopping. This market continues to offer enormous growth potential, as only around 3 % of the EUR 35 billion total yearly OTC/BPC market in Europe is currently sold online. Our German core market also continues to offer ample growth potential with just 17 % of the EUR 7 billion turnover currently generated online.

With the acquisition of Europa Apotheek we have created a solid basis for also developing the online market for prescription medications in Germany, thereby increasing our cross-selling potential, and have laid the foundation to transfer this business to our other European markets. In Germany, the volume of the prescription medications market is estimated to be around EUR 36 billion, but only 1.5 % of that is currently sold by online pharmacies. As soon as the respective local regulatory frameworks permit the online sale of prescription medications, we are prepared to enter those markets.

As board members and entrepreneurs with many years of experience and expertise in the pharmaceutical industry, logistics and e-commerce, we are optimistic about achieving our company's ambitious growth targets: We are once again planning to grow strongly during the 2018 fiscal year and are projecting Group-level revenues to increase by 87 % – 97 % based on the integration of the Europa Apotheek business as well as on continuing organic growth. Profitability is expected to further improve thanks to growing economies of scale, efficiency improvements and progressing automation. We expect a positive Group-level EBITDA for the 2018 fiscal year. In addition, the company is well-positioned to generate positive cash flow from operations, which will contribute to financing future growth. We may consider further acquisitions of suitable targets that would further broaden our customer base or bring additional know-how into the Group. However, such acquisitions are not included in our forecast.

SHOP APOTHEKE EUROPE N. V.
The Management Board

Signed
Michael Köhler Dr. Ulrich Wandel Theresa Holler Marc Fischer Stephan Weber

02

OUR COMPANY.

CARING IS MORE THAN JUST A WORD. IT IS OUR CUSTOMER PHILOSOPHY.

CARING MEANS SHARING.

SHOP APOTHEKE EUROPE

CARING FOR PEOPLE'S LIVES IS DEEPLY ROOTED IN OUR COMPANY'S DNA.

We are a full-service pharmacy with extensive experience and vast expertise as healthcare professionals. We always put the health and well-being of our customers first and are only satisfied when they are – because only fully satisfied customers will become repeat customers.

How do we make sure that we reach this level of satisfaction? By also caring about new ideas, fostering entrepreneurship and embracing technological innovation, all of which are important building blocks of our success.

We aim to combine the best of two worlds for the benefit of all our stakeholders. We care about finding new solutions, like to share ideas and dare to do things differently whenever it makes sense, is appropriate and further improves our performance. With this attitude, we motivate our employees on the one hand and increase customer satisfaction and best performance on the other. We also put a strong focus on cultivating our relationships with business partners and of course on empowering our shareholders.

This is how we understand caring for our customers. High performance in everything we do. Since doing our best is key to continuing our successful growth story.

OUR MISSION

We are committed to achieving growth and market leadership in all relevant markets in Continental Europe, thereby creating added value both for both our shareholders and our customers.

THE KEY TO CONSTANT GROWTH.

Theresa Holler
COO and responsible pharmacist,
SHOP APOTHEKE EUROPE

Stephan Weber
CMO, Deputy CEO and co-founder,
SHOP APOTHEKE EUROPE

Marc Fischer (right)
CTO and co-founder,
SHOP APOTHEKE EUROPE
Managing Director of RedTecLab

LOOKING BACK ON A YEAR OF SUCCESSFUL GROWTH.

THE FIRST QUARTER OF 2017.

While 11 million Belgians are still celebrating the start of the New Year, we launch our **first TV advertising in Belgium** where the spots use the FARMALINE brand. Results are seen quickly: The media campaign leads to sustained sales success. TV advertising for the Belgian market will be extended to the whole year.

In order to achieve the desired speed and efficiency, automation in logistics continues unabatedly: In March, the **new packing line** is introduced at our logistics centre in Venlo, which ensures that we are optimally prepared for future demand.

The starting of our operations in Hall 5 at our head-quarters in Venlo has again increased our capacity, and further automated our goods-in process.

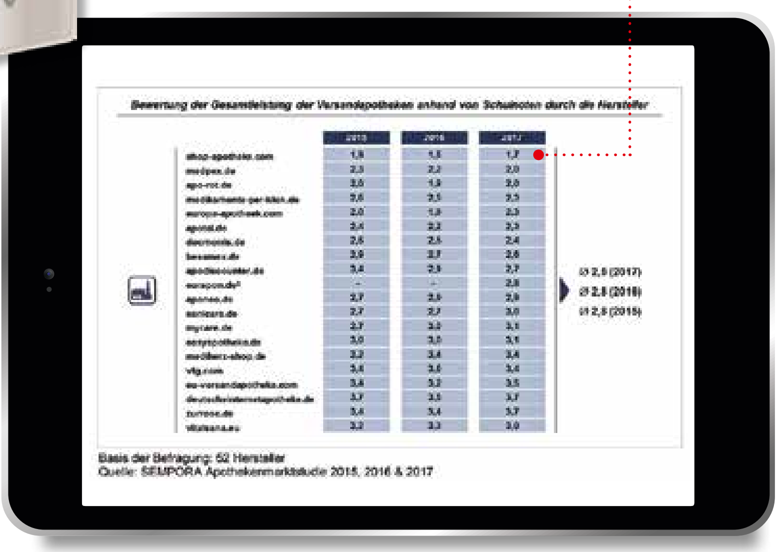
For the second time running, we are named an **"excellent brand" by the international market research institute YouGov and renowned German business newspaper Handelsblatt.** The ranking is based on our high quality of service, our above-average customer satisfaction and our customers' willingness to recommend the SHOP APOTHEKE brand.

THE SECOND QUARTER OF 2017.

FocusMoney – one of Germany's leading business magazines – recommends the SHOP APOTHEKE app for smartphones and awards it the quality seal **"Top App"** based on users' judgement about its usability, intuitive operation and secure payment system. In addition to the successful shopping app in Germany, an equivalent one is now available for Austria. It covers the entire Austrian pharmacy portfolio of shop-apotheke.at and is available for Android and iOS.

The month of June surprises with poor weather and lots of rain but news from **SEMPORA Consulting** makes us smile. For the fifth time in a row, **SHOP APOTHEKE is in first place in the ranking of leading major mail order pharmacies in Germany**.

With the **top score of 1.7**, we are far better than the average of 2.8. The smooth cooperation between SHOP APOTHEKE and our suppliers plus the dynamic sales development of the online pharmacy were key reasons for the strong rating by pharmaceutical industry decision-makers.



LOOKING BACK TO GO FURTHER.

THE THIRD QUARTER OF 2017.

With the year reaching the half-way point, SHOP APOTHEKE EUROPE **improves profitability during the first six months of 2017 and continues on its accelerated growth course.** The number of active customers reaches a new high of 2.4 million at the end of the third quarter.

Red Points
Gesundheit zahlt sich immer aus.

We launch our **customer bonus programme RedPoints** in several steps, starting with Germany's shop-apotheke.com with Austria's shop-apotheke.at following. The initiative is designed to further boost customer loyalty and increase the amount of repeat orders as well as the size of the shopping basket. Customers get 10 RedPoints for every Euro they spend – meaning the more they buy, the bigger their bonus: Every 1,000 RedPoints collected are worth 1 Euro, which can be cashed in on future orders.

THE FOURTH QUARTER OF 2017.

The number of sunny days slowly gets smaller **but consolidated revenues get bigger, growing by + 53 % to over EUR 191 million in the first nine months of 2017.** International sales nearly triple while we further strengthen our market-leading position in Germany with 31 % growth compared to the corresponding period of the previous year.

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As summer gives way to fall, we take another big step to strengthening our European market leadership: The **acquisition of the mail order pharmacy EUROPA APOTHEEK**, which is one of the leading online pharmacies for Rx drugs.

October is the time for the **relaunch of the French webshop**, which now also uses our global technological platform. Well-prepared by a cross-functional team of specialists, we make the change overnight without problems. Bravo, vous avez bien fait!
The SHOP APOTHEKE EUROPE held on November 6 in Venlo **strongly supports the company's growth strategy by voting for the takeover of Europa Apotheek** by acquiring 100 % of the shares of EHS Europe Health Services.

As part of the "Future Pharmacy" conference, on November 13, 2017, in Frankfurt, the **inspirato Industry Award** names the Top 3 mail order pharmacies in Germany.
SHOP APOTHEKE is in an excellent second place just behind Germany's local online pharmacy medpex and ahead of DocMorris.

Our Growth Story in 90 Seconds ...

By mid-November we present **our new corporate film** that takes you on a trip through our headquarters and logistics centre in Venlo. A fascinating glimpse behind the scenes. More to come soon.

The year ahead of us is filled with lots of opportunities. Work on the next chapter of the SHOP APOTHEKE success story has already begun with the production of the **new TV commercials for 2018**, which go on air in Austria and Germany in early January.

We decide to use **SHS VIVEON proofitBOX on European level**. With the proofitBOX, SHOP APOTHEKE increases its efficiency by further reducing the effort in application management while offering customers even better service throughout Europe in selecting the available payment methods. The deployment starts in December and will be executed in several steps across all our European markets.

BRINGING HEALTH TO MILLIONS OF PEOPLE ACROSS EUROPE.

EXPANDING FUTURE POTENTIAL IN ONLINE PRESCPRIPTION MARKETS.

From the very first day when we started our company in 2001, our pharmacy simply followed one rule: Empower customers to find health and beauty products that **help them to live and feel better every day**. A broad range of products, fair prices, the best advice you can expect from dedicated trained pharmacists combined with best-in class functionality and an exceptional user experience. The pharmacy market had been dominated by fixed prices for decades, with many OTC and beauty and personal care products not affordable for many people. Our mission is to create **high value for both our shareholders and our customers. For customers that simply means good value for money by having attractive prices that bring us one step closer to the democratization of health.**

ALWAYS PROVIDING BEST SOLUTIONS FOR OUR CUSTOMERS.

By acquiring EUROPA APOTHEEK – one of the leading mail order pharmacies specializing in prescription drugs for Germany – we as the leading OTC online pharmacy in Europe have become Europe's largest online pharmacy. While offering a broad range of non-prescription medications (OTC), pharmacy-related beauty and personal care (BPC) products plus other items typically found in pharmacies to all our clients across Europe, our portfolio in Germany also includes prescription drugs for both brands. Our Rx customers additionally benefit from the bonuses we give them with each prescription. We are confident that the legal framework in other European countries will also move in this direction in the near future. Once this happens, we will be prepared!

Many people, especially chronically ill patients who are dependent on taking their medication regularly, ask for access to online pharmacies with Rx products.

After all, everyone should be allowed to decide for themselves whether to get their medication in the bricks-and-mortar pharmacy on the high street or to conveniently order it online. We already make this possible – with fast delivery and easy ordering, from home as well as from the mobile. For chronically ill patients we offer a special consultation service with our Smart Therapy Support Programme, which is unique in Germany, leading to better compliance and adherence.

Michael Köhler
CEO and major shareholder,
SHOP APOTHEKE EUROPE

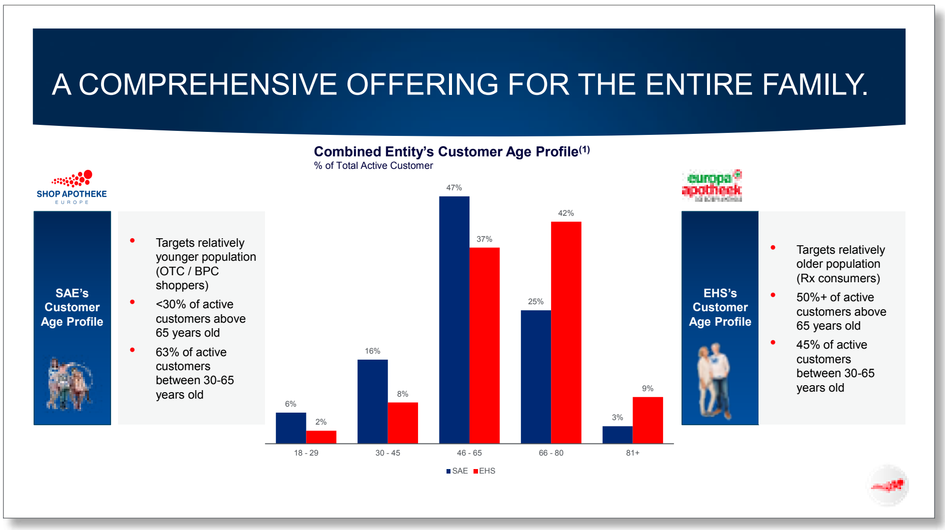
FURTHER STRENGTHENING OUR EUROPEAN MARKET LEADERSHIP.

WE ARE ONE FAMILY.

EXTENDING OUR COVERAGE ACROSS DIFFERENT PRODUCT OFFERINGS AND AGE GROUPS.

For almost two decades, EUROPA APOTHEEK generated the majority of its revenues from Rx-related products whereas SHOP APOTHEKE had always been focused on OTC and pharmacy-related beauty and personal care products. The customer bases of the two companies are complementary:

51% of EUROPA APOTHEEK's active customers are older than 65, while 71 % of SHOP APOTHEKE's customers are substantially younger – ideal target group profiles to significantly extend our coverage across different product categories and age groups.



A PERFECT MATCH.

COMBINING OTC AND BPC OFFERINGS WITH THE ATTRACTIVE PRESCRIPTION MEDICATIONS MARKET.

The acquisition of EUROPA APOTHEEK has enabled us to further strengthen our European market leadership with an extended product range for the entire family as well as for chronic care patients who need continuous care with Rx drugs.

The business models of both pharmacies perfectly complement each other with regard to both customer base and product offering.

Dr. Ulrich Wandel
CFO, SHOP APOTHEKE EUROPE

ALWAYS STAYING ONE STEP AHEAD OF THE MARKET.

DISCOVERING A BETTER WORLD OF HEALTH.

It is our vision to further strengthen our market leadership and establish SHOP APOTHEKE EUROPE as the household name for online pharmacies in Europe. Demographic changes, growing health awareness and the trend towards self-medication are driving the demand for OTC medications and pharmacy-related beauty and personal care products. Thanks to the local legal framework, we are already offering prescription drugs in Germany. Anticipating regulatory changes regarding E-scripts on the European level, we are prepared to expand this offer to our other markets. Our digital pharmaceutical services combined with our technological solutions continuously reduce distances, making health care easier for consumers and patients. The ongoing trend towards online retail is positively influencing the growth of our markets in Europe while our strong IT infrastructure and country-specific cultural know-how form a solid foundation to further grow our business.

GOOD IS GOOD. BUT BETTER CARRIES THE DAY.

Slightly modified logotype and symbol combination for the SHOP APOTHEKE brands.

Our logotype and symbol combination was developed when we did our first big relaunch in 2013. Almost five years later, it was time for a cautious revision that makes our logo look even stronger and fresher. The brand names are now written in capital letters for better readability and superior recognition value. The SHOP APOTHEKE swoosh, our symbol, has been slightly modified for better digital use, especially when it comes to smaller sizes.

SHOP APOTHEKE
Die Online-Apotheke für Deutschland

SHOP APOTHEKE
Die Online-Apotheke für Österreich

SHOP PHARMACIE
La pharmacie en ligne pour la France

SHOP FARMACIA
La farmacia online per l'Italia

SHOP FARMACIA
La farmacia online para España

BRAND NEW

OUR BIG TV CAMPAIGN FOCUSSING ON BRAND AWARENESS TO BE ROLLED-OUT ACROSS OUR MARKETS IN 2018.

WELCOMING THE EXPERT ONLINE PHARMACY FOR PRESCRIPTION DRUGS.

YET ANOTHER MILESTONE FOR OUR GROWTH STORY IS SET.

europa apotheek

PREPARING THE RX PIONEER FOR FUTURE EUROPEAN ONLINE PRESCRIPTION MARKETS.

HUNDREDS OF THOUSANDS OF SATISFIED CUSTOMERS TRUSTING US.

As the specialist for prescription medicines we have a high number of patients who suffer from chronic diseases and who therefore regularly need their drugs, among our most loyal customers.

Professional advice is one of the keys to our success in building customer relationships. Our pharmacists and pharmaceutically trained specialists always take time to respond to our customers' questions and concerns and advise them comprehensively and with the utmost discretion. Our team of experts from our pharmaceutical consultation department is available every Monday to Saturday, from early in the morning until late in the evening after people get home from work. How many pharmacies in Continental Europe have such long and convenient opening hours?

SMART, our special patient programme for chronically ill people in Germany is a unique service only offered by EUROPA APOTHEEK among online pharmacies. It is an important tool to improve patient compliance and further strengthen customer loyalty.

In addition to a wide selection of prescription drugs, you will find an equally large variety of OTC and beauty and personal care products at attractive prices.

PARTNER OF ALLIANZ PRIVATE HEALTHCARE INSURANCE.

Allianz

Together with EUROPA APOTHEEK, Allianz offers its German customers the Allianz Medicines Service, which has been launched in 2009: Customers with private medical insurance can receive their medicines without prepayment on request - delivered free to their home in cooperation with EUROPA APOTHEEK.

THE EUROPA APOTHEEK RX BONUS.

With every prescription sent to us, our customers benefit from a highly attractive bonus. This way, they get up to 10 euros per medication or even up to 30 euros per prescription! This bonus system is just one of the many reasons why the business of EUROPA APOTHEEK developed so positively last year: Consolidated revenues increased by 18,4 % to over EUR 167 million.

WE ARE TEST WINNERS.

Customer satisfaction is at the core of our work: That's why we are very excited and proud of the results of the prestigious STIFTUNG WARENTEST consumer survey (November issue 11/2017). Among 18 mail order pharmacies tested, EUROPA APOTHEEK came out as number one, closely followed by SHOP APOTHEKE in second place.

03

OUR CORE COMPETENCIES.

SETTING NEW PHARMACEUTICAL STANDARDS FOR NEARLY TWO DECADES.

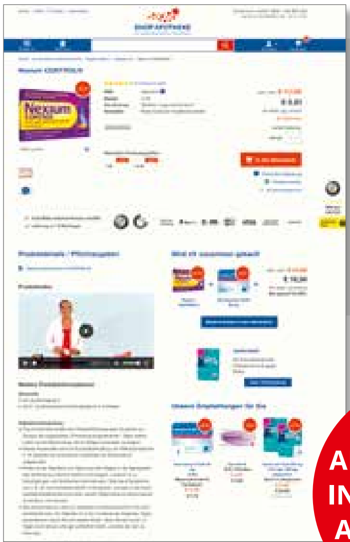
PROVIDING EXCELLENT CUSTOMER SERVICE:

OUR PHARMACISTS, PASSIONATE AND PROFESSIONALLY TRAINED.

As Europe's leading online pharmacy, we are always taking care to advise our customers confidentially and comprehensively. It is essential to us to provide safe and appropriate pharmaceutical products for our customers. Extensive pharmaceutical know-how is an important part of SHOP APOTHEKE EUROPE's business strategy. Customers can always rely on our toll-free hotline where pharmacists and specially trained pharmaceutical experts provide individual recommendations. No matter whether a customer has a simple question about dry skin, or requires more information about his prescription medicine.

ENSURING SAFE AND RELIABLE ADIVCE: OUR COMPREHENSIVE PHARMACEUTICAL DATABASE.

All our parcels with OTC or Rx medications include a personalized letter to the customer that describes potential pharmaceutical interactions. We ensure this high standard of pharmaceutical safety for our customers by using our comprehensive database on medications, their proper use and possible interaction with other medications. This database helps us to give individual recommendations to our customers and to provide them with knowledge that empowers them to better manage their own health.



Our comprehensive information offer sets new industry standards and empowers customers to make well-informed decisions. Our clearly structured website is the central platform, providing customers with detailed information on ingredients, interaction checks and the correct dosing for medicines as well as the opportunity to download package inserts for OTC products. More than 700 information videos show how to best use a product and provide helpful hints regarding the most common customer questions.

ALL RELEVANT INFORMATION AT A GLANCE.

Our customers' health is always our priority. Expert pharmaceutical advice is the engine driving our professional ethics.

Theresa Holler
COO and responsible pharmacist, SHOP APOTHEKE EUROPE

ENSURING PHARMACEUTICAL SAFETY.

SAFETY FIRST.

OUR PHARMACEUTICAL EXPERTISE IS INSIDE EVERY PACKAGE WE ARE SHIPPING.

PHARMACEUTICAL INTERACTION CHECKS

Each prescription sent to us is checked by our experienced pharmacists who ensure that the ordered medications do not interact. If the expert team determines that two medicines might pose the risk of even a minor interaction, we inform our customers about this in a personal letter enclosed with the delivery. The Interaction Check also applies to our large range of over-the-counter medicines.

THE FOUR-EYES-PRINCIPLE

Following the initial Interaction Check, we conduct a second one in accordance with the four-eyes-principle – because four eyes see more than two.

MAKING ONLINE PURCHASES SAFE: OUR CERTIFICATIONS.

ONLINE INFORMATION VIDEOS

Demonstration of the appropriate use of OTC products.

Michaela Tünnermann
pharmacist and her team

EMBRACING INDIVIDUAL NEEDS ACROSS EUROPE.

KNOWING EUROPE. SERVING LOCAL MARKETS.

Our profound knowledge of our European markets is one of our competitive advantages. This includes consumer behavior as well as local peculiarities and legal requirements.

Since it is our goal to best serve our clients no matter in which of our markets they live, we offer a wide range of products that is tailored to the individual needs and habits of our customers in each and every country. We ensure that our product offerings in each market include products that are not generally available across Europe but that meet the specific needs of local customers.

Furthermore, our online platform serves as an operating system that allows us to perfectly meet individual requirements in each country. We have the most extensive variety of local products with maximum availability while also believing in the power of personalization, which is why we offer individually relevant selections for every one of our customers. It goes without saying that suppliers and payment methods are also aligned with local preferences and requirements.

Many people in France and Belgium like to buy their beauty products in pharmacies. Therefore, we are putting a special focus on beauty products and always try to be among the first to offer new products.

Leen Ponet
pharmacist and founder
FARMALINE

PROVIDING A NEW LEVEL OF PATIENT CARE.

READY TO PREPARE THE ROLL-OUT OF E-SCRIPT IN ALL OUR MARKETS.

FURTHER IMPROVING SAFETY, EFFICIENCY AND CONVENIENCE.

As market leader, it is important to be aware of new developments and to stay ahead of the competition. That is why we at SHOP APOTHEKE EUROPE are already preparing for the roll-out of electronic prescriptions or E-SCRIPT across all of our markets.

E-SCRIPT is the computer-based writing, transmission and filling of prescriptions. It puts the prescribing physician directly in touch with the dispensing pharmacy, providing extensive benefits for patients, doctors and pharmacists:

Enhanced safety – direct electronic communication between doctor and pharmacist and alignment of databases further minimizes risks of errors, interactions or wrong dosing.

Improved compliance – more detailed information and less work for patients will additionally boost compliance and therefore patient outcomes.

Greater efficiency – E-SCRIPT optimizes pharmacy workflow since the prescription information is directly transmitted to the system, eliminating the need for data entry and minimizing the need for further contact between pharmacy and physician.

Greater convenience – patients no longer have to pick up and send in their prescription and can collect it anywhere in Europe, a key benefit in today's increasingly mobile society.

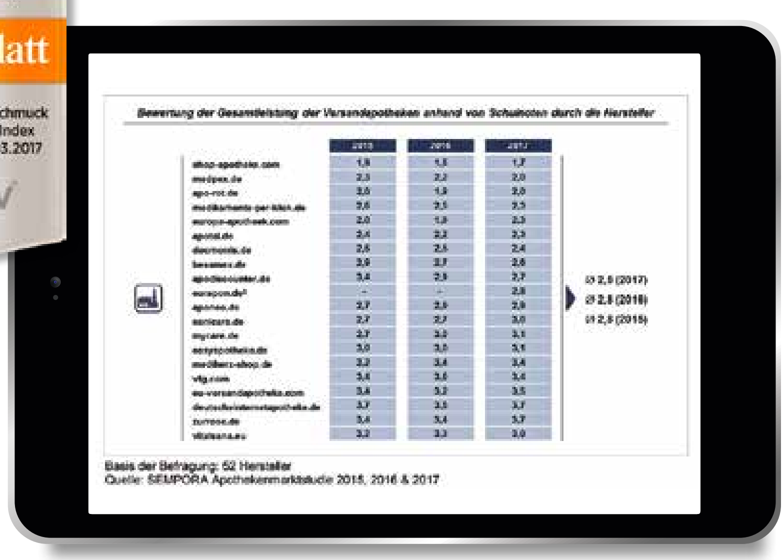
E-SCRIPTS-FOCUS OF PUBLIC HEALTHCARE ACROSS EUROPE.

E-SCRIPT has been designated an important strategic priority to improve healthcare in Europe. The EU is working towards a cross-border electronic healthcare system that will make it possible for EU citizens to get their E-SCRIPTS filled anywhere in Europe – or by any EU-based online pharmacy. Already today, numerous European countries are offering E-SCRIPT, including the Nordic countries, the Netherlands, Italy and Spain.

RECOGNIZING OUR EXCELLENCE.

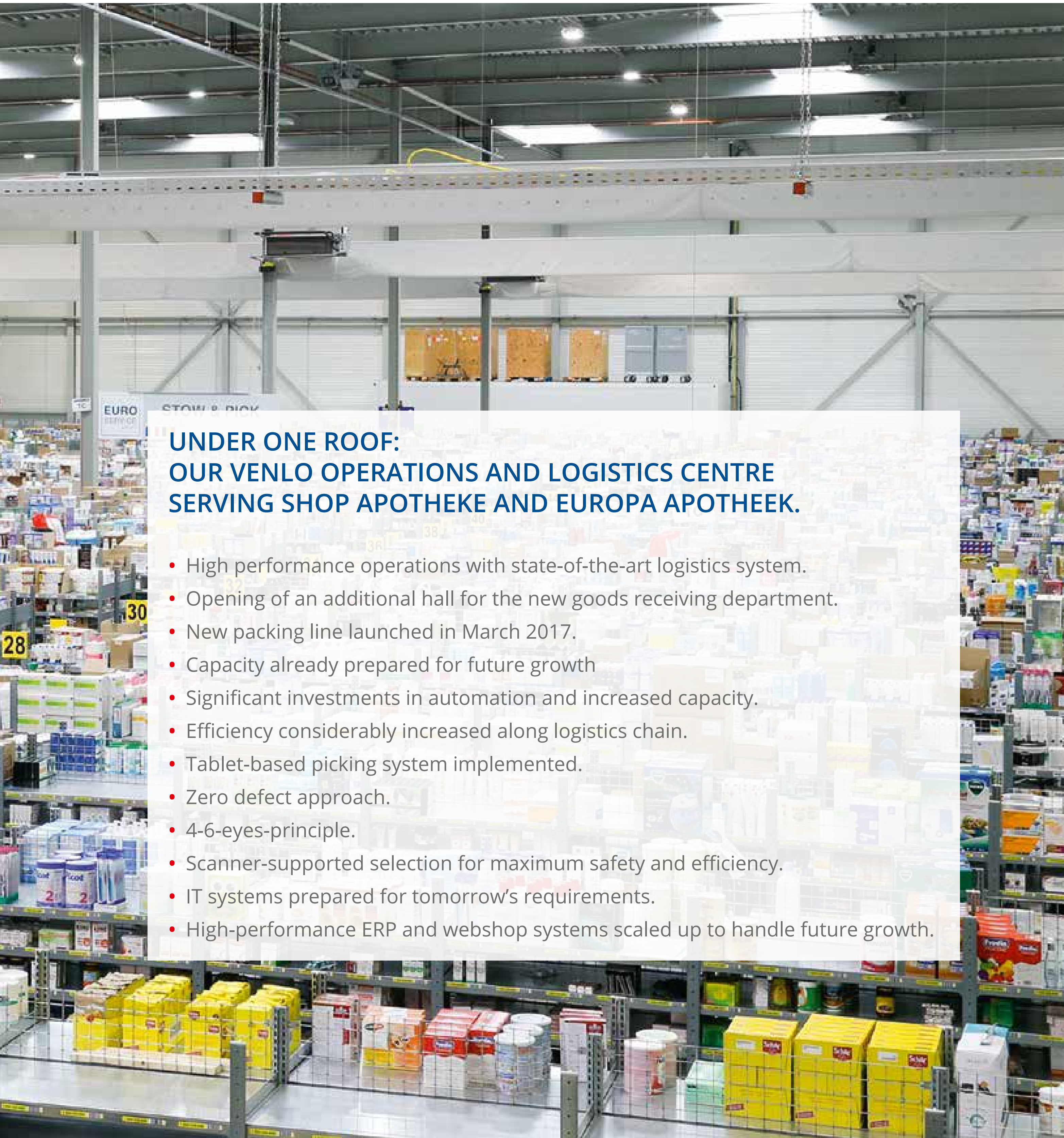
OUR AWARDS 2017.

- 2017: The Inspirato Industry Award in Silver.
- 2017: Brand of the Year by YouGov/Handelsblatt.
- 2017: Stiftung Warentest: SHOP APOTHEKE and EUROPA APOTHEEK in the first two places.
- 2017: Die Welt newspaper's Service Champion Silver.
- 2017: Sempora Study: Best Online Pharmacies. No. 1 for the fifth time in a row.
- 2017: ARD-TV Marktcheck: Winner in the category "Consultation service".
- 2017: ZDF-TV WiSO: Winner/test of online pharmacies.
- 2017: n-tv test of online pharmacies: Test result for SHOP APOTHEKE: Good.
- 2017: Focus Money magazine: "TOP APP" label for the SHOP APOTHEKE ap.



BEST-IN CLASS
OPERATIONAL EXCELLENCE.

ALREADY PREPARED TO MEET TOMORROW'S DEMANDS.



UNDER ONE ROOF: OUR VENLO OPERATIONS AND LOGISTICS CENTRE SERVING SHOP APOTHEKE AND EUROPA APOTHEEK.

- High performance operations with state-of-the-art logistics system.
- Opening of an additional hall for the new goods receiving department.
- New packing line launched in March 2017.
- Capacity already prepared for future growth
- Significant investments in automation and increased capacity.
- Efficiency considerably increased along logistics chain.
- Tablet-based picking system implemented.
- Zero defect approach.
- 4-6-eyes-principle.
- Scanner-supported selection for maximum safety and efficiency.
- IT systems prepared for tomorrow's requirements.
- High-performance ERP and webshop systems scaled up to handle future growth.

FOCUSING ON OUR TECHNOLOGICAL ADVANTAGE.

TECHNOLOGY AT SHOP APOTHEKE EUROPE HAS A NAME.

RED TEC LAB

As the largest online pharmacy in Europe, TECHNOLOGY is of the highest priority for us so we can best fulfil all future demands. That's why we are continuously refining our technological infrastructure as it is crucial to make all of our processes run smoothly for the benefit of all stakeholders. We have the great advantage of being able to do that with our in-house team of experts.

At our pharmacy we are developing high-performance, perfectly interlinked e-commerce solutions that can be flexibly integrated and administered now and in the future.

ACHIEVING FURTHER GROWTH THROUGH OUR ONE-PLATFORM-STRATEGY.

Our technology platform, which is continuously being developed and refined, makes it possible for us to quickly respond to the latest developments in e-commerce. The underlying service architecture enables us to rapidly deploy new features to further improve the customer experience.

Furthermore, it ensures fast and secure connectivity of partner systems and external solutions to our systems. Doing all of this in-house means we are independent of third-party companies.

OUR SERVICES ARCHITECTURE FOR CONTINUOUS DELIVERY AND DEPLOYMENT.

- The benefit of smaller codebases make maintenance easier and faster.
- Modularity simplifies development and also allows for parallel development by enabling small autonomous teams to develop, deploy and improve their respective services independently. Long-term commitments to a single technology stack are avoided.

ONE PLATFORM STRATEGY

ONE PLATFORM STRATEGY

CONSTANTLY OPTIMIZING OUR SERVICE-ORIENTED ARCHITECTURE.

BEST PREPARED FOR ALL DEMANDS:

OUR MODULAR ARCHITECTURE.

Thanks to its underlying service architecture, our platform is able to provide our customers with the best possible buying experience on all internet-enabled devices.

Our front-end guarantees that our webshops are always optimally displayed and operated, employing the most modern and proven internet technologies. Since the front-end application is divided into independent modules, deployment time has been shortened significantly.

- Increased focus on the needs of mobile devices.
- Improved page loading speed.
- Robust software through consistent unit and functional testing.
- Easy onboarding of new developers by using proven technologies and strategies.
- Enabling the use of technologies most appropriate for solving the challenges ahead.

Agile software development methodologies facilitate a faster return on investment by deploying valuable services as soon as they provide benefits to our customers.

Marc Fischer
CTO and co-founder, SHOP APOTHEKE EUROPE
Managing Director of RedTecLab

DIGITALIZING THE EUROPEAN PHARMACY MARKET.

DEDICATED TEAMS OF EXPERTS ALWAYS HAVING OUR CUSTOMERS IN MIND.

It's our way to work efficiently: Since the business world is changing faster every day, we decided to establish cross-functional teams to further boost our flexibility and agility: Our staff at RedTecLab works in small groups of five to ten people.

A team of highly qualified and motivated people completely own a product during its entire lifecycle: They don't just create it but are also responsible for maintaining it.

- **Integrated teams of technology, business and project experts to quickly address shifting market and customer needs.**
- **Continuously integrating customer feedback and user tests throughout the whole product lifecycle.**
- **Improved project outcome predictability by developing in timely iterations.**

Owning a product and working cross-functionally practically guarantees amazing solutions to any challenges the business is facing. This approach furthermore increases quality by empowering a team to take ownership of the entire development and maintenance process.

Vincent Lammers
Product Manager,
RedTecLab

04

OUR MANAGEMENT BOARD.

OUR MANAGEMENT BOARD.

DR. ULRICH WANDEL is the company's Chief Financial Officer (CFO) and has been involved with SHOP APOTHEKE since 2010. He previously worked for Fresenius and Hoechst in international positions. Dr. Ulrich Wandel studied technical Business Administration at Germany's University of Stuttgart and the University of Oregon/USA and holds a PhD from the University of Göttingen, Germany.

STEPHAN WEBER is Chief Marketing & Sales Officer (CMO) and deputy CEO. He is one of the founders of SHOP APOTHEKE and has been a member of the leadership team since the company's founding in 2001. He studied pharmaceutics at Bonn's Rheinische Friedrich-Wilhelm-University.

THERESA HOLLER is SHOP APOTHEKE's Chief Operating Officer (COO) as well as its responsible pharmacist, registered as the company's "gevestigde Apotheker" (resident pharmacist) in the Dutch pharmacy registry since 2008. She had previously worked for Doc Morris where she helped build the company's online shop. She studied pharmaceutics in Mainz, Germany, where she received her license to practice pharmacy. She also earned a Master of Science degree in Consumer Healthcare from Berlin's Charité.

MICHAEL KÖHLER is the company's Chief Executive Officer (CEO). He is one of the co-founders of Europa Apotheek Venlo B. V., which focuses on the sale of prescription medications and which had controlled SHOP APOTHEKE until the 2015 legal reorganisation. He has more than 20 years of professional experience in the pharmaceutical industry, having previously worked for Hoechst and Aventis.

As Chief Technical Officer (CTO), **MARC FISCHER** is responsible for SHOP APOTHEKE's technical operations. The Swiss IT expert is also one of the company's founding members and has served in various leadership roles since 2002. After finishing his technical education, he worked as an IT specialist for companies including Credit Suisse and Also IT-Services. Marc studied in Switzerland where he earned degrees in Information Technology and Business Management.

05

THE SHOP APOTHEKE EUROPE SHARE.


>autoscript
FILMAUSSCHNITT
Die Welt der Wunderlichs
tagesschau
> EU-Innenministertreffen: Ressortchefs beraten über Grenzsicherung und
LG
Deutsche Börse
welcomes
13.10.2016
Tiefst
10368.93
09:20:37
Letzter
10382.39
09:22:57
SONY
SONY

SHARE PRICE ROSE SIGNIFICANTLY

The SHOP APOTHEKE EUROPE share started the year 2017 at a price of EUR 27.08. A few trading days later marked the year's lowest price at EUR 24.72. Starting in mid-January, the share price rose almost continuously to its 2017 high of EUR 63.48 at the end of October. This share price performance was supported by positive corporate news on the achievement of growth and earnings targets and the strategic decision to take over the mail-order pharmacy Europa Apotheek. After a price correction of the market as a whole in the last two months the share closed the year at a price of 46.35 euros. The dilutive effect from the increase in the total number of shares in the course of the Europa Apotheek takeover by approximately 32.5 percent from November 10, 2017, from 9,069,878 to 12,020,456 shares must also be taken into account. Overall, the share of SHOP APOTHEKE EUROPE increased by 71.1 percent in the year under review. The average daily trading volume in the share was around 11,400 shares. The previous year's higher figure of around 20,850 shares per day only covered a period of about two and a half months and also reflected the usually higher trading activity after the IPO of the SHOP APOTHEKE EUROPE share on 13 October 2016.

The German blue-chip index DAX rose by around 12.5 percent in the year under review and reached a new all-time high of 13,478 points at the beginning of November. The SDAX, the index for smaller medium-sized companies so-called small caps, rose by around 24.9 percent. The DAXsubsector Retail Internet Index, to which the shares of SHOP APOTHEKE EUROPE are allocated like those of other e-commerce companies, rose by around 20.8 percent in 2017. Thus, the share of SHOP APOTHEKE EUROPE proved to be a clear outperformer of all the above-mentioned indices in the stock market year 2017.

The shares of SHOP APOTHEKE EUROPE are traded in Germany on the stock exchanges of Frankfurt, Düsseldorf, Berlin, Hamburg, Hanover, Munich and Stuttgart as well as via the electronic trading platforms XETRA and tradegate. The share is included in Deutsche Börse AG's share indices in the superordinate Consumer Services sector. Further allocations of the share have been made for the Retail sector and the Retail Internet sub-sector, which contains retail companies that sell their goods or services mainly via the Internet. Since the beginning of 2018 SHOP APOTHEKE EUROPE shares are incooperated in the Glore25, an industry index for global online trading companies, managed by HANSAINVEST Hanseatische Investment-GmbH, Germany.

Legacy data SHOP APOTHEKE EUROPE share

ISIN	NL0012044747
WKN	A2AR94
Bloomberg symbol	SAE:GR
Reuters Instrument Code	SAEG.DE
Initial public offering	13 Oct. 2016
Market segment	Prime Standard
Number of shares	**12,020,456**
Nominal value per share in EUR	0,02
Equity capital in EUR	240.409,12
Index membership (inter alia)	Prime All Share, DAXsubsector Retail Internet, Glore25

Capital increase against contribution in kind

In connection with the acquisition of Europa Apotheek Venlo by SHOP APOTHEKE EUROPE N. V. in the fall of 2017 through the acquisition of the entire issued and outstanding share capital of its parent company EHS Europe Health Services B.V. ("EHS") 2,950,578 new shares of SHOP APOTHEKE EUROPE with a nominal value of EUR 0.02 each were issued to the shareholders of EHS under the obligation to pay up the new shares by way of contribution of their shares in EHS. The new shares are bearer shares. The new shares are in bearer form and were listed on November 10, 2017 in the regulated market of the Frankfurt Stock Exchange under the existing stock exchange symbol "SAE", ISIN NL0012044747.180 days after the first trading day of the new shares on the Frankfurt Stock Exchange are blocked. As a result of the transaction, the total number of outstanding shares in SHOP APOTHEKE EUROPE increased from 9,069,878 to 12,020,456 shares.

Share data SHOP APOTHEKE EUROPE

	2016	2017
Closing price* on 31 Dec. in EUR	27.00	**46.35**
Highest price* in EUR	28.95	**63.48**
Lowest price* in EUR	24.20	**24.72**
Number of shares on 31 Dec.	9,069,878	**12,020,456**
Market captalisation on 31 Dec. in EUR million	245	**557**
Average daily trading volume**	20,848	**11,397**
Earnings per share in EUR	– 3.08	**– 2.25**

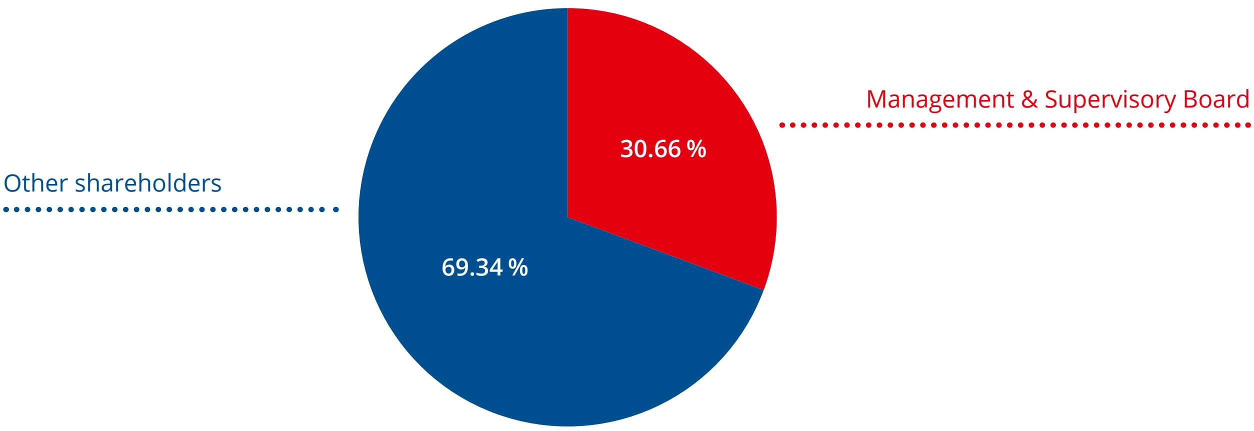
* each XETRA closing price

** XETRA, Frankfurt, tradegate; 2016 from the initial public listing on 13 October to end of year on 30 December

Shareholder structure

In December 2017, members of the Management Board, Supervisory Board and some existing shareholders sold shares of SHOP APOTHEKE EUROPE from their holdings. A block of 806,000 shares, i. e. 6.7 percent of the total number of shares, was placed with institutional investors via an investment bank. The main purpose of the sale was to improve the tradability of the share, i. e. to increase the free float and liquidity of the share. This request has been repeatedly addressed to the Executive Board during various investor meetings. However, the transaction did not result in any significant changes to the shareholder structure.

Shareholder structure as of 31 December 2017



Reserach coverage on SHOP APOTHEKE EUROPE

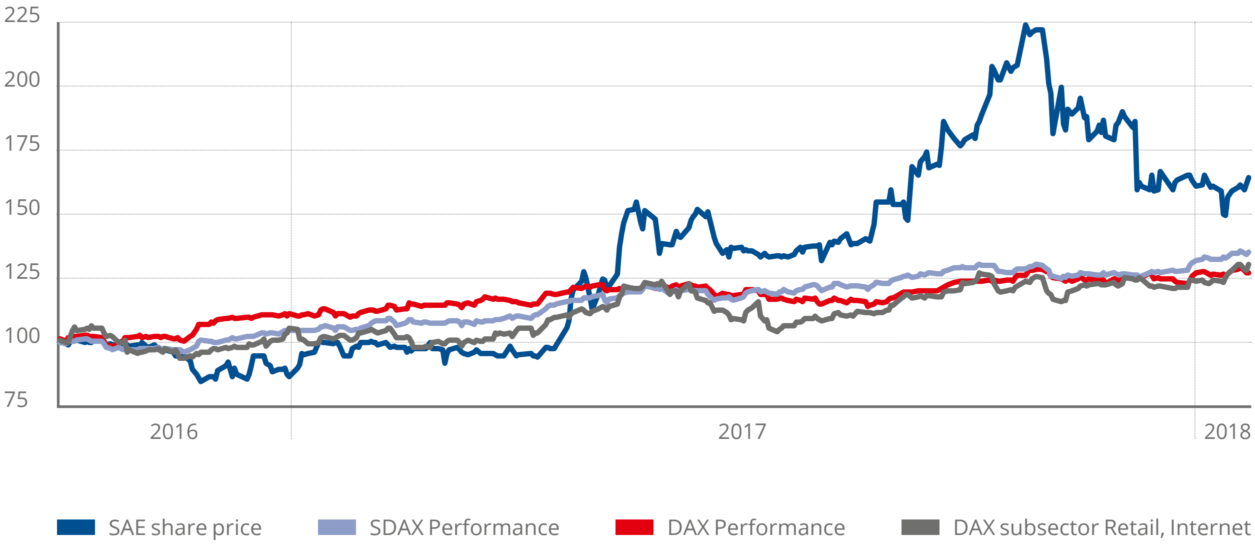
Since the IPO in October 2016, the three major investment banks Citibank, Commerzbank and Berenberg have been analysing the company on a regular basis. Deutsche Bank also commenced research in the fourth quarter of 2017. At the end of January 2018, three banks graded the Shop Apotheke share as “buy/accumulate” and one as “hold/neutral”. The price targets lie between EUR 48 and EUR 55.

SHOP APOTHEKE EUROPE’s Investor Relations offer a wide range of information

Last year the company responded to the ever-increasing demand for information from the capital market with numerous roadshows and participation in investor conferences. The Management Board held discussions with investors in Europe and North America. In addition, the company answered the questions of investors and analysts in many one-on-one meetings and telephone conferences. On the website, interested parties will find a good range of information on facts, data and publications of the SHOP APOTHEKE EUROPE Group.

The aim of investor relations work is to establish transparent financial communication with all market participants in order to strengthen confidence in the quality of corporate management. The Management Board informs comprehensively, promptly and as objectively as possible about the strategy and all capital market-relevant events concerning the SHOP APOTHEKE EUROPE Group.

Relative performance of SHOP APOTHEKE share and comparative indices 2016 to 2018



06

REPORT OF THE SUPERVISORY BOARD.


EURO
SERVICE
STOW & PICK
26
28
30
32
34
36

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of SHOP APOTHEKE EUROPE was established in September 2016 and has four members. In 2017, the Supervisory Board performed its duties pursuant to the law and the Articles of Association and the Supervisory Board rules. The Supervisory Board receives reports from the Management Board within the scope prescribed by administrative rules, guidelines and by law, in particular on all issues of relevance for the Group concerning strategy, planning, business development, risk situation, risk management, staff development, reputation and compliance.

In 2017, three meetings of the Supervisory Board took place. All meetings were attended in full. The members of the Management Board took part in the Supervisory Board meetings unless otherwise determined by the Supervisory Board Chairman. With respect to the acquisition of the Europa Apotheek business (EHS), the Supervisory Board consulted several times on short notice via telephone, email and passed written resolutions.

Between meetings, the Chairman of the Supervisory Board maintains regular contact with the Management Board, especially with the Chairman and the CFO, and deliberates with them on issues of strategy, planning, business development, risk situation, risk management, governance and compliance.

Composition of the Supervisory Board

The profile and composition of the Supervisory Board as a whole needs to be aligned with the profile and strategy of the company: The Supervisory Board strives for a balanced distribution of specific expertise in relation to the business activities, strategy and long-term goals of the company. Each member of the Supervisory Board shall be capable of assessing the broad outline of the Supervisory Board's overall policy objectives. Given the size of the company, the Supervisory Board generally considers four members to be a good composition. Three Supervisory Board members hold long-term share positions. The following table shows the actual composition of the Supervisory Board of SHOP APOTHEKE EUROPE:

Name	Appointment	Scheduled for reappointment	Position
Jan Pyttel	2016	General Meeting 2019	chairman
Björn Söder	2016	General Meeting 2019	vice-chairman
Frank Köhler	2016	General Meeting 2019	member
Jérôme Cochet	2016	General Meeting 2019	member

Independence of the Supervisory Board members

In accordance with provision 2.1.10 of the Dutch Corporate Governance Code the Supervisory Board declares that one of its members, Frank Köhler, is not independent pursuant to provision 2.1.8.1.

Frank Köhler, member of our Supervisory Board, was born in Pforzheim, Germany, in 1964.

Mr. Köhler graduated from the University in Stuttgart in 1996 with a degree in technical business administration (technisch orientierter Diplom-Kaufmann). After his studies, he worked in different management positions in merchandising such as Loriot Design GmbH. In 2000, he joined Aroma Company, a distributor of high-end beauty and perfume products. In 2005, he became co-owner and director of the company, expanded this business and co-founded Aroma Company GmbH in the following years. Both companies are developers of perfume brands and distributors of high-end beauty and perfume products to leading perfumeries and lifestyle shops throughout Europe. Mr. Köhler is an expert for branding and marketing in the luxury sector. Since 2017 he has also been Chairman of the Supervisory Board of Vita34 AG. Mr. Köhler has been a member of the Supervisory Board since the establishment of SHOP APOTHEKE EUROPE N.V. in 2016.

Jérôme Cochet, member of our Supervisory Board, was born in Hannover, Germany, in 1978.

Mr. Cochet studied business administration at the University of Bayreuth and at the ESCP-EAP Business School in Paris, Oxford and Berlin and graduated in 2003 with a diploma in business administration (Diplom-Kaufmann), Master of Science and Diplôme de Grande Ecole. In 2007, he also completed his MBA at the Institut Européen d'Administration des Affaires (INSEAD). He started his career in 2004 as senior corporate auditor at Bombardier, Inc. where he remained until 2006. From 2007 to 2011, he worked for McKinsey & Company where he served as engagement manager since 2010. In 2011, Mr. Cochet joined Zalando SE where he first served as country manager France, took the position of chief international officer in 2012 and became senior vice president sales and authorised officer (Prokurist) in 2013. From 2011 to 2013, Mr. Cochet served as managing director for Zalando SAS. He has also been serving as managing director for Zalando Media Solutions GmbH since 2015. Mr. Cochet has been a member of the Supervisory Board since the establishment of SHOP APOTHEKE EUROPE N.V. in 2016.

Jan Pyttel, the chairman of our Supervisory Board, was born in Neuenbürg, Germany, in 1965.

Mr. Pyttel graduated from the University of Mannheim in 1991 and holds a degree in business administration (Diplom-Kaufmann). He has worked in mergers and acquisitions with leading investment banks such as UBS, Lazard and Salomon Smith Barney from 1994 to 1999. Later, he moved to the private equity sector where he was co-founder of Bavaria Industries Group AG in 2003, a German private equity firm, and served as its board member until 2007. He worked as a private investor and co-founded Iberia Industry Capital Group SARL, an industrial holding firm focused on acquiring businesses in special situations, where he has been serving as managing director since 2013. Mr. Pyttel has been serving as chairman of the Supervisory Board since the establishment of SHOP APOTHEKE EUROPE N.V. in 2016.

Dr. Björn Söder, the vice-chairman of our Supervisory Board, was born in Hamburg, Germany, in 1972.

Dr. Söder started his studies at the Distance Learning University of Hagen while working at merchant bank M.M.Warburg & Co. in Hamburg from 1991 to 1993. He graduated in economics from the University of Würzburg in 1996, where he subsequently received a PhD in economics. He worked for McKinsey & Company with a focus on corporate finance and consumer goods from 1998 to 2000. Prior to becoming vice-chairman of our Supervisory Board, he founded several companies in the online field (e.g. getgo.de, a leading ticket portal in Germany sold to CTS Eventim AG), before he founded his own consulting company Parklane Capital Beteiligungsberatung GmbH, as well as his own investment company, Parklane Capital Verwaltungsgesellschaft mbH, in 2004. Dr. Söder serves as managing director of both companies. From 2012 until 2017, he was also member of the Supervisory Board of Pflegezeit AG. Dr. Söder has been serving as vice-chairman of the Supervisory Board since the establishment of SHOP APOTHEKE EUROPE N.V. in 2016.

Conflicts of interest

Prior to the acquisition of EHS, the company and EHS substantially had the same shareholders, including all members of the Management Board and two of the four members of the Supervisory Board, Jan Pyttel and Frank Köhler. Other than these circumstances, the company is not aware of any circumstances that may have led to a potential conflict of interest between the personal interests or other duties of members of the Management Board, personal interests or other duties of the Supervisory Directors, vis-à-vis the company.

Therefore, the transaction was prepared by the Management Board under the supervision of the Supervisory Board. The deliberations and approval of the transaction, however, were done by the non-conflicted Supervisory Board members only.

Activities during the financial year 2017

Agenda items of the meetings held in 2017 were the overall strategy of the group, the general and the financial risk assessment, approval of the financial planning for fiscal year 2018, the corporate calendar 2018, the annual audit 2017 and corporate governance. The Supervisory Board also met and engaged BDO Audit & Assurance B.V., Eindhoven, elected as auditors for the fiscal year 2017 by the general meeting held on 16 May, 2017 and discussed the outcome of the audit procedures, including the findings regarding the company's risk management and control systems of SHOP APOTHEKE EUROPE N.V. In addition, a remuneration policy for the Management Board proposed by the Supervisory Board has been established in 2017 approved of the general meeting.

Furthermore, the Supervisory Board considered the terms and conditions of the agreements in respect of the EHS transaction. Both Supervisory and Management Board consulted with and received the advice of financial, legal and tax advisors and auditors and considered a variety of factors, taking into account the interests of the company's stakeholders. The non-conflicted Supervisory Board members have attended, and asked questions in meetings with Citi and Lazard regarding the procedures performed in connection with the issuance of the Citi Fairness Opinion and the Lazard Fairness Opinion, respectively. They also attended meetings with the other advisers of the company regarding valuation and due diligence and retained separate legal counsel and Lazard as their separate financial adviser.

The non-conflicted Supervisory Board members, Mr Jérôme Cochet and Mr Björn Söder, adopted written resolutions approving the transaction on 25 September, 2017.

Remuneration of the Supervisory Board

The chairman of the Supervisory Board receives an annual retainer of EUR 30,000 and all other members each receive EUR 20,000 annually for their services as of the date of their appointment. In addition we fund the insurance premium for the directors and officers ("D&O") insurance for the members of our Supervisory Board. If members of our Supervisory Board have incurred extraordinary travel expenses when performing their services for the company, the company will reimburse such extraordinary travel expenses to them.

As of the date of this report, there are no amounts reserved or accrued by the company or its subsidiaries to provide pension, benefit, retirement or similar benefits for members of the Supervisory Board.

The General Meeting shall determine the remuneration of the members of the Supervisory Board. The Supervisory Board will submit a proposal to the General Meeting from time to time.

Corporate Governance and Compliance

The Supervisory Board and Management Board act in the awareness that good corporate governance is in the interest of shareholders and the capital markets and is an important basis for the success of the company. All business activities are performed in accordance with Dutch law and German capital market law, as shares of SHOP APOTHEKE EUROPE are admitted to trading in the Prime Standard Segment of Frankfurt Stock exchange. Basically, the company complies with the regulations and requirements of both, the Dutch and the German Corporate Governance Codes. Nevertheless, some deviations are emerging from legal and from business requirements. A detailed report on compliance with the Dutch Corporate Governance Code is provided in the respective section of this annual report.

Diversity

We aim for diversity in the broadest sense. We do not see diversity as merely a matter of gender or ethnicity, but also of personality, skills and knowledge. We need men and women, people from different backgrounds and cultures. SHOP APOTHEKE EUROPE values this diversity and believes it contributes positively to the way situations are assessed and decisions made. The more we make use of the differences between us and the more we can cooperate and learn from each other, the stronger we will be as a company serving a highly diverse society and our diverse stakeholders. The Supervisory Board and the Management Board are fully aware that both boards lack gender diversity. We will take this into account for future appointments to achieve greater board-level gender diversity, but without compromising our commitment to hiring the best individuals for positions without any discrimination.

Supervisory Board effectiveness review

Finally we discussed to perform a future Supervisory Board efficiency review, having more than one year of experience for evaluation. In particular, the aim is to determine what measures could further improve the efficiency of Supervisory Board work.

Audit of the financial statements

Elected by the Annual General Meeting on May 16, 2017 to audit the financial statements for the 2017 fiscal year, BDO Audit & Assurance B.V. audited the parent-company and the group's consolidated financial statements for the fiscal year 2017 prepared by the Management Board in accordance with IFRS rules, and the management report on SHOP APOTHEKE EUROPE N.V., which is combined with the management report on the Group. The auditors issued an unqualified audit opinion. The financial statements, the management report and the auditor's report were available to the Supervisory Board for its own review.

In its meeting on February 27, 2018, the Supervisory Board independently discussed the findings with the auditors, and approved the financial statements and the management report prepared by the Management Board. Following completion of our examination we came to the conclusion that no objections were to be raised and we established the financial statements and approved the consolidated financial statements.

The Supervisory Board is aware of the fact that SHOP APOTHEKE EUROPE does not yet have an internal audit function and has discussed this with the Management Board. After an in-depth discussion the Supervisory Board and the Management Board came to the conclusion that the Company currently does not need an internal audit function, which may though change in future depending on further company growth.

The Supervisory Board would like to extend its appreciation to the members of the Executive Board and all of the employees in the Group. Over the course of 2017, SHOP APOTHEKE EUROPE successfully dealt with growing the group strongly while simultaneously working on the acquisition of the Europa Apotheek business as well as crucial investment projects.

Venlo, February 27, 2018
On behalf of the Supervisory Board

Jan Pyttel
Chairman of the Supervisory Board

07

COMBINED MANAGEMENT REPORT.

SHOP APOTHEKE EUROPE AIMS TO CREATE THE LARGEST AND FASTEST GROWING ONLINE PHARMACY IN CONTINENTAL EUROPE

Founded in 2001 as the online shop of a local pharmacy in Germany, SHOP APOTHEKE EUROPE has become one of **Europe's leading online pharmacy brands**. With the acquisition of Europa Apotheek in 2017, we accelerated our successful European growth story, laying the foundation to rapidly enter future European online-prescription markets. At the same time we significantly **extended our European market leadership** with an expanded product range for the whole family. Our broad product portfolio comprises prescription (Rx) and non-prescription medications (OTC) as well as pharmacy-related beauty and personal care (BPC) products. The combination of SHOP APOTHEKE EUROPE and Europa Apotheek aims to create the largest and fastest-growing online pharmacy in Continental Europe with a **unique international presence** in seven countries: Germany, Austria, Belgium, the Netherlands, France, Italy and Spain.

In our online shops, customers find a **broad product range at attractive prices** specifically tailored to the specific needs and requirements of the markets we serve. Combined with a convenient shopping experience, highest standards of pharmaceutical safety and outstanding customer counselling, we offer our customers a **very strong value proposition**.

DISCLAIMER REGARDING FORWARD-LOOKING STATEMENTS

This management report includes forward-looking statements that are based on management estimations, which are valid as of the time when this management report was prepared. Such statements relate to future periods, or are characterized by terms such as “expect”, “forecast”, “predict”, “intend”, “plan”, “estimate” and “anticipate”. Forward-looking statements can entail risks and uncertainties. Many such risks and uncertainties are determined by factors that cannot be influenced by the SHOP APOTHEKE EUROPE Group. As a consequence, actual results may differ significantly from those described below. Market data used in this report is based on studies from Sempora Consulting (market study “European Pharmacy Market” 2015, 2016 and 2017) and Daedal-Research (January 2018), if not mentioned otherwise.

COMPANY PROFILE

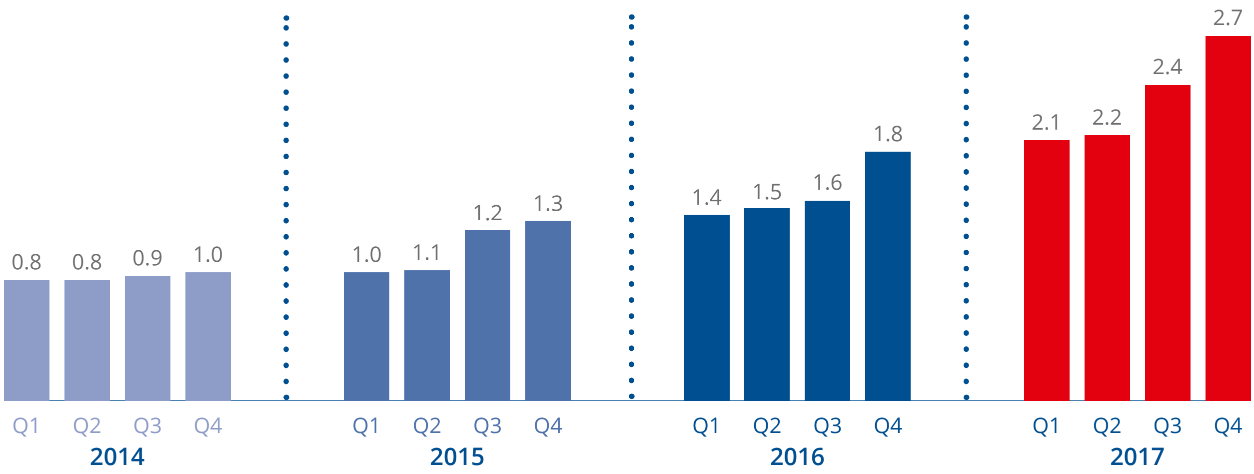
Corporate structure

SHOP APOTHEKE EUROPE N.V., the parent company of the SHOP APOTHEKE EUROPE Group, is one of Europe’s leading online pharmacies in a sector where no other established pan-European offline or online brand currently exists. Our vision is to create the leading online pharmacy brand focused on prescription medications (Rx), over-the-counter medications (OTC) and pharmacy-related beauty and personal care (BPC) products that are otherwise almost exclusively distributed through bricks-and-mortar pharmacies. Since our foundation in 2001 we have continually expanded our business and geographic reach across Continental Europe. Through the successful acquisition of the Europa Apotheek Group on 8 November 2017 we significantly expanded our offering, which had until then been focused on OTC and BPC, to also include prescription medications. Europa Apotheek is an established and trusted player: It is one of the largest online mail order pharmacies in Germany with an attractive customer profile focusing on chronically ill patients and having a low churn rate.

Within the context of IFRS 8, we considered three business segments for external reporting purposes: our “Germany” segment (which includes medications and pharmacy-related BPC products sold to customers in the German market), our “International” segment (which includes OTC medications and pharmacy-related BPC products only, sold to customers in the Austrian, Belgian, Dutch, French, Italian and Spanish markets) and the “Germany Services” segment (which includes the Red-TecLab GmbH webshop services provided principally to German customers).

The Group’s business success depends to a large extent on growing its international revenues and European market leadership. The results-oriented key financial performance indicators used in managing the Group include gross profit and segment EBITDA.

Active customers (in millions)



SHOP APOTHEKE EUROPE’s continuously growing active customer base

Business activity

SHOP APOTHEKE EUROPE is the leading OTC online pharmacy in Continental Europe and one of Europe's leading online pharmacies in terms of sales (2017: EUR 284 million) and active customer base (2017: 2.7 million). Our overriding business objectives are dynamic growth in our established markets, moving into additional Continental European markets and quickly growing our sales in these markets.

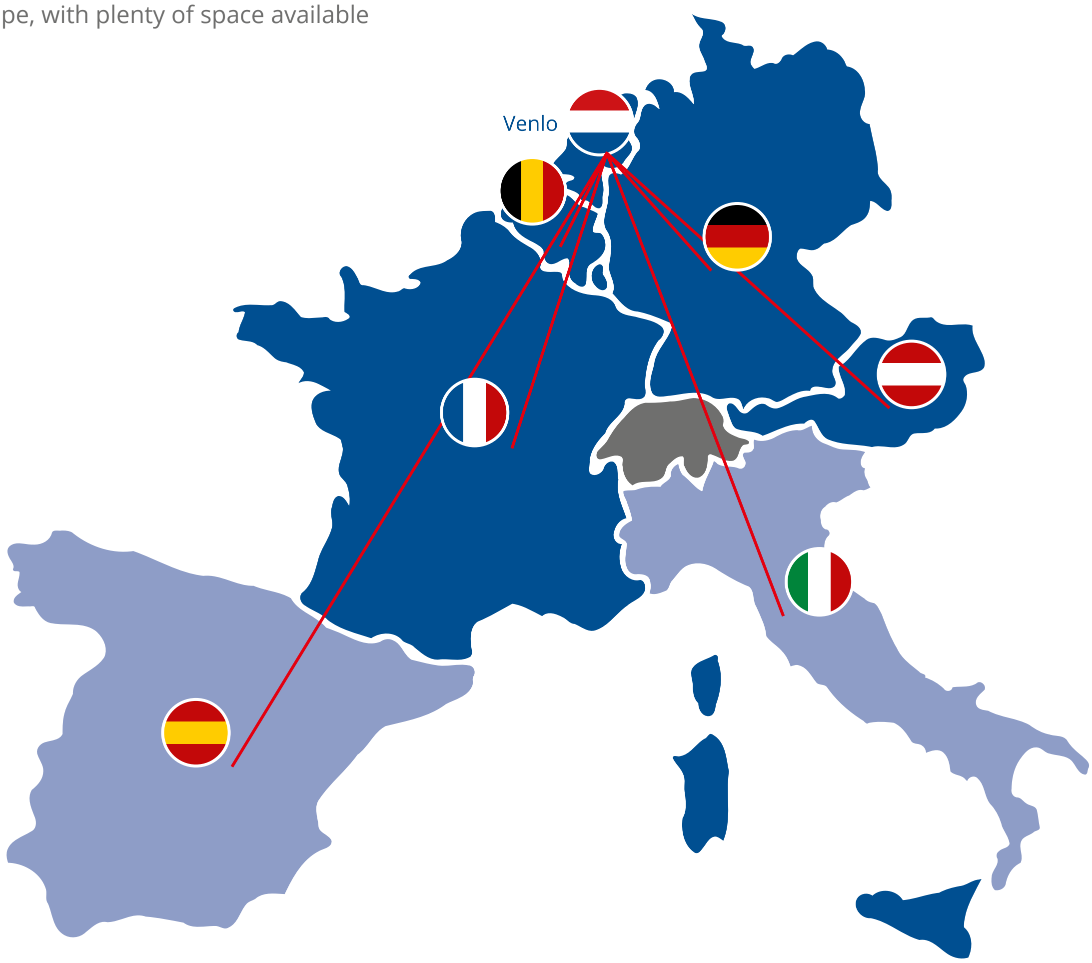
Germany continues to be the Group's biggest market with around 74 % of sales in 2017 (2016: 82 %). International business continues to develop dynamically: Up more than 143 % compared to the previous year, it accounted for 26 % of total sales (2016: 17 %, 2015).

The Venlo-based business offers the advantage of a favourable regulatory regime concerning the mail order of pharmaceuticals, which serves as a platform for our expansion into new Continental European markets.The site is also in an excellent location to serve as the central logistics hub for Europe, with plenty of space available for future expansion.

Our business is supported by our strong technological know-how across all of our markets. SHOP APOTHEKE EUROPE has built an enterprise resource planning (ERP) system and an IT-platform that are robust, secure and highly scalable. They were designed specifically to support the continuous growth that is key to the company's strategy. In addition, the real estate and warehouses are designed to leverage economies of scale.

First mover in a large and attractive market: SHOP APOTHEKE EUROPE to become Europe's leading online pharmacy

Because the online penetration rate for the sale of pharmaceuticals and pharmacy-related BPC product is still comparatively low outside of Germany, SHOP APOTHEKE EUROPE has significant growth potential



outside of its initial core market. As first mover, SHOP APOTHEKE EUROPE is very well positioned in its current seven Continental European markets. The company holds a unique competitive position as there currently are no other established pan-European offline or online brands alongside SHOP APOTHEKE EUROPE. This means the company can leverage its strong brand to drive growth in the highly fragmented Continental European pharmacy market.

SHOP APOTHEKE EUROPE's value-added process

The concept behind the company's value-added process is the procurement of medications as well as beauty and personal care products, which are then sold via country- specific online shops to consumers. The three main pillars of the sales process are SHOP APOTHEKE EUROPE's pharmaceutical know-how, its IT-expertise in designing and running online webshops and its sophisticated logistics system, which ensures timely delivery to any location in Continental Europe.

SHOP APOTHEKE EUROPE's country-specific websites provide access to more than 100,000 products. This is substantially larger than the range of products offered in traditional bricks-and-mortar pharmacies. A survey by renowned market research institute Stiftung Warentest has shown that prices for OTC medications and pharmacy-related BPC products are on average 15% lower in online pharmacies than the prices charged in traditional pharmacies.

The online shops are optimized continuously and provide a state-of-the-art personalized, user-friendly and convenient shopping experience available 24/7 from any location with online access.

An important part of SHOP APOTHEKE EUROPE's business strategy is its commitment to comprehensive customer support and services. This encompasses a pharmaceutical consulting hotline and pharmaceutical services such as pharmaceutical advice videos, instruction videos and medication interaction checks.

Strong growth drivers support our business

Demographic changes, growing health awareness, and the trend towards self-medication are all driving the demand for OTC medications and pharmacy-related beauty and personal care products. The Rx business is boosted by – in addition to demographic changes and the elder generation moving online – the European Court of Justice's (ECJ) ruling to allow pharmacies based outside of Germany (such as Europa Apotheek) to sell Rx medications to consumers based in Germany with a price incentive. This regulatory change completes an attractive offering for customers and makes effective business to consumer (B2C) marketing with a significant positive impact on the online market growth possible.

Furthermore, there is a clear shift towards online retailing that positively influences the growth of our target market. This trend is further strengthened by the rapidly growing use of mobile devices, which allow customers to conveniently shop from any place at any time. SHOP APOTHEKE EUROPE is in pole position to actively drive the market with its strong IT infrastructure and country-specific cultural know-how.

OUR VISION: CREATING EUROPE'S LEADING ONLINE PHARMACY.

Most of the major sizeable retail verticals in Europe have strong and successful brands in both offline and online retailing. Unlike other sectors, however, the bricks-and-mortar pharmacy segment does not boast a leading European brand.

We plan to further strengthen our market leadership and **establish SHOP APOTHEKE EUROPE as the synonym for online pharmacy.**

STRATEGY: OUR FORMULA FOR SUCCESS IN A RAPIDLY GROWING MARKET

Our vision is to create the leading online pharmacy brand in Europe, focused on OTC medications and pharmacy-related BPC products and prescription medications. We aim to achieve this by pursuing the following strategy:

- further expanding market leadership in existing markets;
- accelerating penetration rate in new markets;
- continuing to invest in our logistics, fulfilment and distribution infrastructure and our front-end platform;
- enhancing the accuracy and efficiency of our fulfilment processes and reducing cost of sales to improve gross margins;
- developing new revenue streams by expanding the product range to include non-pharmacy related BPC products, thus becoming the advertising platform of choice for the biggest OTC medications and BPC brands.

OUR KEY COMPETITIVE STRENGTHS

The currently still very low online penetration rate for both Rx and OTC medications as well as pharmacy-related BPC products in the Continental European market, the increasing demand for pharmaceutical products in general and the absence of leading online and offline brands in this market represent a unique opportunity for SHOP APOTHEKE EUROPE's business to further leverage the benefits of our existing platform. On this basis, the company has developed a number of crucial competitive strengths:

- We are focused on a large addressable market in Europe that has historically demonstrated stable growth and is rapidly moving online.
- We pioneered the OTC and BPC online pharmaceutical retail markets in Germany and Continental Europe and have over the years developed a unique market-leading expertise in pharmaceutical online B2C retail, which we will adapt to the Rx online retail opportunity.
- We have a strong value proposition for customers that includes attractive prices for a convincing and comprehensive product range while offering a convenient shopping experience and superior product information, expert consultation services and pharmaceutical safety standards.
- Our ability to offer attractive prices is supported by our efficient cost structure as well as by the significant economies of scale we achieve in procurement and logistics.
- We aim to offer our customers the widest range of OTC medications and pharmacy-related BPC products available in the countries where we operate.
- Our parcels include personalized letters to the customer that contain relevant product instructions and alert the customer to any counter-indications detected by our automated customer-indication checks.
- We are the clear market leader in the German and Austrian OTC medications and pharmacy-related BPC products markets, and have an excellent launchpad for becoming leaders in Europe.
- We believe that the operating platform we have established over the years and the unique "online pharmacy" know-how we have developed will significantly boost the penetration of our current markets as well as our future expansion.
- We have achieved excellence in all areas of our operations. Our operating platform and respective high market entry barriers have been up. We strongly believe this would be very difficult to replicate.
- Our pharmacy in Venlo is key to our growth strategy. It is based on a highly efficient semi-automated logistics infrastructure customized for online pharmacy operations, with further upside from full automation expected.
- We possess an attractive profile as demonstrated by relevant key performance indicators (KPIs). We strive to further increase the share of repeat customers in the future in order to further reduce the blended cost per order.

- We have a founder-led management team with expert know-how in the pharmacy and online pharmacy business and a proven track record of successfully growing the business. Our management team has been working together for more than five years.

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT

Generally positive development of macroeconomic situation

The German economy grew by 2.2 percent in 2017, its fastest rate of expansion since 2011. The expansion, which was in line with forecasts from leading economic researchers and the OECD, was driven by big increases in the rate of growth in investments and exports, statistics authority Destatis stated in January 2018. The expansion in private and government consumption slowed compared to 2016. Growth was almost one percentage point higher than the 1.3 percent average recorded over the past 10 years.

In its Q4 Economic Outlook published in December 2017, Euromonitor International said that the eurozone's economic expansion has strengthened, with growth continuing to exceed expectations. Private sector confidence is close to levels from the early 2000's, while the unemployment rate has declined to the lowest level since early 2009. Financing costs continue to remain extremely low despite the prospects for a gradual tapering off of the ECB's financial asset purchases. As a result, Euromonitor raised the GDP growth forecast for 2017 to 2.2 %, and 1.9 % in 2018 (compared to a long-term annual trend growth of 1.3 %). In January 2017, IHS Markit stated that the eurozone economy ended 2017 with its strongest growth in almost seven years, helped by a steep increase in service sector activity and a near-record expansion of manufacturing production. GDP expanded by 0.8 per cent during the fourth quarter of the year.

Overview of the overall pharmacy market in Continental Europe

The Continental European pharmacy market, which includes the categories prescription medications, non-prescription medications and pharmacy-related beauty and personal care (BPC) products, has been growing steadily over the past years. In 2016, the total addressable pharmacy market in Continental Europe[2] for prescription medications, OTC medications and pharmacy-related BPC products amounted to approximately EUR 124 billion, EUR 15 billion and EUR 20 billion, respectively. It is expected that the overall Continental European pharmacy market will grow along with Continental European GDP over the next four years. We believe that such growth will be supported by increasingly greater acceptance of e-commerce by consumers.

Overview of the online pharmacy market

The e-commerce penetration for Rx medications and OTC & BPC products is still very low in the core European markets. While customers are moving from using traditional pharmacies with a local physical presence to purchasing pharmaceutical products online, the shift is occurring much slower than in other retail sectors: Only around 2 % of pharmaceutical sales across Europe take place online – a low proportion compared to other categories, such as media products (39 %), appliances and electronics (17 %) or toys and games (20 %) (source: Euromonitor International, 2017; SEMPORA market study, 2017; IMS Health, 2017).The average online penetration rate across Europe for prescription medications was 2.5 % in 2016 . For OTC & BPC products it was estimated at 3.5 % for 2017 across Continental Europe. In absolute figures, the volume of the online OTC medications and pharmacy-related BPC products market was estimated at EUR 936 million in 2017 for Continental Europe excluding Germany. The developmental stage of the online market for OTC and BPC products in the majority of the countries in Continental Europe is defined as "entry", with an online share of less than 2 % whereas some markets, including Austria, are regarded as "developing", with an estimated online share of 7 % in 2017. Only Germany has a mature online market for OTC medications, with an estimated online share of over 17 % in 2016 whereas the e-commerce market for prescription medications in Germany is less mature with an estimated online penetration rate of approximately 1 % for 2016 (source: ABDA). Overall, the cumulated online market volume for OTC pharmaceuticals and pharmacy-related BPC products in Continental Europe amounted to about EUR 1.384 billion in 2015 and is expected to reach EUR 3.48 billion by the end of 2020

[2] Continental Europe is defined as Austria, Belgium, Bulgaria, the Czech Republic, Denmark, France, Germany, Hungary, Italy, the Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Spain, and Sweden.

(CAGR 2015 – 2020: 20.3 %), implying an estimated online market volume of EUR 2.104 billion in 2017. The average online penetration rate across Continental Europe (excluding Germany) is forecast to grow from 2.0 % in 2015 to 6.0 % in 2020.

Competitive environment in the online pharmacy market

The e-commerce channel allows pharmacies to offer a broader range of products than local pharmacies because the former are not constrained by the amount of physical shelf storage space. We believe that the following factors are key to successfully operate in the online pharmacy market:

- offering products at attractive prices in order to attract and retain customers;
- brand and domain awareness to attract new customers;
- strong e-commerce capabilities including a scalable IT platform, an optimized and efficient logistics center, sustained customer care as well as fulfilment capabilities; and
- a diverse range of product offerings in stock to meet consumer demand in a timely fashion.

Our competitors generally include other online pharmacies focused on the sale of OTC medications, online pharmacies focused on the sale of prescription pharmaceuticals, local pharmacies and general e-commerce players, such as Amazon, which offer marketplace functions for local pharmacies. Bricks-and-mortar pharmacies lack e-commerce capabilities. In addition, the restrictions on outside ownership of pharmacies in several Continental European countries limit the ability of both bricks-and-mortar and online pharmacies to raise direct external financing, which limits their potential for expansion. Online pharmacies predominantly focused on the sale of prescription pharmaceuticals on the other hand offer only a limited number of OTC medications. General e-commerce players that offer a limited number of OTC medications lack pharmacy licenses and pharmaceutical expertise. In the pharmacy-related BPC market, our competitors generally include drugstores, supermarkets and para-pharmacies.

Overview of SHOP APOTHEKE EUROPE's current markets

Following the acquisition of FARMALINE, our active markets in Germany, Austria, Italy, Spain, France, Belgium and the Netherlands represent approximately 80 % of the total Continental European market for OTC medications and pharmacy-related BPC products. We believe that all of these markets exhibit similar demand characteristics to the German market and that limited online penetration in these markets provide significant market opportunities for us.

The Continental European market is highly fragmented, which we believe gives us the opportunity to accelerate penetration by replicating our established business model. The following table shows an overview of our current markets.

Our current markets

Pharmacy market	Germany	Austria	France	Belgium	Netherlands	Italy	Spain
Total pharmacy turnover in EUR million (2015)	37,252	3,351	32,744	5,025	5,632	21,509	17,173
Avg. % of OTC and pharmacy-related BPC (2015)	17 %	28 %	17 %	30 %	17 %	25 %	25 %
Market volume OTC and pharmacy-related BPC (2015) in EUR million	6,333	950	5,650	1,517	960	5,339	4,276
Online penetration OTC and pharmacy-related BPC (2015)	13.5 %	5.1 %	1.5 %	1.9 %	1.9 %	1.0 %	1.7 %

REGULATORY ENVIRONMENT

Continuously subject to regulatory changes

A responsible trade in medications requires specialized knowledge and diligence. To ensure these conditions are met, both the European Union and its member states have put comprehensive regulatory frameworks in place. Thus, SHOP APOTHEKE EUROPE's business is subject to regulatory restrictions with regard to the medicinal and pharmaceutical aspect of the products it delivers as well as to the e-commerce framework.

A verdict by the European Court of Justice (ECJ) in December 2003 confirmed that the principle of the free movement of goods within the EU also applies to non-prescription medications. National laws prohibiting the mail order sale of such products were found to be incompatible with European (i. e. EU) law. Hence, the cross-border sale of non-prescription medications within the EU is permitted for pharmacies registered in the EU. With this verdict, online suppliers secured access to the over-the-counter market, after which their share of that market went from low levels to 16 percent in a decade.

On 19 October 2016, the ECJ issued a judgement allowing pharmacies based outside Germany (e. g. the Europa Apotheek Group) to sell Rx medications to German consumers at discounted prices (the so-called bonus). This regulatory change completed an attractive offering for customers and enabled effective business to consumer (B2C) marketing with a significant positive impact on the growth of the online market.

Other national restrictions in most major EU countries such as the prohibition of pharmacy chains and of third-party ownership of pharmacies limit the growth potential of pharmacies in these countries. In the Netherlands, however, there are no restrictions on third-party ownership, i.e. a pharmacy may be owned by a pharmacist or by a legal entity. As in all countries, pharmaceutical responsibility lies with the responsible pharmacist regardless of the pharmacy's ownership structure.

[2] Financial Times, „German patients may enjoy cheaper drugs after ECJ ruling, 19 October 2016

WITH THE ACQUISITION OF EUROPA APOTHEEK, WE FURTHER ACCELERATED OUR DYNAMIC INTERNATIONAL GROWTH.

2017 was a successful year for us. We significantly increased our international revenues while continuing to invest in the expansion and automation of our warehouse, logistics and IT infrastructure. With the acquisition of Europa Apotheek, we broadened our product range to also include prescription drugs, thereby adding new growth potential. We have achieved our ambitious growth target for 2017 and once again substantially expanded our market leadership in all relevant European markets. This further bolstered our position as the leading Continental European online pharmacy.

Group revenues grew by 60 % in 2017 while the share of international revenues rose from 17 % in 2016 to around 26 % in 2017. Even though international expansion is currently a strategic priority, SHOP APOTHEKE EUROPE continued to improve its positive segment EBITDA in its German core and home market.

The acquisition of Europa Apotheek creates a transformational strategic opportunity for the company, resulting in significant value creation potential for all of our shareholders. Together we will create the best conditions for further dynamic growth to take our European story to the next level.

ECONOMIC REPORT

Variance Analysis: forecast vs. actuals

Latest forecast	Actual	Target reached
Revenue growth of 55 % – 65 %	+ 60 %	✔
EBITDA margin (before acquisition costs) of – 2 % to – 3 %	– 3.0 %	✔
Profitable growth in core segment "Germany"	**Segment EBITDA** of + 3.4 %	✔
Improvements in efficiency	**Administrative expenses ratio** of 4.7 % (2016: 5.1 %)	✔
Further automation	– Progress in the automation of incoming goods – New packing line launched – ERP control of warehousing locations	✔

Revenues and earnings position

SHOP APOTHEKE EUROPE can look back on a financially successful 2017. Thanks to strong growth in all the relevant European markets, business across the Group expanded and revenues surged 60 % from EUR 177.4 million in 2016 to EUR 284.0 million in 2017. The sales increase was driven not only by the greater volume of orders but also by the higher number of active customers and the consolidation of the Europa Apotheek business.

The core "Germany" segment remained the largest market, with sales climbing 44 % from EUR 145.6 million to EUR 209.6 million. Of this amount, EUR 25 million resulted from the consolidation of the Europa Apotheek Group as of 8 November 2017. The second core segment, "International", reported high growth of 143 %, with sales soaring from EUR 30.4 million to EUR 73.7 million. The segment "Germany services", active in webshop services with net revenues of EUR 0.7 million (2016: 2.5 million), will be integrated in the "Germany" segment in future reporting.

Consolidated gross income was up in line with sales growth and climbed 59 % in the year under review from EUR 36.3 million to EUR 57.6 million. As a proportion of sales, the cost of sales ratio thus remained on the same level as the previous year at 79.7 % (2016: 79.5 %). As a result, the total gross margin was almost flat at 20.3 % (2016: 20.5 %). The slight decline in the gross margin is mainly due to the higher proportion of sales of prescription medicines in connection with the takeover of Europa Apotheek. These typically show a lower gross margin.

Against the backdrop of this sales growth, selling and distribution costs rose by EUR 25.4 million, from EUR 41.0 million in the financial year 2016 to EUR 66.4 million. Alongside improved efficiencies that helped lower fulfilment costs per order, economies of scale led to a drop in marketing costs in relation to sales. In absolute terms, increased marketing expenses can be attributed mainly to marketing measures relating to the international expansion through the acquisition of new customers, which served to raise brand awareness in the newly developed markets.

Expenses in connection with preparing the acquisition of Europa Apotheek and the subsequent capital increase have been recognised as expenses in the P&L. For better orientation, we also provide adjusted figures.

Administrative costs including depreciation and amortisation increased in absolute terms, by EUR 4.3 million from EUR 9.1 million to EUR 13.4 million, of which EUR 3.6 million were one-off costs mainly related to the acquisition of Europa Apotheek and the subsequent capital increase. Despite one-off costs and the growth-driven increase, as a proportion of sales SHOP APOTHEKE EUROPE succeeded in lowering administrative costs from 5.1 % in 2016 to 4.7 % primarily through economies of scale and increased efficiencies adjusted for non-recurring costs.

Other operating income rose by EUR 0.8 million from EUR 2.2 million to EUR 3.0 million in the period under review. This includes revenue from service agreements with Europa Apotheek Venlo B.V., for whom SHOP APOTHEKE EUROPE renders services in the field of procurement, warehousing and order picking.

The operating loss of EUR 19.2 million was EUR 7.6 million more than the prior year's loss of EUR 11.6 million. This includes one-time expenses for the acquisition of Europa Apotheek and for the subsequent capital increase to EUR 3.6 million. Adjusted for non-recurring costs the operating loss was EUR 15.6 million.

Financing expenses fell by EUR 7.1 million, from EUR 9.3 million in 2016 to EUR 2.2 million in 2017. The previous year's figure was affected by the repayment of shareholder loans in October 2016 at the nominal value of EUR 27.1 million against a discounted book value of EUR 20.2 million as the balance of EUR 6.9 million increased financing expenses. The remaining financing expenses are mostly related to the cash payment providers active for SHOP APOTHEKE EUROPE.

Revenues and earnings by segment

SHOP APOTHEKE EUROPE's business activities are divided into three segments (in future two segments). The "Germany" segment at present posts the highest sales and essentially consists of sales of OTC pharmaceutical products and mostly pharmacy-exclusive beauty and healthcare products. The second core segment "International" is exclusively made up of sales of OTC pharmaceutical products and beauty and healthcare products in our other European markets: Austria, Belgium, France, Italy, the Netherlands and Spain. The third segment, "Germany Services", includes webshop services offered primarily to German clients by the subsidiary RedTecLab GmbH. Sales from intra-Group services that RedTecLab renders for the SHOP APOTHEKE GROUP are eliminated

Segment information – non adjusted and adjusted

2017	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**209,549**	**73,716**	**6,848**	**– 6,121**	**283,992**
Cost of sales	– 168,040	– 57,971	– 797	401	– 226,407
Gross Profit	**41,510**	**15,745**	**6,050**	**– 5,720**	**57,585**
% of revenue	19.8 %	21.4 %	88.4 %		20.3 %
Other income	2,151	810	54	0	3,015
Selling & distribution	– 36,801	– 23,160	– 6,176	5,720	– 60,417
Adjusted S&D	– 36,801	– 23,160	– 6,176		– 60,417
Segment EBITDA	**6,859**	**– 6,606**	**– 71**	**0**	**182**
Adjusted segment EBITDA	6,859	– 6,606	– 71	0	182
Administrative expenses					– 12,320
Adjusted AE					– 8,728
EBITDA					**– 12,137**
Adjusted EBITDA					– 8,545
Depreciation					– 7,059
EBIT					**– 19,197**
Adjusted EBIT					– 15,605
Net finance cost and income tax					– 2,161
Adjusted net finance cost and income tax					– 2,161
Net loss					**– 21,358**
Adjusted net loss					**– 17,766**

in the course of the consolidation of the financial results. The segment "Germany Services" will be integrated into the segment "Germany" in future reporting.

The statement of results by segment shows a significant expansion in business volume in all segments. The above-average sales growth in the "International" segment by around 143 % compared to the 2016 figure demonstrates the success of the company's expansion strategy.

Adjustments

Administrative expenses have been adjusted with one-off costs mainly related to acquisition of Europa Apotheek and the subsequent capital increase, resulting in an adjusted EBITDA of EUR – 8.5 million compared to an adjusted EBITDA of EUR – 5.8 million in 2016. This translates into an adjusted EBIT of EUR – 15.6 million after an adjusted EBIT of EUR – 9.1 million in 2016 and an adjusted net loss of EUR – 17.8 million compared to an adjusted net loss of EUR – 10.7 million in 2016.

"Germany" segment rose significantly and improved segment EBITDA margin

During the 2017 reporting period, "Germany" segment sales rose profitably by 44 %. In addition to organic growth, Europa Apotheek, consolidated as of 8 November 2017, contributed EUR 25.1 million to the sales growth. With sales of EUR 209.5 million in financial year 2017 the "Germany" segment generated about 74 % of consolidated sales. In 2016, "Germany" segment sales accounted for EUR 145.5 million or around 82 % of consolidated sales.

Segment information – non adjusted and adjusted

2016	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**145,549**	**30,376**	**4,108**	**– 2,641**	**177,391**
Cost of sales	– 115,910	– 24,777	– 423	0	– 141,109
Gross profit	**29,640**	**5,599**	**3,685**	**– 2641**	**36,282**
% of revenue	20.4 %	18.4 %	89.7 %	0	20.5 %
Other income	1,810	363	31	0	2,204
Selling & distribution	– 27,458	– 10,698	– 2,742	2,641	– 38,255
Adjusted S&D	– 27,419	– 9,901	– 2,742	2,641	– 37,421
Segment EBITDA	**3,992**	**– 4,735**	**975**		**231**
Adjusted segment EBITDA	4,030	– 3,939	975		1,066
Administrative expenses					– 8,597
Adjusted AE					– 6,855
EBITDA					**– 8,366**
Adjusted EBITDA					– 5,789
Depreciation					– 3,273
EBIT					**– 11,638**
Adjusted EBIT					– 9,062
Net finance cost and income tax					– 6,807
Adjusted net finance cost and income tax					– 1,644
Net loss					**– 18,445**
Adjusted net loss					**– 10,733**

Cost of sales went from EUR 115.9 million in 2016 to EUR 168.0 million in 2017. The increase of 45 % was just above the sales growth. Thus, the segment's gross profit margin fell slightly from 20.4 % to 19.8 %. The decline of 0.6 percentage points was mainly attributable to a higher proportion of prescription medicines in connection with the takeover of Europa Apotheek as prescription medicines typically have lower gross margins than OTC medicines.

Other income totalling EUR 2.2 million mainly derives from service agreements with Europa Apotheek Venlo B.V., for whom SHOP APOTHEKE EUROPE renders services in the fields of procurement, warehousing, and order picking.

Selling and distribution expenses excluding depreciation and amortisation increased by 34 % from EUR 27.5 million in 2016 to EUR 36.8 million. Since that rise was significantly lower than the increase in sales, the ratio of selling expenses to revenues fell by 1.3 percentage points, from 18.9 % in 2016 to 17.6 % in 2017. This favourable trend is the result of better efficiency, enhanced automation and economies of scale as well as a higher proportion of orders by existing clients (repeat orders) in the "Germany" segment. The customary acquisition costs associated with new customers are not incurred for repeat orders. The improvement in the ratio of selling expenses to sales led to a rise in segment EBITDA from EUR 4.0 million the prior year to EUR 6.9 million in 2017. This translates into a segment EBITDA margin of 3.3 % compared to 2.7 % one year earlier.

"International" segment revenues more than tripled

Revenues outside Germany, which are posted to the "International" segment, rose by 143 % in the period under review. The total surged from EUR 30.4 million to EUR 73.7 million and accounted for around 26 % of 2017 consolidated sales whereas only 17 % of consolidated sales were generated by international activities the prior year.

Cost of sales in 2017 were EUR 58.0 million compared to EUR 24.8 million in 2016. This translates into gross profits of EUR 15.7 million compared to EUR 5.6 million in 2016. The gross margin thus improved by 3.0 percentage points, rising from 18.4 % the previous year to 21.4 %.

As a result of the expansion strategy the "International" segment saw a considerable increase in the number of new customers. The significantly higher proportion of orders from new clients, along with the correspondingly higher customer acquisition costs plus other market entry costs (e. g. higher marketing expenses) caused segment EBITDA to drop to EUR – 6.6 million in the financial year 2017 compared to EUR – 4.7 million in 2016.

"Germany Services" segment maintains high-level margins

2017 gross sales for the "Germany Services" segment rose to EUR 6.8 million from EUR 4.1 million in 2016. In financial year 2017 the figure included sales revenues for intra-Group services totalling EUR 6.1 million that are eliminated as part of the consolidation.

Gross profits for 2017 came to EUR 6.1 million, up EUR 2.4 million from the prior-year figure of EUR 3.7 million. The gross margin decreased slightly from 89.7 % to 88.4 % during the period under review but was still remained on a high level. The reason for the mild decline in the margin: the high proportion of intra-group services associated with the international growth of the SHOP APOTHEKE EUROPE Group. At the segment EBITDA level, the result was EUR – 0.1 million as a result of the lower business volume with external customers, down from EUR 1.0 million.

Cash Flow

in EUR million	2017	2016
Operating loss for the period	– 19.2	– 11.6
Net cash flow for/from operating activities	– 23.2	– 17.2
Net cash flow for/from investing activities	– 0.9	– 24.5
Net cash flow for/from financing activities	– 3.5	76.6
Cash and cash equivalents at the beginning of the period	38.5	3.5
Change in cash and cash equivalents	– 27.6	35.0
Cash and cash equivalents at the end of the period	10.9	38.5

In the period under review, cash and cash equivalents decreased from EUR 38.5 million to a year-end figure of EUR 10.9 million. As a safeguard against the unfavorable interest rate environment, EUR 12.5 million were invested in short-term securities and are shown in other financial assets.

The cash outflow for operating activities ran at EUR – 23.2 million compared to an outflow of EUR – 17.2 million the year before. The increase of EUR 6.0 million in cash outflow used for operating activities mainly stems from the higher inventory and accounts receivable related to the strong growth in the prescription medications business of the newly acquired Europa Apotheek and a wider international product range to boost sales in 2018. EUR – 9.1 million resulted from movements in working capital compared to EUR – 8.8 million in 2016.

Cash outflow for investing activities came to EUR – 0.9 million against an outflow of EUR – 24.5 million one year earlier. While investments in property, plant and equipment as well as in intangible assets led to an outflow of EUR – 9.6 million, a divestment of short-term securities (shown in other financial assets) amounting to EUR 7.5 million led to a cash inflow. Previous year's cash flow from investing activities was driven by the acquisition of FARMALINE and investments in short-term securities amounting to EUR 20 million.

The cash flow from financing activities in 2017 totaled EUR – 3.4 million, basically originating from expenses incurred in relation to the accounts receivable financing by online payment methods such as credit card companies and Paypal, share issue costs and earn-ou obligations with respect to the Farmaline acquisition in 2016. The previous year's figure of EUR 76.6 million mainly resulted from the proceeds of the IPO on 13 October 2016.

As at year-end 2017, the SHOP APOTHEKE EUROPE Group was almost debt-free except for a credit line used at year-end. The Group member companies were able to meet all payment obligations at all times during the past business year.

The working capital at 31 December 2017 was EUR 30.4 million compared to EUR 16.3 million in 2016.

Assets and liabilities

Non-current assets rose from EUR 24.8 million in 2016 to EUR 202.5 million in 2017. This increase was mainly driven by the acquisition of Europa Apotheek with an amount of EUR 168.2 million. The remainder is primarily related to investments in further expansion and automation, which included the next step in the automation of processing incoming goods, the launch of a new packing line and the implementation of an ERP control system of warehouse locations.

Current assets decreased slightly in 2017, from EUR 95.6 million in 2016 to EUR 95.4 million. Within the current assets, inventories rose from EUR 18.8 million to EUR 40.0 million. This increase can be attributed to overall sales growth and a broader product portfolio. Moreover, international expansion requires increased warehouse capacity as more country-specific products need to be kept available.

Trade receivables rose from EUR 8.3 million to EUR 20.5 million, mainly due to the higher business volume. Other financial assets were down EUR 7.5 million, at EUR 12.5 million after EUR 20.0 million in 2016 and cash and cash equivalents as of 31 December, 2017 were at EUR 15.8 million after EUR 38.5 million.

Non-current liabilities at year-end 2017 totaled EUR 17.4 million compared to EUR 6.3 million in 2016. The increase is mainly related to deferred tax liabilities of EUR 12.7 million.

Current liabilities rose from EUR 20.8 million as of 31 December 2016 to EUR 41.5 million at the end of 2017. This was mainly attributable to the fact that the expansion in business volume led to an increase in trade liabilities to EUR 23.1 million over the reporting period after EUR 12.6 million in 2016. Furthermore, amounts due to banks increased from zero to EUR 4.9 million in connection with the Europa Apotheek acquisition. Other liabilities rose from EUR 8.2 million to EUR 13.5 million.

At year-end 2017, total equity was EUR 239.0 million compared to EUR 93.2 million at year-end 2016. The increase mainly results from the proceeds of the capital increase in November 2017 to fund the acquisition of Europa Apotheek.

As at 31 December 2017, the equity ratio thus improved to 80.3 % after 77.5 % in 2016.

NON-FINANCIAL PERFORMANCE INDICATORS

Operating performance indicators

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

Besides its OTC online pharmacy market share, SHOP APOTHEKE EUROPE uses the following non-financial key performance indicators, which also reflect the significant business expansion:

	2017	2016
Site visits	71,520,167	41,841,536
Mobile visits	36,577,569	17,997,761
KPI – mobile share	51 %	43 %
Number of orders	5,724,030	3,949,886
Repeat orders	76 %	73 %
Return rate	0.78 %	0.76 %
# Active customers	2,669,976	1,809,028
Average cart size	EUR 57.78	EUR 52.24

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 gross basket size

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

Repeat orders

This shows the proportion of orders placed by existing customers and is an important indicator of customer loyalty. As marketing costs for existing customers are lower than for newly acquired customers, there is also a correlation with consolidated net profit.

Return rate

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

Human resources

SHOP APOTHEKE EUROPE wants to further strengthen and expand its leading position as a European online pharmacy. To achieve this goal, we need to ensure that the company produces long-term growth. We therefore need dedicated employees who bring our strategy to life in their everyday work and create added value for our customers.

Working at SHOP APOTHEKE EUROPE offers a variety of interesting prospects as well as the scope to develop and implement ideas. The atmosphere is positive, respectful and lively. Our objective is to attract entrepreneurial employees, to support them in accordance with their drive and abilities, and to strengthen their long-term commitment to our company.

Our human resources strategy focuses on two key aspects: on human resources management, which includes employee recruitment, retention and development, and on occupational safety and health management.

In 2017, SHOP APOTHEKE EUROPE employed 483 full-time equivalents on average. This compares to 302 full-time equivalents in 2016.

Research and development

As a retail company, SHOP APOTHEKE EUROPE does not make its own products and therefore does not conduct research and development in the strict sense of the term. The sector and its customers currently find themselves in a profound transformation process, which is being driven by such megatrends as digitization and social change in particular. These trends have a great impact on the way customers live, work and consume.

SHOP APOTHEKE is a technology-driven online shop that offers solutions for these changes. The new and further development of our core processes as well as the most important systems of the business model are primarily initiated, refined and maintained internally. External partners leverage our internal know-how and implementation capacities meaningfully.

In-house developed systems and highly targeted software solutions in all major divisions have significantly contributed to the Group's success in recent years and will continue to be a key success factor for achieving the corporate objectives.

Our front-end platform has been developed by our wholly-owned subsidiary RedTecLab GmbH, which is an e-commerce technologies and IT services company with more than 20 years of experience. As a fully-owned e-commerce technologies and IT services company RedTecLab allows us to stay independent from third-party providers. Furthermore, we believe our tailored e-commerce shop system to be "best-in-class" due to, in particular, cross-selling and web analytics functions, content and personalized newsletter features, social media and application video integration as well as country specific front-ends and optimized templates and apps.

In addition, we constantly develop our ERP system to increase operational efficiency and processing capacity in line with sales growth. This is mostly accomplished with the support of external IT specialists.

Corporate social responsibility

SHOP APOTHEKE EUROPE has close ties to the communities it operates in and cultivates relationships with many people every day: people who work with or for us, people who shop at our online stores and people with whom we have other types of relationships. Our social and environmental responsibility in the places where we are based and interact with people are another means of adding value since it goes towards tackling social challenges.

SHOP APOTHEKE EUROPE actively promotes an intact and attractive social environment through donations and sponsorship. In 2016, it started sponsoring Herzenswünsche, a charity that grants wishes to children and youth affected by severe health issues. By the end of 2017, the company had donated almost EUR 200 to help bring happiness to the lives of severely ill young people. To ensure an optimum and long-lasting positive effect for the young patients, all wishes are fulfilled in consultation with the treating physician with the childrens' families also involved in planning.

We also encourage our employees to engage in sports for life-long health and participate in sports events such as the B2RUN Cologne and the Frankfurt Marathon.

A full report on SHOP APOTHEKE EUROPE CSR activities will be provided from 2019 onwards.

RISKS AND OPPORTUNITIES

Risk attitude

In general, the board of directors aims to effectively understand and manage the risks and opportunities of the company's European growth strategy and to reasonably minimize operational risks with efficient business processes, which is also a key to enabling further company growth on the path to Group profitability.

Overall risk assessment

SHOP APOTHEKE EUROPE's long-term strategy is focused on creating value for our shareholders and stakeholders through profitable growth. In implementing this strategy, the company has evaluated the relevant strategic, operational and financial risks as well as the risks and opportunities of future market trends for e-commerce in general and for online pharmacies in our Continental European target markets in particular, and performed sensitivity analyses based on scenarios. The Management Board is responsible for identifying and managing risks with appropriate measures. Internal controls have a high priority and are continuously assessed and further improved. Separation between executive and controlling functions and compliance with directives and operating instructions are an integral part of the internal control system. The risk management and internal control systems as set out above do, however, not provide absolute assurance that errors, fraud losses, or unlawful acts can be prevented. During the 2017 financial year, no significant shortcomings were found in the internal risk management and control system.

SHOP APOTHEKE EUROPE is regularly exposed to various risks and opportunities. These can have both positive and negative effects on the Group's assets, financial and earnings situation. The risk management system applies to all areas of the Group. It is based on ISO 31000 and the Corporate Governance Code. The system identifies, analyses and monitors the key risk categories, which include 1. strategic risks such as prescription mail order legislation, online market trends, market position of competitors, 2. operating risks such as IT controls, warehouse capacity, progress of automation and 3. financial risks such as current and future earnings and short-term and long-term financing. We manage the identification, assessment and mitigation of risks through an internal governance process. Our approach to identification and evaluation aims to ensure that we mitigate the impact of these risks on our financial results, long-term strategic goals and reputation.

Risk evaluation is based on risk description and estimates the monetary impact as well as the risk entry probability in the current year. Calculations are based on the current year impact.

Based on risk identification and evaluation, the risk treatment is the process to modify the risk:

a) Mitigation:
   - avoiding the risk by deciding not to start or continue with the activity that gives rise to the risk
   - removing the risk source
   - changing the likelihood
   - changing the consequences
   - sharing the risk with another party or parties (including contracts and risk financing)

b) Retaining the risk by informed decision,

c) Taking or increasing risk in order to pursue an opportunity.

Residual risk is the risk that remains after appropriate action has been taken and is calculated as the sum of all residual strategic, operating and financial risks.

External oversight

In addition to the internal control system, external bodies (such the Dutch Ministry of Health or our ISO 9001:2015 certifier) also provide assurance on the design and effectiveness of the risk management processes and compliance with the relevant standards, policies and norms.

Risk management system

Strategic and operational events and actions that have a significant impact on the existence and the economic situation of the Group are considered risks. These include external factors such as the competitive situation, the regulatory environment and other factors that can compromise the achievement of corporate goals.

In 2017 SHOP APOTHEKE EUROPE has improved its risk management by implementing a risk management system based on ISO 31000 that is an essential part of corporate governance. The objective of our risk management is to identify, assess and control strategic, operating and financial risks following the ALARP principle (as low as reasonably possible). We regard improving the reliability of our management and risk information, ensuring that it becomes increasingly specific and targeted, as an ongoing process. Our risk acceptance is summarized and reported in SHOP APOTHEKE EUROPE's risk appetite.

Risk appetite

Risk appetite describes the aggregate level of risk that we are willing to accept within our risk capacity in order to follow our strategy to become the leading European online pharmacy, as defined by a set of minimum quantitative metrics and qualitative statements. Risk capacity is defined as the maximum level of risk we can assume before breaching regulatory constraints and our obligations to stakeholders.

Risk appetite is an integral element in our business planning processes to promote the appropriate alignment of risk, capital and performance targets, while at the same time considering risk capacity and appetite constraints from both financial and non-financial risks.

The Management Board reviews and approves our risk appetite and capacity both periodically and in the event of unexpected changes to the risk environment, with the aim of ensuring that they are consistent with our Group's strategy, business and regulatory environment as well as our stakeholders' requirements.

Reports relating to our risk situation and our monitoring thereof are presented regularly to the Management Board. They include key performance indicators for our online business such as the number of active customers, average monthly visits, share of repeat orders and segment sales growth that are benchmarked to European e-commerce peers as well as cash and cash-flows from operations, investment and financing. In addition, forecasts and their potential impact on valuation and goodwill impairment are discussed regularly.

In order to determine our risk appetite and capacity we set different Group-level triggers and thresholds on a forward-looking basis and define the escalation requirements for further action. In order to ensure the meeting of defined thresholds or the desired risk appetite, a predefined escalation governance matrix is applied and reported to the Chief Risk Manager depending on their significance.

Risk classification

Risks are classified as strategic, operating, financial risks and assessed according to their probability of occurrence and their potential financial impact. The major risks for each classification and related actions to manage those risks are described below.

1. Strategic risks

Acquisition risks

Since our founding, we have grown both organically, and through acquisitions, i.e. those of of RedTecLab GmbH (formerly Xsite GmbH) in 2013, Farmaline in 2016 and Europa Apotheek during the reporting period. In line with our business strategy to further expand our offering across Continental Europe, we expect to engage in potential acquisitions of other companies, businesses or assets. Acquisitions involve numerous risks such as unanticipated difficulties associated with higher than expected costs in integrating the technologies, operations, existing contracts and personnel of acquired businesses or difficulties associated with higher than expected costs in integrating and coordinating sales and marketing functions and other administrative functions. Due to its focus on prescription medications, the acquired Europa Apotheek business is exposed to a potential ban of the mail order of prescription medications in Germany, which could result in a partial or complete impairment of the goodwill related to that business, depending on the respective actions that might come along with.

Initially, and in response to the judgment of the ECJ on 19 October 2016, the German Federal Ministry of Health (Bundesministerium für Gesundheit) provided a draft legislative proposal on the prohibition of the sale by mail order of prescription medications on 17 February 2017. After not having achieved a coalition's majority, the proposal was not further pursued in the legislative period and due to the principle of discontinuity, the draft of the ministry has expired. The draft coalition agreement of Germany's potential new government presented on 7 February 2018 contains a statement that the parties intend to plead for a ban on mail order sales of prescription medications. However, it will still be necessary to clarify in principle if a ban in any form could withstand a possible new assessment of the ECJ. If such change in the regulatory environment were to materialize. resulting in a prescription medications ban, such a change would have a material adverse effect on our business, financial condition and results of operations, as we could no longer provide prescription medications to German customers via mail order, which would have a material negative impact on the value of the company and the Europa Apotheek Group.

Adverse judgments or settlements resulting from legal proceedings

From time to time we are or may become involved in private actions, investigations and various other legal proceedings by employees, suppliers, competitors, government agencies or others. Furthermore, the pharmacy business is highly regulated. Failure to comply with laws and regulations can damage our reputation and have negative financial and operational consequences. In Germany, Europa Apotheek, which we acquired during the reporting period, is currently subject to three first instance social court (Sozialgericht) proceedings regarding the so-called manufacturer rebates that producers of pharmaceuticals reimburse to pharmacies.

Dependence on key personnel

Our future success is significantly dependent on the continued service of the members of our Management Board. If we lose the services of any member of the Management Board, we may not be able to recruit suitable or qualified replacements and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth.

The competence and commitment of our management and employees are important factors for our successful development and management of opportunities and risks. Therefore, our success is largely dependent on our ability to attract, train, motivate and retain highly qualified individuals, particularly online specialists, IT programmers, data scientists and specialists as well as pharmaceutical experts. A lack of qualified and motivated personnel could negatively impact our development and growth, increase our costs and harm our reputation. We face competition for qualified personnel, for example those in IT and marketing positions as well as qualified pharmacists. In addition, to attract or retain qualified personnel, we might have to offer more competitive compensation packages and other benefits, which could lead to higher personnel costs.

2. Operating risks

Management of the transition of our operations to greater automation

Our warehousing system in our logistics center is currently fully computerized but not yet fully automated. Our warehouse is equipped with computers, scanners and other electronic devices that enable us to manage and track our inventories on a real-time basis. However, certain logistical processes continue to rely on human input and may be more efficiently operated by the introduction of automation. Part of our strategy involves the introduction of new systems to enhance the level of automation in our warehousing system where justified from a cost perspective. Any failure to increase the level of automation in accordance with our strategy may have a material adverse effect on our business, financial condition and results of operations.

Management of our inventory levels

We must maintain sufficient inventory levels to successfully operate our business through our online webshops. However, many of our products have limited shelf-lives and we seek to avoid accumulation of excess inventory while at the same time aiming to minimize out-of-stock levels and maintain in-stock levels across all product categories. If we do not accurately anticipate the time it will take to obtain new inventory or sell existing inventory, our inventory levels will not be optimal, may result in a loss of sales, a loss of customers who are unsatisfied with our delivery times or increased costs of maintaining inventory. Furthermore, we may incur additional costs for the disposal of expired products, which generally need to be disposed of in accordance with applicable special waste regulations.

Continuation of our pharmacy license

We currently hold a pharmacy license that allows us to ship into all member states of the European Union. If we fail to comply with relevant Dutch and other applicable European pharmacy laws, our pharmacy license would be withdrawn and we would not be allowed to continue our current business and our reputation would be significantly harmed. Government regulation of the healthcare and pharmacy industries exposes us to risks that we may be fined or exposed to civil or criminal liability, receive negative publicity or be prevented from shipping products into one or more EU member states, which could have a material adverse effect on our business, financial condition and results of operations.

IT-related risks of security breaches and unauthorised use of one or more of our websites, databases, online security systems or computerized logistics management systems

We operate websites and other data systems through which we collect, maintain, transfer and store information about our customers, suppliers and others including personal information – as well as other confidential and proprietary information. We also employ third-party service providers that store, process and transfer proprietary, personal and confidential information on our behalf. We rely on encryption and authentication technology licensed from third parties in an effort to securely transfer confidential and sensitive information. We and our service providers cannot guarantee that inadvertent or unauthorised use or disclosure will not occur, or that third parties will not gain unauthorised access to this information despite our diligent efforts. Any compromise or breach of our security measures, or those of our third-party service providers, could violate applicable privacy, data security or other laws and cause significant legal and financial risks, adverse publicity and a loss of confidence in our security measures.

3. Financial risks

Ability to grow and operate our business successfully and achieve profitability and positive cash-flows in the future

In order to compete in our market environment, we may be forced to respond to a general decline in prices by lowering the prices we charge our customers, which would negatively impact our profit margin and cash position. We constantly manage both the development of our profitability and our cash-flows and cash position to assure sufficient funds for the current and future financing of our business.

Any failure to successfully compete against current or future competitors could negatively affect our ability to attract and retain customers, which could in turn have a material adverse effect on our business, financial condition and results of operations. This could also result in financial reporting risks such as the partial or complete impairment of the goodwill related to Shop-Apotheke, Farmaline and the Europa Apotheek business.

Furthermore, our sales of prescription medications in Germany are dependent on local legislation in Germany. This involves, among other matters, the risk of a complete prohibition of mail ordering prescription medications in Germany. Possible regulatory changes affecting the sales of prescription medications (particularly in Germany) could substantially increase competition in this field.

Failures in new geographic markets
The online pharmacy market in which we operate is relatively new and did not even exist just a few years ago. As a result, we are subject to the risks and uncertainties experienced by early-stage companies in evolving markets. In addition, our limited operating history increases the risk that we make operational decisions that prove detrimental to our prospects.

Furthermore, the online pharmacy market comprises different fragmented local country markets across Europe. Among the principal reasons for this fragmentation are differing regulatory regimes affecting pharmacies that are defined by the respective member states of the European Union. Entering new market environments could be associated with risks due to our unfamiliarity with the particularities of these markets.

Dependency on advertising partners
Part of our marketing and advertising activities are conducted via online advertising platforms such as Google AdWords. In the past, Google stipulated country-specific rules to use their platform for advertising pharmaceutical products or pharmacies. It cannot be excluded that Google, affiliated marketing partners or other advertising platforms will in the future impose further restrictions, which could limit our ability to launch marketing activities related to us, our websites or our product offering in the countries in which we are already active or in the countries into which we plan to expand in the future. Furthermore, it cannot be excluded that Google or other advertising platforms are unable to adapt their terms and conditions for advertisements to ongoing factual changes in the certification of online pharmacies in a timely fashion or even fail to do so at all. In that case we would not be able to use these advertising platforms in compliance with the terms and conditions and may be prohibited from using them in the future and no assurance can be given that we could find new advertising platforms or develop other forms of advertising at the same costs and/or with the same reach.

The main strategic, operational and financial risks are managed with defined actions that are described in the table below.

Main risks	Related actions	In progress	Continous improvement	Done
Strategic				
Acquisition risks	Close integration controlling and monitoring of competitive environment	X		
Adverse judgments or settlements resulting from legal proceedings	Compliance with legal regulatory requirements			X
Dependence on key personnel	Board members are shareholders			X
Operational				
Management of the transition to greater automation	Stepwise automation and ERP programming	X		
Management of our inventory levels	Goods-in automation and optimization of international purchasing		X	
Continuation of our pharmacy license	Zero-defect approach of our pharmacy		X	
IT-related risks of security breaches	IT penetration tests		X	
Financial				
Ability to grow and achieve profitability and positive cash-flows	Financial reporting and controlling		X	
Failures in new geographical markets	Application of proven access strategies from advanced markets	X		
Dependency on advertising partners	Using both SEO and various SEA channels		X	

Evaluation of Risk Management System Effectiveness

We are convinced that risk management has to be part of the mindset and working methods of our staff, and that actually being in control is therefore what matters to us. The company continued to work on further optimizing its risk management and internal control systems in 2017 but knows that such systems do not offer absolute assurance against inaccuracies of material importance. The Management Board is aware of the fact that the company does not yet have an internal audit function, and has discussed this with the Supervisory Board. After an in-depth discussion the Managment Board and the Supervisory Board came to the conclusion that the company currently does not need an internal audit function, which may though change in future depending on further company growth.

On the basis of the evaluations that were carried out, the Management Board concludes that the risk management system as well as the control of the business processes and the internal control within the company are sufficient, professional, appropriate and effective. The Management Board is of the opinion that the risk management system with its controls and installed processes provides an adequate level of assurance on the reliability of financial information and control information in accordance with relevant laws and regulations.

Opportunities

Macro-economic and market conditions

According to a market studies, the online market for medications and pharmacy-related beauty and personal care products is expected to grow by 17 % per annum until 2020, with the OTC online share rising to 11 % on a European level by 2020. As a first mover and one of the leading pharmacies in Europe, SHOP APOTHEKE EUROPE has excellent opportunities to benefit disproportionately from the general growth potential. Should the economic conditions, such as growth prospects, the interest rate environment and competitive conditions in the financial services industry improve beyond currently forecasted levels, this could lead to increasing revenues.

Further acceleration of the trend towards e-commerce

The shift towards e-commerce at the expense of retail stores seems to continue unabatedly. The Group believes that the e-commerce market will continue to grow by a double-digit percentage rate annually and that the Group will continue to benefit disproportionately from this development in the long term because of its leading market position in Continental Europe. Similar growth is expected in the field of mobile commerce. Mobile devices have contributed significantly to the strong growth of online retail. This also applies to the sale of non-prescription medications and pharmacy-related beauty and personal care products because customers have convenient access to the products anywhere and anytime. In 2015 e-commerce retail sales worldwide amounted to 1.55 trillion US dollars and e-retail revenues are projected to grow to 4.1 trillion US dollars in 2020, according to Statista, one of the Internet's leading statistics companies.

Entrepreneur culture

SHOP APOTHEKE EUROPE assumes that the company's key employees are entrepreneurial, highly motivated and loyal to the company. Nonetheless the company has organized its operations so that even in case of loss of certain persons, e.g. due to accidents, business can continue running seamlessly until those staff members can be adequately replaced in the medium term. By creating a positive work environment and a culture that fosters responsibility and entrepreneurial action, SHOP APOTHEKE EUROPE has managed high sales growth along with the successful and fast integration of the FARMALINE business in 2016 and the Europa Apotheek business in 2017. The management also has extensive, longstanding and detailed market and industry knowledge and is highly committed to the company and shareholder value.

SUBSEQUENT EVENTS

Germany's conservative Christian Democrats have finalized a coalition agreement with the Social Democrats (SPD) on 7 February 2018, possibly leading to a new government. However, at the editorial deadline of this annual report the agreement is still subject to approval by the SPD's 464,000 members in a postal ballot.

The draft coalition agreement contains a statement that the parties intend to make efforts for a ban on the mail order of prescription medications. Regardless of the outcome of the SPD's members' decision, however, it will still be necessary to clarify in principle if a ban in any form could withstand a possible new assessment of the European Court of Justice. Based on expert opinions and statements of previous federal governments, this intention is unconstitutional and incompatible with European law. There have already been several attempts to prohibit the mail order of prescription medications in the past, the most recent in March 2017, but so far they have failed.

Nevertheless, any unfavourable outcome might significantly impact our business.

OUTLOOK

GDP growth expected to continue

A per its forecast dated 31 January 2018, the German government expects that the country's economy, Europe's biggest, will grow by 2.4 % in 2018, significantly revising its previous prediction upwards after a strong performance in 2017 when the country's economy grew by 2.2 percent thanks primarily to increasing domestic demand. This was the strongest performance for six years and the eighth consecutive year of economic growth. The new forecast compares with a prediction of 1.9 percent made in October 2017.

According to its Autumn Forecast released in November 2017, the European Commission expects growth to continue in both the euro area and in the EU. The euro area economy is on track to grow at its fastest pace in a decade this year, with real GDP growth forecast at 2.2 %. The EU economy as a whole is also set to beat expectations with robust growth of 2.3 % this year.

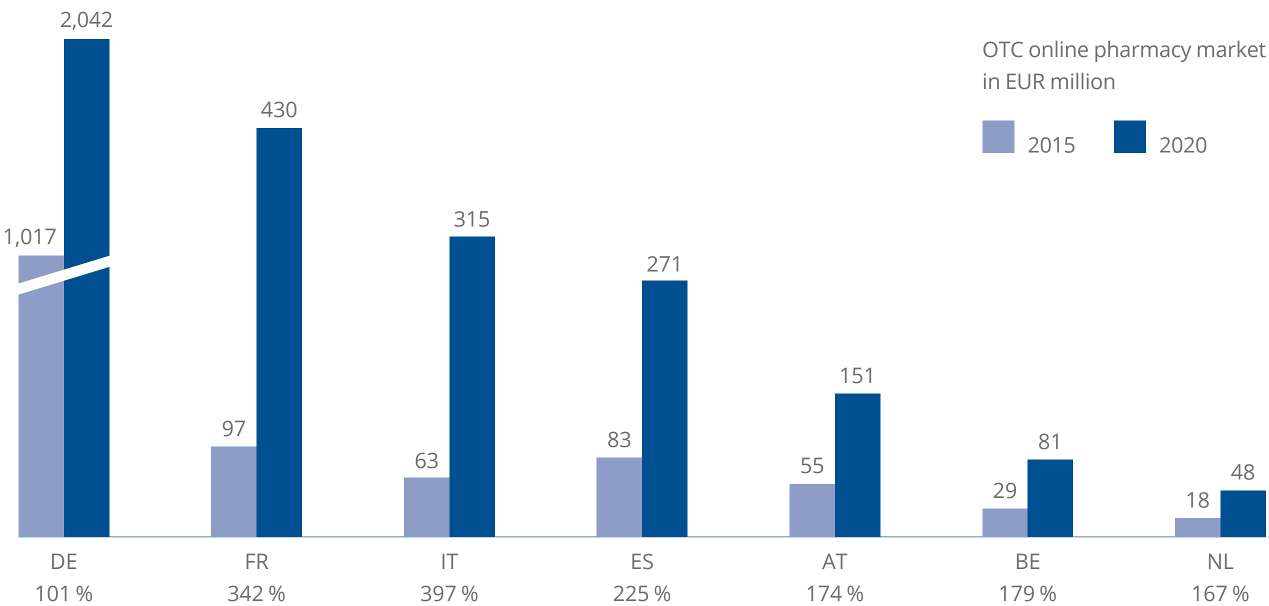
Outlook for the overall pharmacy market in Continental Europe

The overall Continental European pharmacy market, which includes the categories prescription medications, non-prescription medications and pharmacy-related beauty and personal care products, is expected to grow along with Continental European GDP over the next four years. In a January 2018 market research study, experts from Daedal-Research stated that the value of the European pharmacy market was US$ 179.27 billion in 2016. The market value is anticipated to grow substantially and reach US$ 220.44 billion in 2021, from US$ 189.89 billion in 2017. The market is expected to grow at a CAGR of 3.8 % over the projected period of 2017 – 2021. For the OTC medications and pharmacy-related BPC market, experts from Sempora Consulting expected growth at a CAGR of 3.6 % in the period 2016 to 2020 in their latest research, reaching a value of EUR 39.4 billion by the end of 2020.

Development of the online pharmacy market looks promising

Although the average share of pharmaceuticals purchased online in the overall pharmacy turnover in

Development of the European online pharmacy market until 2020



Expected OTC mail order market growth 2020
(Source: Sempora market research 2017)

Europe was still in the single digits in 2016, the most recent Sempora study predicts a substantial surge in growth. Turnover is predicted to rise with a compound annual growth rate (CAGR) of 17 % in the European market. The experts expect that this will push the share of online pharmacy turnover in the overall market to 10.8 % (2015: 5.9 %).

Operational outlook for the SHOP APOTHEKE EUROPE Group

The overall development of business in 2017 was characterized by continued profitable growth in our core market Germany and the successful expansion of our international revenues, which now account for c. 26 % of total revenues. Through the acquisition of the Europa Apotheek business we have broadened our customer base and expanded into the attractive market for prescription medications, which provides additional growth potential. The ongoing liberalization in other European countries offers further opportunities, especially in the long term when e-prescriptions will be established as a standard in Europe.

Strategically, we will also focus on our brand strategy in 2018. We are currently running our business using several brands due to past acquisitions. We are aiming to reduce the number of brands, which will have a positive effect on earnings in the long term, as it will enable us to save on marketing costs.

Investments in 2018 are expected to be on a comparable level to 2017 and include multi-level storages and pick-towers, a tiered storage structure designed to increase picking efficiency and maximizing storage capacity. Furthermore, the installation of a pick line with a conveyor belt is planned for 2018. Investments in improvements of our software systems include procurement optimization of lot sizes.

The strategic business plans of the operating business units determine the Group's financing requirements. This is periodically reviewed on the basis of our budgets. Moreover, the Management Board evaluates various financing options on an ongoing basis. In light of potential further acquisitions and generally higher working capital requirements due to growing business volume, we may take advantage of one or more of these financing options if a favorable opportunity were to become available. This would provide us with greater flexibility and enable us to immediately benefit from emerging opportunities.

Based on the integration of the Europa Apotheek business as well as on our continuing organic growth, we expect Group-level revenues to rise by 87 % to 97 % in 2018. Growth in our target markets outside Germany will again be driven by upside from increased market penetration in Austria, the Netherlands, Belgium, France, Italy and Spain. Although we intend to continue taking an active role in consolidating the market, our revenue forecast does not include any new acquisitions.

Given the higher share of prescription medications in our revenue mix, primarily stemming from the Europa Apotheek acquisition, the Group's gross margin in the running business year will be lower than in 2017 as prescription medications typically have lower gross margins than OTC medications. Nevertheless, the contribution margin per order is expected to be higher due to larger average shopping basket sizes. In combination with growing economies of scale, further efficiency improvements and progressing automation we therefore expect a slightly positive EBITDA of EUR 0 – 2 million on Group-level for full year 2018 before potential adjustments.

CORPORATE GOVERNANCE

The Management Board and the Supervisory Board of SHOP APOTHEKE EUROPE are firmly committed to the principles of transparent, responsible corporate governance and supervision. SHOP APOTHEKE EUROPE recognises the importance of clear rules on corporate governance and, where appropriate, we have adapted our internal organization and processes to these rules.

An outline of the broad corporate governance structure will be provided in this chapter. As SHOP APOTHEKE EUROPE is a publicly listed company incorporated under the laws of the Netherlands with its registered seat in Venlo, the Netherlands, it complies with all the principles and best practice provisions of the Dutch Corporate Governance Code (the Code), unless stipulated otherwise in this chapter. The Code contains principles and best practices for Dutch companies with listed shares. Deviations from the Code are explained in accordance with the Code's "comply or explain" principle. The Code is available on the website of the Dutch Corporate Governance Code Monitoring Committee (www.commissiecorporategovernance.nl).

In December 2016, a revised version of the Code was published by the Corporate Governance Code Monitoring Committee. The revised Code was implemented effective

1 January 2017. It is more thematically oriented, with greater focus on culture and long-term value creation. The company assessed the proposed changes and implemented revisions to current practices where needed.

Corporate structure

SHOP APOTHEKE EUROPE is a "Naamloze Vennootschap," or N.V., a Dutch limited liability company similar to a stock corporation (Aktiengesellschaft) in Germany. Its shares are listed in the Prime Standard Segment of Frankfurt Stock Exchange. Given this, the company declared its intention also to comply – on a voluntary basis – with most recommendations of the German Corporate Governance Code when possible.

SHOP APOTHEKE EUROPE has a two-tier board structure. The company is managed by a Management Board consisting of executive directors acting under the supervision of a Supervisory Board (consisting of non-executive directors).

Our corporate governance practices generally derive from the provisions of the Dutch Civil Code and the Dutch Corporate Governance Code.

The Management Board is entrusted with the management of the company and is responsible for achieving the company's aims, its strategy and associated risk profile, the development of results and corporate social responsibility/sustainability. The members of the Management Board are appointed by the General Meeting of shareholders. The full procedure for appointment and dismissal of members of the Management Board is explained in article 14 of the company's Articles of Association. The Management Board currently consists of Michael Köhler (CEO), Dr. Ulrich Wandel (CFO), Stephan Weber (CMO and deputy CEO), Theresa Holler (COO) and Marc Fischer (CTO).

The Supervisory Board of SHOP APOTHEKE EUROPE N.V. currently has four members. The General Meeting of the company is responsible for determining the number of members and their appointment. The full procedure for appointment and dismissal of members of the Supervisory Board is explained in article 20 of the company's Articles of Association.

The duties of the Supervisory Board are to supervise the policy of the Management Board and the general course of business in the company and the business associated with it. The Supervisory Board members shall assist the Management Board by providing solicited and unsolicited advice. In fulfilling their duties, the Supervisory Board members shall act in accordance with the interests of the company and the business enterprise it operates. In practice, this means supervising the corporate strategy, the achievement of the company's operational and financial objectives, the design and effectiveness of the internal risk management and control systems, the main financial parameters, compliance with applicable laws and regulations and risk factors.

Committees of the Supervisory Board

Since the Supervisory Board of SHOP APOTHEKE EUROPE consists of just four members, it has to date refrained from setting up committees; however the Supervisory Board evaluated the installation of an Audit Committee in 2018. The provisions of the Corporate Governance Code concerning the work of committees are applied by the entire Supervisory Board.

Conflicts of interest

Resolutions to enter into transactions under which members of the Supervisory Board could have a conflict of interest with SHOP APOTHEKE EUROPE, and which are of material significance to the company and/or the relevant member of the Supervisory Board, require the approval of the Supervisory Board plenum. A Supervisory Board member who has a personal conflict of interest will not participate in the decision-making process regarding such items. With respect to the acquisition of Europa Apotheek, the Management Board members notified the Supervisory Board of the potential conflict of interest between the members of the Management Board and the company in relation to the transaction. Subsequently, the Supervisory Board determined that:

(i) the members of the Management Board had a conflict of interest in relation to entering into the transaction including inter alia the entering into and approval of the terms of the agreements, in particular in respect of the valuations, the issue price of the new shares and the number of new shares to be issued; and

(ii) since all members of the Management Board had a conflict of interest in regard to the transaction, the Supervisory Board would decide on the transaction and the members of the Management Board would not participate in the deliberations and voting in regard to the transaction.

As two members of the Supervisory Board, Mr Jan Pyttel and Mr Frank Köhler, held shares in both Europa Apotheek and the company, Mr Jan Pyttel and Mr Frank Köhler each notified the other members of the Supervisory Board of their potential conflict of interest with the company in relation to the transaction. Subsequently, the Supervisory Board determined that:

(i) each Mr Jan Pyttel and Mr Frank Köhler had a conflict of interest in relation to entering into the transaction including inter alia the entering into and approval of the terms of the agreements, in particular in respect of the valuations, the issue price of the new shares and the number of new shares to be issued; and

(ii) since Mr Jan Pyttel and Mr Frank Köhler had a conflict of interest in regard to the transaction, only Mr Jérôme Cochet and Mr Björn Söder would decide on the transaction and that Mr Jan Pyttel and Mr Frank Köhler would not participate in the deliberations and voting in regard to the transaction.

Based on the above consideration, the Supervisory Board, being Mr Jérôme Cochet and Mr Björn Söder, adopted written resolutions approving the transaction on 25 September 2017.

Generally, the company is aware of the fact that all of the members of its Management Board hold shares in the company as well as that three members of the Supervisory Board, Jan Pyttel, Dr. Björn Söder and Frank Köhler, hold shares in the company. Furthermore, Stephan Weber (CMO) and Marc Fischer (CTO) are brothers-in-law and Michael Köhler (CEO) and Frank Köhler, a Supervisory Board member, are brothers.

Insider trading policy

SHOP APOTHEKE EUROPE has a strict Code of Conduct on insider trading. The insider trading policy with regard to inside information and securities trading was adopted by the Management Board and approved by the Supervisory Board of the company. This policy is publicly available on the company's website.

In accordance with applicable law and regulations (including the European Market Abuse Regulation), the company maintains insider lists and exercises controls around the dissemination and disclosure of potentially price sensitive information.

Transactions in the company's shares carried out by the Management Board and the Supervisory Board members (including their closely associated persons) are as and when required, notified to the Dutch Authority for the Financial Markets (in accordance with the applicable provisions of the European Market Abuse Regulation).

Whistleblower Policy and Code of Conduct

The success of SHOP APOTHEKE EUROPE is reliant on the confidence the company enjoys among consumers, customers, investors and employees. Accordingly, high standards of responsibility are set for the company as a whole and for each individual employee. The Code of Conduct that outlines business principles and a Whistleblower Policy concerning the reporting of alleged irregularities within SHOP APOTHEKE EUROPE are intended to help employees to implement the key principles of the company and its values in their everyday working life. The Code of Conduct and the Whistleblower Policy can be found on the company's website.

Diversity

We aim for diversity on every level. We do not see diversity as merely a matter of gender or ethnicity but also of personality, skills and knowledge. We need men and women, people from different backgrounds and cultures. SHOP APOTHEKE EUROPE values this diversity and believes it contributes positively to the way we evaluate situations and make decisions. The more we utilize the differences between us and the more we can cooperate and learn from each other, the stronger we will be as a company that serves a highly diverse society and stakeholders. The Supervisory Board and the Management Board are fully aware that both boards currently lack gender diversity. We will take greater board-level gender diversity into account for future appointments without compromising our commitment to hiring the best qualified individuals for positions.

Substantial shareholdings

Shareholders owning 3 % or more of the issued share capital of a listed company (a substantial shareholding or short position) must report this to the Netherlands Authority for Financial Markets (AFM) as soon as this threshold is reached or exceeded. Subsequently, notifications to the AFM must be made as soon as a substantial shareholding or short position reaches, exceeds or falls below set thresholds.

The thresholds are 3 %, 5 %, 10 %, 15 %, 20 %, 25 %, 30 %, 40 %, 50 %, 60 %, 75 % and 95 % of the company's issued share capital. Shareholder's disclosures can be inspected in the register kept by the AFM.

Publication requirements under German law

In accordance with section 26 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz), the company, in its capacity as a so called domestic issuer (Inlandsemittent) under the German Securities Trading Act, must publish any shareholding notifications under Dutch law immediately, but no later than within three trading days after receiving them, via qualified media outlets. The company must also transmit the notice to the BaFin and to the German Company Register (Unternehmensregister).

Statement by the Management Board (Dutch corporate governance code)

For the purpose of complying with best practice provision 1.4.3 of the Code the Management Board believes that, to the best of its knowledge:

- the company's internal risk management and control organization provides reasonable assurance that its financial reporting does not contain any error of material importance;
- the internal risk management and control processes in relation to financial reporting have worked properly in 2017;
- the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

Corporate governance declaration and accountability

The company acknowledges the importance of good corporate governance and agrees with the principles of the Code, revised in December 2016. The company is committed to comply with the Code in the way set out herein. During 2017, the company complied with the Code with the exception of deviations from the following principles:

1.3 Internal Audit function
Given the size of the company and the Supervisory Board, no internal audit function has been established. An implementation is considered for 2018.

1.5 Role of the Supervisory Board
The company generally complies with the principle with the exception that an audit committee is not yet in place. As mentioned above, the implementation of such a committee will be evaluated in the course of the 2018 financial year.

1.7.2 Audit plan and external auditor's findings
The audit plan and the external auditor's findings are discussed with entire Supervisory Board.

1.7.3 Publication of financial reports
Due to the absence of an audit committee, involvement of the external auditor in publications is discussed in the entire Supervisory Board instead of the audit committee.

1.7.4 Consultations with the external auditor outside the Management Board's presence
Due to the absence of an audit committee, consultation with the external auditor is performed with the Supervisory Board instead of the audit committee.

2.1.5 Diversity
This provision states among other things that the Supervisory Board should strive for a diverse composition as to nationality, age, gender, and educational and work background and should define specific targets to achieve this. The Supervisory Board believes that both the Management Board and the Supervisory Board are and will be composed in such a manner that the combination of experience, expertise and independence of its members satisfies the requirements set out in its profile, which is posted on the company's website. We believe

that the composition of our boards allow them to properly and effectively carry out their duties. Our focus for new board members is on experience and education instead of explicit gender, age or nationality diversity targets.

2.2.4 Succession
The company does not comply with this recommendation as the Supervisory Board has only recently been set up and a retirement schedule is therefore not needed immediately; it is, however, intended to provide this in the future.

2.2.5 Duties of the selection and appointment committee
The company does not comply with this recommendation as neither a selection nor an appointment committee has been established. As the Supervisory Board has just four members, the number of committees shall be reduced to the minimum required.

3.2.1 Remuneration committee's proposal
The existing contracts with the Management Board members were concluded before the IPO of the company. A new proposal will be drawn up in due course. The company does not currently intend to establish a remuneration committee for this purpose.

3.2.3 Severance payments
The company does not comply with best practice provision, which determines that the remuneration in the event of dismissal of a Management Board member may not exceed a one year's salary. In the event of termination of an agreement without serious cause as defined by the applicable laws, SHOP APOTHEKE EUROPE or a respective subsidiary would remain obliged to compensate the Management Board member for the remaining term of the employment agreement. SHOP APOTHEKE EUROPE believes that these contractual arrangements are justified given the tenures of the Management Board members.

3.4.1 Remuneration report
A remuneration policy has been implemented and approved by the General Meeting in the past financial year. However, given the size of the company and the Supervisory Board, a remuneration committee has not been and is not intended to be established.

3.4.2 Agreement of Management Board member
The existing contracts with the Management Board members were concluded before the IPO of the company. The agreements do not contain any extraordinary elements; the remuneration essentially consists of a fixed remuneration. In case more complex contracts will be concluded in the future, the company will evaluate to publish a disclosure on the website.

4.2.3 Meetings and presentations
This best practice provisions require that meetings with analysts, presentations to analysts, presentations to investors and institutional investors and press conferences shall be announced in advance on the company's website and by means of press releases, and that provision should be made for all shareholders to follow these meetings and presentations in real time, for example by means of webcasting or telephone. The company focuses on the corporate calendar that covers all publication dates and planned conferences and will update investor presentations posted on the company's website whenever new information is available so that no single investor can gain an information advantage. Nevertheless, owing to the large number of meetings not every single meeting with or presentation to analysts, investors and institutional investors can be made available to follow in real time.

ARTICLE 10 TAKEOVER DIRECTIVE DECREE (BESLUIT ARTIKEL 10 OVERNAMERICHTLIJN)

Introduction

In accordance with Article 10 of the Takeover Directive (Dertiende Richtlijn), companies with securities that are admitted to trading on a regulated market are obliged to disclose certain information in their annual reports. This obligation has been translated into Dutch law through Article 10 Takeover Directive Decree. SHOP APOTHEKE EUROPE must disclose certain information that might be relevant for companies considering making a public offer with respect to SHOP APOTHEKE EUROPE. The information which SHOP APOTHEKE EUROPE is required to disclose, including a corresponding explanatory report, is presented below.

Anti-takeover provisions and control

According to the Code, the company is required to provide an overview of its actual or potential anti-takeover measures, and to indicate under what circumstances it is expected they may be used. The company is not subject to any anti-takeover or restrictions of control. The Articles of Association of the company do not contain any binding nomination rights (bindende voordrachtsrechten).

In the event of a hostile takeover bid, or other action which the Management Board and the Supervisory Board consider to be adverse to the company's interests, the boards reserve the right to use all available powers (including the right to invoke a response time in accordance with provisions IV.4.4 and II.1.9 of the Code) while taking into account the relevant interests of the company and its affiliate enterprise and stakeholders.

Capital structure

On 31 December 2017, SHOP APOTHEKE EUROPE had a total of 12,020,456 ordinary bearer shares with voting rights. Each share has a nominal value of EUR 0.02. The total share capital amounts to EUR 240,409.12. The company does not hold treasury shares. There are no share types other than the ordinary bearer shares.

Authorisation for the Management Board to repurchase shares

The General Meeting held on 16 May 2017, authorised the Management Board to repurchase shares, on the stock exchange or otherwise, for a period of 18 months as of the date of the meeting (i. e. up to and including 15 January 2019), up to a maximum of 10 % of the total number of issued shares outstanding on 1 January 2017, provided that the company will not hold more shares in treasury than a maximum 10 % of the issued and outstanding share capital at any given time. The repurchase can take place at a price between the nominal value of the shares and the weighted average price on the Xetra trading venue at the Frankfurt Stock Exchange for five trading days prior the day of purchase plus 10 %. This price range enables the company to adequately repurchase its own shares even in volatile market conditions.

Authorisation of the Management Board to issue shares

The Extraordinary General Meeting held on 6 November 2017 appointed the Management Board for a period of five years from the date of the meeting (i. e. up to and including 5 November 2022), or until such date on which the General Meeting revokes or again extends the authorisation, if earlier, as the corporate body authorised to issue shares and grant rights to acquire shares, subject to the prior approval of the Supervisory Board, up to a maximum of 20 % of the total number of issued shares outstanding on 31 December 2017.

This authorisation was granted to the Management Board under the explicit reservation that the General Meeting reserves its rights that it is at any time during such authorisation also authorised to issue shares and grant rights to acquire shares in the share capital of the company.

Shares with special rights/voting right control in the case of employee participation

There are no shares with special rights conferring powers of control. There is also no employee participation in capital that does not allow employees to directly exercise their controlling rights.

Obligation of shareholders to disclose share ownership

The Dutch Authority for the Financial Markets has to be notified of major shareholdings in respect of SHOP APOTHEKE EUROPE International N.V. in accordance with the Dutch Financial Supervision Act (Wet op het financieel toezicht) and the ordinance to disclose major shareholdings and capital investments in institutions issuing securities (Besluit melding zeggenschap en kapitaalbelang in uitgevende instellingen).

Due to the listing of the shares at the German Frankfurt Stock Exchange, the company additionally must in its capacity as a so called domestic issuer (Inlandsemittent) under the German Securities Trading Act publish any shareholding notifications under Dutch law immediately, but no later than within three trading days after receiving them, via qualified media outlets in accordance with section 26 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz). The company must also transmit the notice to the BaFin and to the German Company Register (Unternehmensregister).

An overview of the current substantial shareholdings can be found in the Corporate Governance Section of this report.

Shareholders' agreement on limitations on exercising of voting rights

Each share issued by SHOP APOTHEKE EUROPE entitles its bearer to one vote. There are no restrictions on voting rights. As far as is known to SHOP APOTHEKE EUROPE, there is no agreement involving a shareholder of SHOP APOTHEKE EUROPE that could lead to any restriction on the transferability of shares or of voting rights on shares other than a lock-up period of 180 days for all newly issued shares of SHOP APOTHEKE EUROPE in connection with the acquisition of Europa Apotheek.

Appointment and dismissal of members of the Management Board

The members of the Management Board are appointed on the basis of a non-binding nomination made by the Supervisory Board. A person nominated by the Supervisory Board may be appointed as a Management Board member by the General Meeting by a resolution adopted by an absolute majority of the votes cast. If a person has not been nominated for appointment as a Management Board member by the Supervisory Board, the resolution of the General Meeting to appoint such a Management Board member shall require an absolute majority of the votes cast representing more than one third of the issued capital. The notice for any such General Meeting shall state if a nomination has been made by the Supervisory Board.

Each member of the Management Board shall be appointed for a maximum period of four years, provided that unless a Management Board member retires earlier, his term shall expire on the day following the day of closing of the annual General Meeting that will be held in the year in which his term expires.

The Supervisory Board shall be authorised to suspend a Management Board member at any time. The General Meeting may suspend and dismiss a Management Board member at any time. A Management Board member may be suspended and dismissed by the General Meeting only on the basis of a resolution passed by an absolute majority of the votes cast representing at least one third of the issued share capital, unless the dismissal or suspension has been proposed by the Supervisory Board in which case the aforementioned majority does not apply. Furthermore, in case of a suspension the Supervisory Board is obliged to convene a General Meeting to pass resolution either on lifting the suspension of the respective member of the Management Board or on his dismissal.

Appointment and suspension of Supervisory Board members

The General Meeting shall determine the number of members of the Supervisory Board. The Supervisory Board members shall be appointed by the General Meeting on the basis of a non-binding nomination to be drawn up by the Supervisory Board. The General Meeting appoints Supervisory Board members and is entitled at any time to suspend or dismiss any Supervisory Board member. The appointment, dismissal or suspension of a Supervisory Board member is decided by the General Meeting by way of an absolute majority of votes cast. If a person has not been nominated for appointment as Supervisory Board member by the Supervisory Board, the resolution of the General Meeting to appoint such Supervisory Board member shall require an absolute majority representing at least one third of the issued capital.

Each member of the Supervisory Board shall be appointed for a maximum period of four years, provided that unless a Supervisory Board member retires earlier, his term shall expire on the day following the day of closing of the annual General Meeting that will be held in the year in which his term expires.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08

CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31 December 2017

	Notes	Period ended 31. 12. 2017	Period ended 31. 12. 2016
		EUR 1,000	EUR 1,000
Revenue	6	283,992	177,391
Cost of sales	7	– 226,407	– 141,109
Gross profit		**57,585**	**36,282**
Other income	8	3,015	2,204
Selling and distribution	9	– 66,417	– 41,036
Administrative expense	10	– 13,378	– 9,089
Result from operations		**– 19,197**	**– 11,639**
Finance income		40	17
Finance expenses	11	– 2,246	– 9,338
Net finance costs		– 2,206	– 9,321
Result before tax		**– 21,403**	**– 20,960**
Income tax expenses	12	45	2,515
Result after tax		**– 21,358**	**– 18,445**
Attributable to:			
Owners of the company		– 21,358	– 18,445

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2017

	Notes	Period ended 31. 12. 2017	Period ended 31. 12. 2016
		EUR 1,000	EUR 1,000
Loss for the year		– 21,358	– 18,445
Other comprehensive income/loss		0	0
Total comprehensive loss		**– 21,358**	**– 18,445**
Attributable to:			
Owners of the company		– 21,358	– 18,445
Earnings per share	13	EUR	EUR
Basic and diluted per share 31 December 2017		– 2,25	– 3.08

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for the year ended 31 December 2017

	Notes	Year ended 31. 12. 2017	Year ended 31. 12. 2016
		EUR 1,000	EUR 1,000
Assets			
Non-current assets			
Property, plant and equipment	14	8,278	2,613
Intangible assets	15	189,827	22,169
Deferred tax assets		3,447	0
Investments in equity-accounted joint ventures	17	906	0
		202,457	**24,782**
Current assets			
Inventories	18	39,989	18,841
Pre-ordered stock		0	6,823
Trade and other receivables	19	20,546	8,278
Other current assets	20	6,524	3,130
Other financial assets	21	12,510	20,012
Cash and cash equivalents	21	15,783	38,485
		95,352	**95,569**
Total assets		**297,808**	**120,351**
Equity and liabilities			
Shareholders' equity	22		
Issued capital and share premium		289,317	122,238
Reserves/accumulated losses		– 50,351	– 28,993
		238,966	**93,245**
Non-current liabilities			
Provisions		323	2,961
Deferred tax liability	12	12,711	0
Other liabilities	24	4,316	3,334
		17,350	**6,295**
Current liabilities			
Trade and other payables	23	23,090	12,563
Amounts due to banks	25	4,863	0
Other liabilities	24	13,539	8,248
		41,492	**20,811**
Total equity and liabilities		**297,808**	**120,351**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

for the year ended 31 December 2017

	Issued and paid-up share capital	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
Capital increase	59	168,124	0	0	168,183
Capital increase: share issue costs	0	– 1,105	0	0	– 1,105
Comprehensive loss for the period	0	0	0	– 21,358	– 21,358
Balance as of 31 December 2017	**240**	**289,076**	**– 28,993**	**– 21,358**	**238,966**

for the year ended 31 December 2016

	Issued and paid-up share capital	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	10	14,614	0	0	14,624
IPO: issue of shares	71	99,929	0	0	100,000
IPO: share issue costs	0	– 5,393	0	0	– 5,393
Comprehensive loss for the year	0	0	0	– 18,445	– 18,445
Balance as at 31 December 2016	**181**	**122,057**	**– 10,548**	**– 18,445**	**93,245**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2017

	Period ended 31. 12. 2017	Period ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Cash flow from operating activities		
Result from operations	– 19,197	– 11,639
Adjustments for: – Depreciation and amortisation of non-current assets	7,059	3,272
– Movements in provisions	– 1,861	
Operating result adjusted for depreciation and amortisation	– 13,999	– 8,367
– Movements in working capital:		
– (Increase)/decrease in trade and other receivables and other current assets	– 203	– 4,260
– (Increase)/decrease in inventory	– 21,058	– 8,429
– (Increase)/decrease in pre-ordered stock	6,823	– 1,171
– (Increase)/decrease in trade and other payables and other liabilities	5,359	5,014
Working capital movement	– 9,080	– 8,847
Cash generated from operations	– 23,079	– 17,214
Interest received	40	17
Interest paid on financial lease	– 205	
Net cash (used in)/generated by operating activities	**– 23,244**	**– 17,197**
Cash flow from investing activities		
Investment for property, plant and equipment	– 3,143	– 953
Investment for intangible assets	– 6,472	– 2,941
Investment for financial fixed assets	0	
Acquisition of subsidiary, net of cash acquired	1,255	
Investment in other financial assets	7,502	– 20,012
Net cash (used in)/generated by investing activities	**– 858**	**– 24,456**

	Period ended 31. 12. 2017	Period ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Cash flow from financing activities		
Interest paid	– 2,041	– 1,266
Shareholder loan repayment		– 27,074
Capital increase		10,008
Share issue from IPO		100,000
Share issue cost	– 1,103	– 5,393
Increase/(decrease) in amounts due to banks	0	0
Payment of earn-out obligations Farmaline	– 1,100	0
Other non-current liabilities	781	334
Net cash (used in)/generated by financing activities	**– 3,463**	**76,609**
Net increase/(decrease) in cash and cash equivalents	**– 27,565**	**34,956**
Cash and cash equivalents at the beginning of the period	**38,485**	**3,529**
Cash and cash equivalents at the end of the period	**10,920**	**38,485**
Reconciliation to the balance sheet:		
Cash and cash equivalents – assets	15,783	38,485
Bank overdraft	– 4,863	0
	10,920	**38,485**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

SHOP APOTHEKE EUROPE N.V. (or the company) is a limited liability company incorporated in the Netherlands on 30 September 2015 and is legally domiciled in Venlo, the Netherlands. As at December 31, 2017, the company had the following direct and indirect subsidiaries:

- SA Europe B.V.
- Shop-Apotheke B.V.
- Shop-Apotheke Service B.V.
- VitaZita B.V.
- Fastnet B.V.BA
- EuroService Venlo B.V.
- RedTecLab GmbH
- Farmanatur Productes S.L.
- Hygée Santé S.A.R.L.
- EHS Europe Health Services B.V.
- EHSC B.V.
- Europa Apotheek Venlo B.V. and
- Europa Apotheek Service Venlo B.V.

SHOP APOTHEKE EUROPE N.V. is a mail-order pharmacy business primarily for prescription and non-prescription ("over-the-counter" or "OTC") pharmaceuticals, food supplements and beauty and personal care (BPC) products. In addition, RedTecLab GmbH provides webshop services for the Group and for third parties.

The Consolidated Financial Statements 2017 are prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with the Dutch Civil Code, Book 2, Title 9.

Besides the financial information of SHOP APOTHEKE EUROPE N.V. the financial information of the following wholly-owned subsidiaries are also included in these Consolidated Financial Statements:

SA Europe B.V., Venlo, the Netherlands, with its 100 % subsidiaries:

- Shop-Apotheke B.V., Venlo, the Netherlands
- Shop-Apotheke Service B.V., Venlo, the Netherlands
- EuroService Venlo B.V., the Netherlands
- VitaZita B.V., Venlo, the Netherlands
- Fastnet B.V.BA, Tongeren, Belgium
- RedTecLab GmbH, Düsseldorf, Germany
- Farmanatur Productes S.L., Sant Cugat del Vallès (Barcelona), Spain
- Hygée Santé S.A.R.L., Pont-A-Marcq, France

EHS Europe Health Services B.V., Venlo, The Netherlands, with its 100 % subsidiary:

- EHSC B.V., Venlo, the Netherlands, with its 100 % subsidiaries:
  - Europa Apotheek Venlo B.V., Venlo, the Netherlands
  - Europa Apotheek Service Venlo B.V., Venlo, the Netherlands.

Farmanatur Productes S.L. and Hygée Santé S.A.R.L., were acquired in April 2017 and July 2017 respectively as wholly-owned subsidiaries of SA Europe B.V. EHS Europe Health Services B.V. and its subsidiaries were acquired in November 2017 as part of the acquisition of the Europa Apotheek-business, and became a 100 % subsidiary of SHOP APOTHEKE EUROPE N.V. Goodwill related to the acquisition has been recorded according to IFRS 3.

2. Basis of preparation

The Consolidated Financial Statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The Consolidated Financial Statements have been prepared on a going concern basis.

Comparative information

In the annual report 2017 no amounts due to related parties are presented anymore, since no related parties apply regarding the service agreement transactions.

Comparative figures have been reclassified, where necessary, to reflect the current year's presentation.

Segment reporting

A business segment in the sense of IFRS 8 is a unit of a business which conducts business activities and produces financial income and expenses, the operating results of which are regularly reviewed by the company's chief operating decision-makers with regards to decisions on allocating resources to this sector and the assessment of profitability, and for which there exists corresponding financial 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 statutory members of the Management Board of the Group.

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.

3. Application of new and revised International Financial Reporting Standards (IFRSs)

New and revised IFRSs affecting amounts reported and/or disclosures in the Consolidated Financial Statements.

3.1 Amendments to IFRSs that are mandatorily effective for annual periods beginning on or after 1 January 2017

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2017.

Amendments to IAS 7: Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities from financing activities, including both cash and non-cash changes.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses

This amendment had already been applied by the company in the 2016 Financial Statements. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

Amendments to IFRS 12 included in the 2014 – 2016 Annual Improvements Cycle

The 2014 – 2016 Annual Improvements Cycle includes amendments to a number of IFRSs, one of which (IFRS 12) is effective for annual periods beginning on or after 1 January 2017. The Group has applied the amendments to IFRS 12 for the first time in the current year.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale.

The application of this amendment has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

3.2 New and revised IFRSs that are not mandatorily effective for the year ending 31 December 2017

The Group has applied the following new and revised IFRSs that are not yet mandatorily effective:

- IFRS 15 Revenue from Contracts with Customers (and the related Clarifications)
- IFRS 16 Leases

IFRS 15: Revenue from Contracts with Customers (Mandatorily effective for annual periods beginning on or after 1 January 2018)

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i. e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group recognises revenue from the following major sources:

- sale of prescription medications ("Rx medications")
- sale of non-prescription, over-the-counter medications ("OTC medications")
- sale of beauty and personal care (BPC) products that are otherwise almost exclusively distributed through pharmacies ("pharmacy-related BPC products")

The Management Board members consider that due to the nature of the company's revenue, the impact of the application of IFRS 15 on the Group's financial statements is not material (The performance obligations all relate to the short term delivery of products that have been sold through the online portal, so a breakdown of revenue into different performance obligations for which revenue recognition should be treated differently does not apply).

IFRS 16: Leases
(Mandatorily effective for annual periods beginning on or after 1 January 2019)
IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i. e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows, whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operational cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

For the 2017 Financial Statements, the Group has applied IFRS 16 for its non-cancellable operating lease commitments, mainly being real estate rental contracts. Initial recognition values were based on the net present value of the remaining contractually agreed lease payments as per 1 January 2017 for existing contracts, and on the net present value of the remaining contractually agreed lease payments as per applicable starting dates for lease contracts with a later starting date.

Due to this application, during 2017, right-of-use assets (and corresponding liabilities) were recognised for a total amount of EUR 4.643 k regarding all leases (mainly being various real estate rental contracts) unless they qualify for low value (initial recognition value < EUR 5 k) or short- term leases (contract duration < 12 months) upon the application of IFRS 16.

This initial recognition has been processed according to IFRS16. C. 8b ii. The application of IFRS 16 relates to contracts for lease in the Netherlands, Germany, Spain and France.

Straight line depreciation applies for the right-of-use assets, considering the useful life to be equal the remaining duration of the underlying lease contract.

The lease liabilities have been adjusted on a monthly basis for interest and lease payments.

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

- IFRS 9: Financial Instruments
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 40: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014 – 2016 Cycle, and
- IFRIC 22: Foreign Currency Transactions and Advance Consideration

IFRS 9: Financial Instruments
(Effective for annual periods beginning on or after 1 January 2018)

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

The Group anticipates that the application of IFRS 9 in the future is not expected to have a material impact on amounts reported in respect of the financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

Amendments to IFRS 2: Classification and Measurement of Share-Based Payment Transactions (Effective for annual periods beginning on or after 1 January 2018)

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i. e. the share-based payment arrangement has a "net settlement feature", such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.

3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
   a. the original liability is derecognised
   b. the equity-settled share-based payment is recognised as the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
   c. any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The members of the management do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Effective for annual periods beginning on or after a date to be determined)

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Management Board's members anticipate that the application of these amendments will not have a significant impact on the Group's consolidated financial statements since such transactions will most likely not occur.

Amendments to IAS 40: Transfers of Investment Property (Effective for annual periods beginning on or after 1 January 2018)

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i. e. a change in use is not limited to completed properties).

The Management Board's members anticipate that the application of these amendments will not have a significant impact on the Group's consolidated financial statements since such property transfers will most likely not occur.

Annual Improvements to IFRSs 2014 – 2016 Cycle (Effective for annual periods beginning on or after 1 January 2018)

The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the company. The package also includes amendments to IFRS 12: Disclosures of Interests in Other Entities, which is mandatorily effective for annual periods beginning on or after 1 January 2017 (see Section 3.1 for details).

The amendments to IAS 28 clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The Management Board members do not anticipate that the application of the amendments in the future will have any impact on the Group's consolidated financial statements as the Group is neither a first time adopter of IFRS nor a venture capital organisation. Furthermore, the Group does not have any associate or joint venture that is an investment entity.

IFRIC 22: Foreign Currency Transactions and Advance Consideration (Effective for annual periods beginning on or after 1 January 2018)

IFRIC 22 addresses how to determine the "date of transaction" for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue).

The interpretation specifies that the date of transaction is the date on which the entity recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Management Board's members anticipate that the application of this consideration will not have a significant impact on the Group's consolidated financial statements since such considerations in foreign currencies will most likely not occur.

4. Significant accounting policies

4.1 Statement of Compliance

These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Going concern
In 2017 the company incurred losses before tax of EUR 21.4 m (2016: EUR 21.0 m). The working capital at the end of 2017 is positive at EUR 32.1 m. Development of the working capital is in line with expectations.

	31. 12. 2017	31. 12. 2016
	EUR 1,000	EUR 1,000
Trade and other receivables	20,546	8,278
Other current assets	6,524	3,130
Inventory	39,989	18,841
Pre-ordered stock	0	6,823
Trade and other payables	– 23,090	– 12,563
Other liabilites	– 13,539	– 8,248
	30,430	**16,261**
% Revenue	10.72 %	9.17 %

After the successful Initial Public Offering on 13 October 2016, the Group increased its shareholders' equity to EUR 93.2 m as at 31 December 2016 to finance its growth strategy in the relevant Continental European markets with a focus on OTC and beauty and personal care products, addressing a target market of EUR 35 billion.

On 8 November 2017, the Group acquired 100 % of the business of EHS Europe Health Services B.V. with its pharmacy Europa Apotheek, which is a leading prescription and OTC mail-order pharmacy in the German core market, in a 100 % share-deal. 2,950,578 new shares were issued for that purpose, increasing the equity by EUR 168 m.

The company is closely monitoring its cash position and has taken the necessary measures to ensure future growth financing, in particular working capital financing. After the completion of the planned automation projects, the company expects higher profitability and free operating cash flows, further supported by synergies caused by common branding of Shop Apotheke and Europa Apotheek. Together with the mentioned working capital financing, sufficient liquidity is secured.

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

4.2 Basis of preparation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the company and its subsidiaries. Control is achieved when the company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the company gains control until the date when the company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the company. Total comprehensive income of subsidiaries is attributed to the owners of the company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The principal accounting policies are set out below.

4.4 Revenue recognition

Revenue and other operating income are recognised in accordance with IFRS 15.

Projection of the steps as introduced in IFRS 15 to the company's business looks as follows:

Step 1: Identify the contract(s) with a customer
= Identification of customer orders that have been placed through the website

Step 2: Identify the performance obligations in the contract
= Anticipated delivery of medications and beauty and personal care products

Step 3: Determine the transaction price
= Sales price as included in the customer order, considering applicable VAT impact

Step 4: Allocate the transaction price to the performance obligations in the contract
= Direct allocation based on the website publicised price per product

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation
= Shipping of the product is considered satisfying the performance obligation, taking into account a delay in customer delivery for customers for whom a longer (than one day) transportation period applies.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Upon the sale of products to customers, the date on which the goods are delivered at the indicated place of destination is the date on which economic title to the products passes to the customer. (see description at step 5). In this case, the transfer of economic title is attached to the transfer of legal title. Revenue is recorded net of sales deductions.

4.5 Cost of sales

Cost of sales mainly consists of cost of goods sold, inventory obsolescence provisions and contributions by our suppliers for product promotion and discounts. Allowances on inventories reflect write-downs of inventories to their net realizable value to allow for risks from slow-moving goods, items past their use-by date or reduced salability of goods.

4.6 Marketing expenses

Marketing expenses, which include the development and production of advertising materials and the communication of this material through various forms of media, are expensed on publishing date of the campaign. Marketing expense is recognised in selling and distribution in the Consolidated Statement of Profit and Loss.

4.7 Foreign currencies

In preparing the Consolidated Financial Statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

4.8 Retirement benefit costs

The Group maintains two pension plans covering pharmacy personnel.

Pharmacists of the Group participate in the occupational pension plan 'SPOA'. The contribution is fully paid by the participants in the plan. The SPOA pension plan is an average pay pension plan dependent on the collective contribution.

Eligible employees of the Group participate in the multiemployer pension plan (PMA) determined in accordance with the collective bargaining agreements effective for the industry in which the Group operates. The participation of employees is mandatory. The employees (in service before 2013) participate voluntarily in the PMA pension plan. This multi-employer pension plan covers approximately 2,000 companies and approximately 25,000 contributing members. The PMA pension plan is an average pay pension plan and the employer contribution amounts to 17.6 % (2016: 17.6 %) of the pensionable base.

The SPOA and PMA pension plans monitor risks on a global basis, not by company nor employee, and are subject to regulation by Dutch governmental authorities. By law (the Dutch Pension Act), a pension fund must be monitored against specific criteria, including the coverage ratio of the plan's assets to its obligations. As of 1 January 2015 new pension legislation has been enacted. This legislation results in amongst others, an increase of legally required coverage levels. The coverage percentage is calculated by dividing the funds capital by the total sum of pension liabilities and is based on actual market interest rates.

The coverage ratio of the SPOA pension fund as per 31 December 2017 amounts to 102.3 % (31 December 2016: 93.8 %)[1].

The coverage ratio of the PMA pension fund as per 31 December 2017 amounts to 102.3 % (31 December 2016: 91.4 %)[2].

In line with the definitions according to IAS 19.29, the Group has no obligation whatsoever to pay off any deficits the pension funds may incur, nor have we any claim to any potential surpluses.

4.9 Taxation

The tax expense for the fiscal year is comprised of current and deferred income tax. Tax expense is recognised in the Consolidated Statement of Profit and Loss.

Current income tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted

[1] Source: website SPOA: https://www.spoa.nl/financiele-situatie/ontwikkeling-dekkingsgraad
[2] Source: website PMA: https://www.pma-pensioenen.nl/algemeen/actueel/dekkingsgraad

at the balance sheet date in the countries where the Group operates and generates taxable income.

The Group recognises liabilities for uncertain tax positions when it is more likely than not that an outflow will occur to settle the position. The liabilities are measured based upon management's estimation of the expected settlement of the matter. These liabilities are presented within income taxes payable on the consolidated balance sheets. These amounts, along with estimates of interest and penalties on tax liabilities are also recorded in income taxes payable, and are included in current tax expense.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. This applies for EHS Europe Health Services B.V. and its subsidiaries. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred taxes are recognised separately for individual corporate income tax entities:

SA Europe B.V.

Based on tax losses carried forward and in line with the deferred tax recognition in the 2016 Annual Report, SA Europe B.V. has recognised deferred tax assets only to the extent that they balance the existing deferred tax liability to EUR 0.

EHS Europe Health Services B.V.

Under consideration of IAS 12, EHS Europe Health Services B.V. has recognised deferred tax assets from losses carried forward, since historical results and forecast information that is also used for impairment purposes show that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized in time.

4.10 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.11 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

4.12 Intangible assets

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets
An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets: software, technology and contracts
Intangible assets: software, technology and contracts are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets: brands
Intangible assets: brands (Farmaline domains and trademarks, Europa Apotheek brand) are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets: customer base
Intangible assets: customer base is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets: goodwill
Goodwill is carried at cost less accumulated impairment losses. Amortisation is not recognised.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or

disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

4.13 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Growth rates are based on past performance, external market growth assumptions, and forecast market conditions by our management using a combination of our business plans and growth assumptions for the next years. Our business plans and growth assumptions are assessed by existing customer development and acquisition of new customers based on our customer data model. Furthermore, all variable cost like marketing budgets, delivery cost and operations expenses for impairment analysis are planned performance-based. Non performance based costs like finance, management and facility etc. are planned according to business growth including economies of scale.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss; impairment for goodwill is not reversed.

Non-current assets include goodwill, other intangible assets, investments in equity-accounted joint ventures, deferred tax assets and property, plant and equipment.

At the end of each reporting period, the Group performs an impairment test on the carrying amounts of its goodwill to determine whether there is an impairment loss.

In 2017, impairment reviews were prepared by comparing the carrying value of the cash-generating unit concerned to that cash generating unit's recoverable amount, being the higher of the value in use and fair value less costs to sell. Value in use is a valuation derived from the discounted future cash flows of the cash-generating units. The most important estimates in determining the present value of cash flows are growth rates used to calculate revenue growth and the discount rate in order to determine present value. The Weighted Average Cost of Capital used e. g. for goodwill impairment calculations has been determined based on the Capital Asset Pricing Model using the risk-free rate, market premium and beta based on peer-group capital structure. The pre-tax discount rates are calculated from the post-tax discount rate using the goal-seek method.

Estimates are reviewed at least annually as of the date of each impairment test and believed to be appropriate. However, changes in these estimates could change the outcomes of the impairment reviews and therefore affect future financial results, the effects of which would be recognised in the consolidated income statement through operating profit.

4.14 Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identified assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or joint venture. When necessary the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less cost of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income that that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

4.15 Inventory

Inventory only contains finished goods and is stated at cost. Costs are determined by the average purchase price method and include direct product purchasing rebates. There are limited net realisable value adjustments due to the fact that in general products can be returned to manufacturer or wholesaler prior to expiring.

4.16 Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Short-term securities are shown in Other Financial Assets according to IAS 7.

4.17 Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less allowance for doubtful debts. An allowance for doubtful debts of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of the receivables. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial restructuring and default or delinquency in payments are considered indicators that the accounts receivable are impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

4.18 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.19 Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

4.20 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
Financial assets are classified as "Financial assets at fair value through profit or loss" or "Loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than twelve months after the statement of financial position date. These are classified as non-current assets.

Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e. g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

4.21 Financial liabilities

Classification as debt or equity
Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Other financial liabilities
Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. Critical accounting judgements and key sources of uncertainty

In the application of the accounting policies, which are described in note 4, the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Purchase price allocation
On 8 November 2017, Shop Apotheke Europe N.V. ("SAE") acquired 100 % of the shares of EHS Europe Health Services B.V. ("EHS"), aiming to create Europe's largest online pharmacy by adding the Europa Apotheek prescription medication and OTC mailorder business, and to significantly strengthen its position in the German core market The combination of the prescription and the OTC business is expected to positively influence sales growth in both ways. A purchase price allocation to customer base, smart technology, brand name, favorable contracts was performed based on best estimates of related future economic benefits totaling EUR 48 m and shown as part of intangibles in the statement of financial position. Since the calculations are based on future economic benefits, the fair values, calculated as part of the purchase price allocation, by definition are to be considered estimates.

Deferred tax asset

SA Europe B.V.
As at 31 December 2017, the Group recognised a deferred tax asset based on the Dutch tax losses of SA Europe B.V. (as a corporate income tax entity, together with its Dutch subsidiaries) for the years ending 31 December 2015 until 31 December 2017 since this amount can be offset against the company's deferred tax liability from

Shop Apotheke goodwill. Under consideration of IAS 12, no deferred tax asset has been recognised in excess of existing deferred tax liabilities, since no positive operative results have been reported yet.

RedTecLab GmbH
As at 31 December 2017, the Group recognised a deferred tax asset based on the German tax losses of RedTecLab GmbH from past years, under consideration of IAS 12. The historical data for RedTecLab GmbH and the forecast data as used for the impairment test as per 31 December 2017 represent sufficient reason for the expectation that taxable profit will be available against which the deductible temporary difference can be utilized in time.

EHS Europe Health Services B.V.
As at 31 December 2017, the Group recognised a deferred tax asset based on the Dutch tax losses of (single company) EHS Europe Health Services B.V. for the years up until and including the year ending 31 December 2017, under consideration of IAS 12. The forecast data as used for the impairment test as per 31 December 2017 represent sufficient reason for the expectation that taxable profit will be available against which the deductible temporary difference can be utilised in time.

EHSC B.V.
As at 31 December 2017, the Group recognised a deferred tax asset based on the Dutch tax losses of EHSC B.V. (as a corporate income tax entity, together with its Dutch subsidiaries Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V.) for the years up until and including the year ending 31 December 2017, under consideration of IAS 12. The historical data for EHSC B.V. (and its subsidiaries) and the forecast data as used for the impairment test as per 31 December 2017 represent sufficient reason for the expectation that taxable profit will be available against which the deductible temporary difference can be utilized in time.

Impairment reviews were prepared by comparing the carrying value of the fiscal unity concerned to estimated future tax profits and the use of the applicable tax losses carried forward within the designated use period. The most important estimates relate to growth rates used to calculate revenue growth and planned cost development.

Growth rates are based on past performance, external market growth assumptions, and forecast market conditions by our management using a combination of our business plans and growth assumptions for the next years. Estimates are reviewed at least annually as of the date of each impairment test and believed to be appropriate. However, changes in these estimates could change the outcomes of the impairment reviews and therefore affect future financial results, the effects of which would be recognised in the Consolidated Statement of Profit and Loss through operating profit.

Evaluation of non-current assets for impairment
Non-current assets include goodwill, other intangible assets, investments in equity- accounted joint ventures, deferred tax assets and property, plant and equipment.

After impairment tests for individual non-current assets, goodwill impairment reviews were prepared by comparing the carrying value of the cash-generating unit concerned to that cash generating unit's recoverable amount, being the higher of the value in use and fair value less costs to sell. Value in use is a valuation derived from the discounted future cash flows of the cash-generating units. The most important estimates in determining the present value of cash flows are growth rates used to calculate revenue growth and the discount rate in order to determine present value. The Weighted Average Cost of Capital used e. g. for goodwill impairment calculations has been determined based on published peer benchmarking.

Estimates are reviewed at least annually as of the date of each impairment test and believed to be appropriate. However, changes in these estimates could change the outcomes of the impairment reviews and therefore affect future financial results, the effects of which would be recognised in the Consolidated Statement of Profit and Loss through operating profit.

During 2017, the Group did not identify any impairment indicators nor record any impairment charges in other intangible assets or property, plant and equipment, subsidiaries or joint ventures.

Capitalization of 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 for the ERP system that runs our business operations.

Accounts receivable

Almost all accounts receivable are derived from sales to customers including receivables from vendors. In order to monitor potential credit losses, the Group performs ongoing credit evaluations of its customers' financial condition. Respective allowances for credit losses on accounts receivable are maintained based upon management's assessment of the expected collectability of all accounts receivable. The respective allowances for credit losses on accounts receivable are reviewed periodically to assess the adequacy of these allowances. In making this assessment, the Group takes into consideration any circumstances of which it is aware regarding a customer's inability to meet its financial obligations; and its judgments as to potential prevailing economic conditions in the industry and their potential impact on its customers.

Vendor allowances

The company has arrangements with suppliers regarding allowances on supplied goods and also obtains compensation for web advertisements on the supplied products. The respective allowances and compensations are reviewed periodically to assess the adequacy of these amounts. In making this assessment the Group takes into consideration any circumstances of which it is aware regarding the Group's ability to meet its targeted purchases and to provide the agreed web advertisements. These periodic reviews and circumstances are used to reflect the best estimates in these Consolidated Financial Statements.

6. Revenue and 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 (BPC) products sold to individual customers located in the German market

- International:
  Only prescription-free pharmaceuticals (OTC) and beauty and personal care (BPC) products sold to individual customers located in 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.

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 2.

The Group does not allocate certain costs to the segments. These unallocated items include primarily corporate overhead costs shown as administrative expense in the tables above. The result by segment is shown in the line segment EBITDA including costs directly related to the revenue of the segments (marketing, operations). Segment EBITDA is adjusted for costs that are directly related to the segment revenue. EBITDA means earnings before tax, interest, depreciation and amortisation.

Segment information

For the year ended 31 December 2017	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**209,549**	**73,716**	**6.848**	**– 6,121**	**283,992**
Cost of sales	– 168,040	– 57,971	– 797	401	– 226,407
Gross Profit	**41,510**	**15,745**	**6,050**	**– 5,720**	**57,585**
% of revenue	19.8 %	21.4 %	88.4 %		20.3 %
Other income	2,151	810	54	– 9	3,015
Selling & distribution	– 36,801	– 23,160	– 6,176	5,720	– 60,417
Segment EBITDA	**6,859**	**– 6,606**	**– 71**	**0**	**182**
Administrative expenses					– 12,320
EBITDA					**– 12,137**
Depreciation					– 7,059
EBIT					**– 19,197**
Net finance cost and income tax					– 2,161
Net loss					**– 21,358**

Segment information

For the year ended 31 December 2016	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**145,549**	**30,376**	**4,108**	**-2,641**	**177,391**
Cost of sales	– 115,910	– 24,777	– 423	0	– 141,119
Gross Profit	**29,640**	**5,599**	**3,685**	**-2,641**	**36,282**
% of revenue	20.4 %	18.4 %	89.7 %		20.5 %
Other income	1,810	363	31	0	2,204
Selling & distribution	– 27,458	– 10,698	– 2,742	2,641	– 38,255
Segment EBITDA	**3,992**	**– 4,735**	**975**	**0**	**231**
Administrative expenses					– 8,597
EBITDA					**– 8,367**
Depreciation					– 3,273
EBIT					**– 11,638**
Net finance cost and income tax					– 6,807
Net loss					**– 18,445**

All judgements in applying the allocation and aggregation criteria are made by management. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

Revenue from major products and services

The revenue from major products and services is the following:

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Prescription (RX)	29,057	3,024
Over-the-counter (OTC) & beauty and personal care (BPC)	254,208	172,900
Other services	727	1,467
	283,992	**177,391**

The Group's revenue from external customers, based on the location of the entity, and information about its non-current assets (excluding non-current financial assets and deferred income tax assets) based on geographic location of the assets are as follows (all amounts in thousands of Euro):

Other geographical information – additions to non-current assets:

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Netherlands	11,565	11,935
Germany	1,207	92
Belgium	203	
Spain	555	
France	322	
	13,852	**12,027**

Other geographical information – locations of non-current assets:

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Netherlands	196,154	23,749
Germany	701	1,034
Belgium	413	
Spain	510	
France	327	
	198,105	**24,783**

Revenue in the country of domicile (related to shipments from The Netherlands) amounts to EUR 283.3 m in 2017 (2016: EUR 175.9 m). No single customer contributed more than 0.1 % to the Group's revenue for the years 2016 through 2017.

7. Cost of sales

Below, cost of sales are shown per region:

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Germany	168,040	115,910
International	57,971	24,776
Germany Services	397	423
	226,407	**141,109**

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Cost of goods sold	224,425	139,902
Employee benefit expenses	1,983	1,207
	226,407	**141,109**

The Group operates in two principal geographical areas: Germany and International (other European markets).

8. Other income

The other income mainly relates to income from service transactions provided to Europa Apotheek Venlo B.V. (2017: EUR 3.0 m; 2016: EUR 2.2 m).

The core business of Shop-Apotheke is to advertise, sell and deliver OTC medications and pharmacy-related BPC products to online customers in all relevant Continental European markets, the core business of the newly acquired Europa Apotheek Venlo is to mail-order prescription and OTC medications and BPC products to the German core market. We acquire customers once, and then drive engagement and repeat purchases from those customers over a long period of time by leveraging the acquired customer base.

As our wholesale unit EuroService Venlo provides purchasing, warehousing and picking services to both Shop-Apotheke and Europa Apotheek Venlo at defined rates per parcel; until 7 November 2017 the income from these services as well as IT, marketing and administrative services based on service-agreements at arm's length provided to Europa Apotheek Venlo are shown as other income.

9. Selling & distribution

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Selling & distribution without employee benefit expenses and depreciation	46,659	28,692
Employee benefit expenses	13,758	9,563
Depreciation expenses	6,000	2,782
Total selling & distribution*	**66,417**	**41.036**

* Total selling & distribution expenses shown in segment reporting excludes depreciation.

The main categories within selling & distribution are marketing expenses, distribution cost, operations and marketing personnel expenses.

10. Administrative expenses

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Administrative expenses without employee benefit expenses and depreciation	8,984	4,607
Employee benfit expenses	3,335	3,990
Depreciation expenses	1,059	491
Total administrative expenses*	**13,378**	**9,089**

* Administrative expenses shown in segment reporting excludes depreciation.

The main categories within Administrative expenses are personnel expenses e. g. for management, finance, HR, IT as well as other IT related cost, operations overhead cost and facility expenses.

Reconciliation Employee benefit to selling & distribution, administrative expenses and cost of sales

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Selling & distribution	13,758	9,563
Administrative expenses	3,335	3,990
Cost of sales	1,983	1,207
	19,076	**14,760**

The average number of employees of the Group converted to full-time equivalents was as follows:

	Year 2017	Year 2016
	EUR 1,000	EUR 1,000
FTEs (full-time equivalents) at the end of the year	483	302

All employees are involved in providing the Group's services relating to its online pharmacy and e-commerce activities. During 2017, 189 out of the 483 FTEs were working outside the Netherlands (2016: 86 out of 302).

The number of FTEs increased as a consequence of the EHS acquisition on 8 November 2017. The average number of FTEs for the year ended 31 December 2017 was below 500.

Retirement benefit plan – defined contribution plan
The total expense recognised in profit or loss represents contributions payable to the plan by the Group. As at 31 December 2017, contributions of EUR 7k (2016: EUR 0) due in respect of the reporting period had not been paid over to the plan.

Depreciation and amortisation expenses

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Depreciation of property, plant and equipment	2,493	757
Amortisation of intangible assets	4,566	2,515
	7,059	3,272

11. Finance expenses

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Other finance expenses	2,246	9,338
	2,246	9,338

Finance expenses relate to expenses incurred in relation to the accounts receivable financing by online payment methods such as credit card companies and Paypal. Part of the fees paid to these companies that relate to the financing (prepayment) element has been reported as other finance expense, the remainder as selling and distribution cost (2016: including costs related to shareholder loan financing until 31 October 2016).). In 2017, EUR 205 k leasing cost have been included in other finance expense.

For 2016, finance expenses relates to shareholder loan financing (until 31 October 2016), thereof EUR 6,9 m relates to IFRS accounting for early repayment, as well as expenses incurred in relation to the accounts receivable financing by online payment methods such as credit card companies and Paypal.

12. Income tax

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Consolidated Year ended 31. 12. 2017	Consolidated Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Result before tax	– 21,403	– 20,960
Temporary difference fiscal amortisation goodwill	– 584	– 336
Temporary difference fiscal amortisation software	272	0
Temporary difference intangible assets from business combination	832	0
Temporary difference shareholder loan	0	7,519
Fiscal results other countries	112	0
Use of tax loss carry forward Germany	– 97	– 191
Taxable result before tax	**– 20,868**	**– 13,968**
Income tax expense:		
Effect of tax during the year Netherlands	5,217	3,492
No deferred tax due to uncertainty	– 5,217	– 3,492
Effect of tax loss carry forward Netherlands	0	0
Effect of taxes in other countries	– 44	0
Effect of tax loss carry forward Germany	– 29	– 17
Effect from movement deferred taxes	118	2,532
Current tax expense in profit and loss	**45**	**2,515**

Deferred tax balances

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25 % in the Netherlands and 30% in Germany (2016: 25 % and 30 % respectively).

The movement on the deferred tax account is as shown below:

	Deferred taxes 2017	Deferred taxes 2016
	EUR 1,000	EUR 1,000
Balance 1 January	0	– 2,564
Recognised in profit and loss	89	**2,564**
Recognised in shareholders' equity	0	0
Arising on business combination	– 9,353	0
Balance 31 December	**– 9,264**	**0**

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the managment believes it is probable that these assets will be recovered.

The movements in deferred tax assets and liabilities (prior to the offsetting of balances within the same jurisdiction as permitted by IAS 12) during the period are shown below.

	Asset 2017	Liability 2017	Net 2017	(Charged)/ credited to profit and loss 2017	(Charged)/ credited to equity 2017	Arising on business combination 2017
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Available losses	3,447	0	3,447	– 41	0	2,665
Temporary difference fiscal amortisation goodwill	0	– 910	– 910	– 146	0	0
Temporary difference fiscal amortisation software	0	0	0	68	0	0
Business combinations	0	– 11,801	– 11,801	208	0	– 12,009
Tax assets/(liabilities)	3,447	– 12,711	– 9,264	89	0	– 9,354
Set off of tax	0	0	0	0	0	0
Net tax assets/(liabilities)	**3,447**	**– 12,711**	**– 9,264**	**89**	**0**	**– 9,354**

	Asset 2016	Liability 2016	Net 2016	(Charged/ credited to profit and loss 2016	(Charged/ credited to equity 2016	Arising on business combination 2016
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Available losses	833	0	833	801	0	0
Temporary difference fiscal amortisation goodwill	0	– 765	– 765	– 184	0	0
Temporary difference fiscal amortisation software	0	– 68	– 68	68	0	0
Other	0	0	0	1,830	0	0
Tax assets/(liabilities)	833	– 833	0	2,515	0	0
Set off of tax	– 833	833	0	0	0	0
Net tax assets/(liabilities)	**0**	**0**	**0**	**2,515**	**0**	**0**

The Company has carry-forward losses in The Netherlands for an amount of EUR 62.2 m at the end of 2017 and EUR 29.6 m at the end of 2016. Of these, EUR 17.3 m can be used for the period up to 2024, EUR 19.3 m can be used for the period up to 2025 and EUR 25.6 m can be used for the period up to 2026. The anticipated applicable tax rate is the Dutch corporate tax rate of 25 % payable by corporate entities in The Netherlands on taxable profits for all periods up to 2018, of 24 % for the year 2019, of 22,5 % for the year 2020 and of 21 % for all years including and following 2021, and the corporate tax rate of 30 % payable by corporate entities in Germany on taxable profits.

A deferred tax asset has not been recognised for the following:

	2017	2016
	EUR 1,000	EUR 1,000
Unused tax losses	48,524	26,584
The expiry date of the unused tax losses is as follows:		
31 December 2024	6,770	7,534
31 December 2025	19,230	19,230
31 December 2026	22,524	0

Deferred tax liabilities

As per 31 December 2017, the deferred tax liability for goodwill relates to the acquisition of the Shop Group in 2010 which was an asset deal under Dutch jurisdiction with an initial (at acquisition) duration of 10 years (EUR 909 k) and to the intangible assets identified in the purchase price allocation to the acquisition of EHS in 2017 (EUR 11,802 k).

Deferred tax assets

For fiscal entity SA Europe B.V., a deferred tax asset (EUR 909 k) relates to losses carried forward that are recognised only as far as they can be offset against deferred tax liabilities for the same fiscal entity.

For fiscal entities RedTecLab GmbH, EHS Europe Health Services B.V. and EHSC B.V., deferred tax assets from losses carried forward (EUR 45 k, EUR 14 k and EUR 2,470 k respectively) are recognised due to the historical development of the financial results of these entities, together with thorough forecast data: this information is considered sufficient basis for recognising these deferred tax assets.

13. Earnings per share

Basic and diluted earnings

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Result for the year attributable to owners of the Company	– 21,358	– 18,445
Earnings used in the calculation of basic and diluted earnings per share	– 21,358	– 18,445
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	– 21,358	– 18,445
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	9,498,318	5,993,861

Basic and diluted earnings per share

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	Euro per share	Euro per share
From continuing operations	– 2,25	– 3.08
From discontinued operations	0.00	0.00
Total basic and diluted earnings	**– 2,25**	**– 3.08**

14. Property, plant and equipment

A summary of the movements of property, plant and equipment is given below.

	Machinery	Other	Prepayments/ under construction	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Cost				
Balance 1 January 2016	577	5,595	0	6,172
Additions	12	947	0	959
Disposals	0	– 31	0	– 31
Balance 31 December 2016	**589**	**6,511**	**0**	**7,100**
Acquisitions	3	845	0	848
Additions	13	6,794	501	7,308
Disposals	– 3	– 3,547	0	– 3,550
Balance 31 December 2017	**602**	**10,603**	**501**	**11,709**
Accumulated amortisation and impairment				
Balance 1 January 2016	32	3,723	0	3,755
Depreciation	127	630	0	757
Disposals	0	– 25	0	– 25
Balance 31 December 2016	**159**	**4,328**	**0**	**4,487**
Depreciation	126	2,364	0	2,493
Disposals	– 3	– 3,546	0	– 3,549
Balance 31 December 2017	**282**	**3,146**	**0**	**3,428**
Carry value				
Balance 31 December 2016	430	2,183	0	2,613
Blanace 31 December 2017	320	7,457	501	8,278

In the calculation of depreciation useful lives of 3 – 10 years are used for operating assets. The operating assets mainly consist of hardware and leasehold improvements.

Due to the early application of IFRS16, the 2017 additions in “other” include right-of-use assets for a total amount of EUR 4.643 k. Depreciation of right-of-use assets in 2017 adds up to EUR 560 k.

In 2017, disposals are recognised for old assets that that cannot be identified anymore, for which the initial cost value was EUR 3.547k and the net book value was EUR 0.

15. Intangible assets

Intangible assets consist of finite useful lives intangible assets, except for goodwill. A summary of the movements of intangible assets is given below.

	Software, technology & contracts	Brand	Customer base	Goodwill	Prepayments	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Cost						
Balance 1 January 2016	13,710	0	0	6,777	0	20,487
Additions	3,284	3,605	0	4,178	0	11,067
Disposals	0	0	0	0	0	0
Balance 31 December 2016	**16,995**	**3,605**	**0**	**10,955**	**0**	**31,554**
Acquisitions	4,830	5,228	38,383	117,231	0	165,672
Additions	3,527	0	0	5	3,019	6,551
Disposals	– 4,327	0	0	0	0	– 4,327
Balance 31 December 2017	**21,026**	**8,833**	**38,383**	**128,191**	**3,019**	**199,451**
Accumulated amortisation and impairment						
Balance 1 January 2016	4,991	0	0	1,879	0	6,870
Amortisation	2,408	107	0	0	0	2,515
Disposals	0	0	0	0	0	0
Balance 31 December 2016	**7,399**	**107**	**0**	**1,879**	**0**	**9,385**
Amortisation	3,428	748	390	0	0	4,566
Disposals	– 4,327	0	0	0	0	– 4,327
Balance 31 December 2017	**6,500**	**855**	**390**	**1,879**	**0**	**9,624**
Carry value						
Balance 31 December 2016	9,596	3,498	0	9,076	0	22,169
Balance 31 December 2017	14,526	7,978	37,993	126,312	3,019	189,827

In the calculation of amortisation the following useful lives are used:

- Acquired websites: 10 years
- Internal website development (programming): 3 years
- ERP-software: 7 years
- Customer database (Normal Rx): 14 years
- Customer database (Smart Rx): 17 years
- Customer database (OTC): 12 years
- Smart Technology: 15 years
- Brand name: 2 years
- Favorable contract: 8 years
- Goodwill: infinite life subject to impairment

In 2017, disposals are recognised for old assets that couldn't be used anymore, for which the initial cost value was EUR 4.327 k and the net book value was EUR 0.

16. Impairment tests for goodwill

Impairment tests on goodwill in line with IAS 36.49 and IAS 36.6 have been performed for each cash generating unit for which the carrying amount of goodwill is significant in comparison with the total carrying amount of goodwill. Impairment tests have been performed for the goodwill related to the following cash generating units:

- Shop-Apotheke (goodwill = EUR 4,898 k),
- Farmaline (goodwill = EUR 4,178 k),
- EHS Europe Health Services/Europa Apotheek including KÖNIG (goodwill = EUR 117,231 k)

By analyzing the headroom between the enterprise value calculated and the carrying amounts.

The cash flow forecasts relate to a future period of ten years that takes into account expected sales growth, resulting from the shift from offline to online business, with terminal growth rates of 1 % and 3 %.

Due to the longer duration of such market developments in the health sector, a period of ten years has been used.

The impairment analyses were carried out with discounted post-tax cash-flow analyses of the respective cash-generating units based on best estimates of future sales, costs, working capital and investment needs as well as tax-loss carry-forward and applicable tax rates. From the post-tax discounted cash-flow analysis pre-tax rates were determined using the goal-seek method according to "IAS36.BCZ85 Determining a pre-tax discount rate."

Benchmarked discount rates for respective analyses of recoverability were used (pre-tax WACC of 10,4 %, 10,1 %, 9,6 % for EHS Europe Health Services/the Europa Apotheek business, Shop-Apotheke and Farmaline respectively). The WACC used for the analyses was based on an independent analysis of the risk free and market premium interest rate including beta analysis and the debt-to-equity ratio.

As a result of the above impairment test the recoverable amounts were in all cases higher than the carrying amounts. So that management concludes that no impairment of goodwill is applicable. Management also performed a sensitivity analysis on the sales growth rates and WACC's, the individual estimates and assumptions and concluded that a reasonable possible change in the estimates does not result in an impairment.

17. Accounting for Joint Ventures

The company has a 50 % (2016: 0 %) interest in two joint ventures, König IDV GmbH and König IT Systeme GmbH, both incorporated and located in Germany. The primary business of König IDV GmbH is data processing. The primary business of König IT Systeme GmbH is IT Services.

The contractual arrangement provides the group with the rights to the net assets and liabilities of the joint venture. Under IFRS 11 this joint venture has been included in the consolidated financial statements using the equity method.

Assumptions used in the impairment test as at 31 December 2017 are summarized in the table below:

CGU	Terminal sales growth	Revenue growth rate	EBITDA margin	Discount rate
Shop Apotheke	1 %	5 % – 30 %	2 % – 9,5 %	10,1 %
Farmaline	3 %	5 % – 85 %	– 1,7 % – 5,6 %	9,6 %
Europa Apotheek	1,2 %	5 % – 25 %	– 9,9 % – 6,0 %	10,4 %

	Country of incorporation principal place of business	Proportion of ownership interest held as at 31 December	
		2017	2016
König IDV GmbH[1]	Germany	50 %	
König IT-Systeme GmbH[2]	Germany	50 %	

König IDV GmbH had a preliminary result after taxes of EUR 11 k in financial year 2017. König IT Systeme GmbH had a preliminary result after taxes of EUR 239 k. Summarised financial information in relation to the joint venture is presented below:

	As at 31 December 2017	As at 31 December 2016
	EUR 1,000	EUR 1,000
Non-Current assets	39	66
Current assets	641	400
Total assets	**680**	**466**
Equity	540	290
Current liabilities	140	176
Total equities and liabilities	**680**	**466**

18. Inventory and pre-ordered stock

The cost of inventories recognised as an expense during the year in respect of continuing operations was EUR 226.4 m (2016: EUR 141.1 million).

No inventories are expected to be recovered after more than twelve months.

19. Trade and other receivables

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Trade receivables	22,387	8,520
Allowance for doubtful debts	– 1,840	– 242
	20,546	**8,278**

The average credit period on sales of goods and services is 14 days in 2017 (2016: 16 days).

Since most receivables relate to German customers that by law are only obliged to pay after 30 days, no impairment is made for receivables between 11 and 29 days, except for manufacturer-related receivables from Europa Apotheek revenue, where due to disputes 100 % of outstanding receivables has been impaired. On the other hand, receivables from health insurance companies are considered fully receivable even if they are overdue. Therefore no impairment applies for receivables from health insurance companies.

No interest is charged on trade receivables. The Group has recognised an allowance for doubtful debt as stated above.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer scoring. Limits and scoring attributed to customers are reviewed periodically; in addition customer orders are checked automatically by defined algorithms to prevent fraud.

Of the trade receivables balance at the end of the year 2017, EUR 179 k (2016: EUR 200 k) was due from the Group's largest customer. No customer individually represents more than 1% of the total balance of trade receivables.

There are no trade receivables disclosed above that include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised a provision for impairment.

[1] The primary business of König IDV GmbH in Gottmadingen, Germany, is data processing.
The 50 % share was acquired as part of the acquisition of EHS Europe Health Services B.V. on 8 November 2017.

[2] The primary business of König IT GmbH in Gottmadingen, Germany, is IT services.
The 50 % share was acquired as part of the acquisition of EHS Europe Health Services B.V. on 8 November 2017.

Age of receivables that are past due but not impaired:

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
30 – 60 days	2,337	483
61 – 90 days	40	0
91 – 120 days	41	0
121 days and older	– 9	0
	2,409	**483**
Average age (in days)	47	45

Movement in the provision for impairment::

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Balance beginning of the year	242	158
Impairment losses recognised	2,574	419
Amounts written off as uncollectible	– 976	– 336
Balance end of the year	**1,840**	**242**

Age of impaired receivables:

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
0 – 30 days	76	0
30 – 60 days	92	0
61 – 90 days	229	83
91 – 120 days	155	41
121 days and older	1,288	118
	1,840	**242**
Average age (in days)	147	131

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

20. Other current assets

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Prepayments	1,249	1,218
Other current assets and accrued income	5,275	1,912
	6,524	**3,130**

21. Other financial assets and cash and cash equivalents

Other financial assets

other financial assets according to IAS 7.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand.

All cash balances are at free disposal of the Group, except for a rent guarantee of EUR 33.6 k at RedTecLab GmbH.

22. Shareholders' equity

Share capital

The share capital of the Group as at 31 December 2017 amounts to EUR 240.4 k (31 December 2016: EUR 181.4 k) divided into 12,020,456 shares (31 December 2016: 9,069,878 shares) each with a nominal value of EUR 0.02 all of which have been issued and fully paid.

23. Trade and other payables

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Trade payables	23,090	12,563

The average credit period on purchases is 25 days in 2017 (2016: 20 days). No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

24. Other liabilities

Other liabilities (non-current)

Due to the application of IFRS 16 as of 1 January 2017, lease liabilities have been recognised during the year for an initial value of EUR 5.5 m, of which EUR 4.0 m was non-current initially.

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Lease liabilities (non-current)	3,033	0
Amounts due to banks	183	234
Earn-out liability	1,100	0
Other	0	3,100
	4,316	3,334

Other liabilities (current)

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Employee benefit liabilities	1,054	932
Value-added tax	3,426	5,487
Wage tax and social security liabilities	455	322
Corporate income tax	66	0
Amounts due to banks	51	49
Lease liabilities (current)	1,622	0
Earn-out liability	1,100	0
Accrued expenses related to capital increase	2,280	0
Other	3,485	1,458
	13,539	**8,248**

The employee benefit liabilities include the accruals for bonus payments, vacation days and several other accruals.

25. Amounts due to banks

In accordance with IAS 7 the overview below shows the changes arising from cash-flows and non-cash changes:

			Non-cash changes		
	31.12.2016	Cash flows	Initial recognition	Fair value changes	31.12.2017
	EUR 1,000	EUR 1,000			
Long term borrowings	334	– 51	0	0	283
Short term borrowings	49	4,865	0	0	4,914
Lease liabilities (non-current)	0	0	4,198	0	4,198
Lease liabilities (current)	0	– 1,352	1,604	206	458
	383	**3,462**	**5,802**	**206**	**9,853**

26. Financial instruments

Categories of financial instruments

	Financial assets at fair value through profit or loss		Loan and receivables		Available for sale	
	Year ended 31. 12. 2017	Year ended 31. 12. 2016	Year ended 31. 12. 2017	Year ended 31. 12. 2016	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Trade and other receivables	0	0	20,546	8,278	0	0
Other current assets	0	0	5,275	1,912	0	0
Other financial assets	0	0	12,510	20,012	0	0
Cash and cash equivalents	0	0	15,783	38,485	0	0
Total financial assets	**0**	**0**	**54,114**	**68,687**	**0**	**0**

	Financial assets at fair value through profit or loss		Financial liabilities at amortised cost	
	Year ended 31. 12. 2017	Year ended 31. 12. 2016	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Other non-current liabilities (excluding lease)	0	0	1,283	3,334
Trade and other payables	0	0	23,090	12,563
Amounts due to banks	0	0	4,914	49
Other current liabilities (excluding lease)	0	0	6,865	1,054
Total financial liabilities	**0**	**0**	**36,152**	**17,000**

Information on risks

The following financial risks can be identified: interest rate risk, credit risk, liquidity risk and currency risk.

This note provides information on these financial risks to which the Group is exposed, the objectives and policy for managing risks arising from financial instruments as well as the management of capital.

Interest rate risk:
The interest rate risk includes the influence of positive and negative changes to interest rates on the profit, equity, or cash flow in the current or a future reporting period. Interest rate risks from financial instruments can arise within the Group mainly in connection with financial liabilities. A change in the market risk at reporting date by 100 BP, would have an effect of circa EUR 0 in 2017 on the Group profit or equity, since the shareholder loan was repaid on 31 October 2016 and the credit facility is only partly used for a very short period.

Credit risk:
Credit risk is the risk of a loss being incurred because a counterparty is unable or unwilling to meet its obligations. The Group is exposed to credit risk; this risk mainly relates to non-payment by customers for services provided. Credit risk also arises from cash, cash equivalents and other financial assets. For banks and financial institutions only independently rated parties with minimum rating A are accepted.

The risk of default on receivables has been reflected in provisions for bad debt. Due to constant close monitoring of potential default risks, additional receivables risk is very limited. Receivables which are past due, but for which no provision has been recognised, are without exception trade receivables from normal sales. For provision for doubtful debts see note 19 of the Consolidated Financial Statements.

The other receivables and the prepayments and accrued income do not contain any accounts older than one year.

Liquidity risk:
Liquidity risk is the risk that the Group is unable to obtain the financial resources required to meet its financial obligations on time. In this connection, the Group regularly assesses the expected cash flows over a period of several years. These cash flows include operating cash flows, dividends and share premium repayment, interest payments, replacement capital expenditure and the effects of a change in the Group's creditworthiness. The aim is to have sufficient funds available at all times to provide the required liquidity.

The Group's liquidity needs are affected by many factors, some of which are based on the normal ongoing operations of the business, and others that relate to the uncertainties of the global economy and the industry. Although cash requirements fluctuate based on the timing and extent of these factors, the Group believes that cash generated from operations, together with the liquidity provided by existing cash and cash equivalents are sufficient to satisfy the current requirements, including the 2018 capital expenditures.

Currency risk:
The Group's sales are only denominated in euros. The cost of raw materials and consumables used and other expenses are almost completely denominated in euros and to a very limited extent in other currencies. Therefore, foreign currency exchange risk is considered to be limited.

Liquidity and interest risk tables:
The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest curves at the end of the reporting period. The contractual maturity is based on the earliest day on which the company may be required to pay.

Due to the EHS acquisition on 8 November 2017, the non-interest bearing financial liability has become part of the consolidation and doesn't apply anymore for the Consolidated Statement of financial position as at 31 December 2017.

The following table sets out the maturities (representing undiscounted cash flows) of financial liabilities:

	Up to 1 Year	1 – 5 Years	Over 5 Years	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
At 31 December 2017				
Other non-current liabilities (excluding lease)	0	1,243	40	1,283
Trade and other payables	23,090	0	0	23,090
Amounts due to banks	4,914	0	0	4,914
Other current liabilities (excluding lease)	6,865	0	0	6,865
Total financial liabilities	**34,869**	**1,243**	**40**	**36,152**
At 31 December 2016				
Other non-current liabilities (excluding lease)	0	3,000	0	3,000
Trade and other payables	12,563	0	0	12,563
Amounts due to banks	49	0	0	49
Other current liabilities (excluding lease)	1,054	0	0	1,054
Total financial liabilities	**13,666**	**3,000**	**0**	**16,666**

Capital management

The Group manages its equity to ensure it will be able to continue as going concern while maximising the return to it. After the acquisition of the Farmaline business, the successful listing in the Prime Standard market segment of the Frankfurt Stock Exchange on 13 October 2016 and the acquisition of the Europa Apotheek business on 8 November 2017 through issuance of new shares, the Group's overall strategy is leadership in all relevant European markets. The Group is subject to reporting and governance rules of the Dutch Autoriteit Financiële Markten (AFM) and the Frankfurt Stock Exchange.

Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities are not measured at fair value on a recurring basis.

The company considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values. The fair values are the same as the carrying amounts since all trade and other receivables are due within 30 days and all trade and other payables are paid within 30 days.

27. Related party transactions

In the annual report 2017 no related parties with outstanding balances are presented since outstanding balances to related parties do not exist as at 31 December 2017.

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

MK Beleggingsmaatschappij B.V. is a related party without transactions in 2017 (2016: no transactions).

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 Verwaltungsgeschellschaft mbH which indirectly holds 6 % of the shares in SHOP APOTHEKE EUROPE N.V. (2016: 100 % and 6 % respectively).

27.1 Compensation of key management personnel

The remuneration of management board and supervisory board members was as follows:

Year ended 31 December 2017	Periodically paid remuneration	Accrued remuneration	Total
Management board member			
Marc Fischer	186,705	0	186,705
Theresa Holler	186,717	2,280	188,997
Michael Köhler	69,533	0	69,533
Ulrich Wandel	185,560	0	185,560
Stephan Weber	189,625	0	189,625
Total	**818,140**	**2,280**	**820,420**

Year ended 31 December 2016	Periodically paid remuneration	Accrued remuneration	Total
Management board member			
Marc Fischer	191,659	0	191,659
Theresa Holler	186,969	2,280	189,249
Michael Köhler	34,729	0	34,729
Ulrich Wandel	179,687	0	179,687
Stephan Weber	191,030	0	191,030
Total	**784,074**	**2,280**	**786,354**

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
Supervisory Board		
Jan Pyttel (Chairman)	30,000	7,500
Björn Söder	20,000	5,000
Frank Köhler	20,000	5,000
Jerome Cochet	20,000	5,000
Total	**90,000**	**22,500**

There was no remuneration for other long-term benefits, termination benefits and share-based payments. In variance to the numbers from the 2016 annual report, 2017 amounts include employer expenses regarding social insurance premiums. The comparative numbers have been updated accordingly. The remuneration of directors was determined by the Supervisory Board.

27.2 Loans to key management personnel

The Group has not provided any loans to its key management in 2017.

27.3 Loans from related parties

No loans from related parties were obtained in 2017. The loan obtained from related parties in 2016 was paid back on 31 October 2016. It had the following conditions and parameters Annual actual interest: 2.5 % (7.5 % effective rate).

28. Business combinations during the period

Subsidiaries acquired

During 2017, the following entities were acquired by the Shop Apotheke Group:
- 100% of the shares of Farmanatur Productes S.L.
- 100% of the shares of Hygée Santé SARL
- 100% of the shares of EHS Europe Health Services B.V.

2017	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred EUR 1.000
Farmatur Products S.L.	Trade of parapharmacy products in Spain	17 April 2017	100 %	258
Hygee Sante SARL	Trade of parapharmacy products in France	1 August 2017	100 %	10
EHS Europe Health Services B.V.	Online mail order pharmacy in Germany, focussing on prescription medication	8 November 2017	100 %	168,183

Acquisition of Farmanatur Productes S.L. and Hygee Sante SARL

On 17 April 2017, the Shop Apotheke Group acquired 100 % of the shares of Farmanatur Productes S.L. ("Farmanatur") via a cash payment. The principal reason for this acquisition was to speed up the market penetration in Spain. No significant synergy effects are expected for the Group.

The results of Farmanatur Productes S.L. are consolidated effective from 17 April 2017 (and directly contributed to the earnings per share). The acquisition has been financed from existing credit facilities.

On 1 August 2017, the Shop Apotheke Group acquired 100 % of the shares of Hygée Santé SARL ("Hygée Santé") via a cash payment. The principal reason for this acquisition was to speed up the market penetration in France. No significant synergy effects are expected for the Group. The results of Hygée Santé SARL are consolidated effective from 1 August 2017 (and directly contributed to the earnings per share). The acquisition has been financed from existing credit facilities.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill are as follows (for the aggregate of the Farmanatur and Hygee Sante acquisition):

	Book value	Adjustment	Fair value
	EUR 1,000	EUR 1,000	EUR 1,000
Tangible fixed assets	7	0	7
Financial fixed assets – deferred taxes	8	0	8
Inventory	90	0	90
Other receivables	1	0	1
Cash	32	0	32
Trade payables	– 32	0	– 32
Other payables and current liabilities	– 4	0	– 4
Goodwill on acquisition		166	166
Total consideration	**102**	**166**	**268**

The goodwill arising on the Farmanatur acquisition is not deductible for tax purposes.

Acquisition of EHS Europe Health Services B.V.

On 8 November 2017, SHOP APOTHEKE EUROPE N.V. ("SAE") acquired 100 % of the shares of EHS Europe Health Services B.V. ("EHS"), aiming to create Europe's largest online pharmacy by adding the Europa Apotheek prescription medication and OTC mailorder business, and to significantly strengthen its position in the German core market The combination of the prescription and the OTC business is expected to positively influence sales growth in both ways.

SAE acquired EHS by way of a contribution in kind of EHS shares against new shares of SAE, created via a capital increase. SAE issued 2.72 (rounded) new SAE shares for each EHS share.

The total consideration transferred is 2,950,578 new shares, which is based on the share price at acquisition date (EUR 57.00 per share) = EUR 168.2 million.

The results of EHS are consolidated effective from 8 November 2017 (and directly contributed to the earnings per share). The acquisition has been financed from issuing new shares.

Consideration transferred

	Book value	Adjustment	Fair value
	EUR 1,000	EUR 1,000	EUR 1,000
Tangible fixed assets	364	0	364
Intangible fixed assets	484	48,038	48,522
Financial fixed assets – participations	882	0	882
Financial fixed assets – deferred taxes	2,735	0	2,735
Trade debtors	10,042	0	10,042
Other receivables	5,416	0	5,416
Cash	1,489	0	1,489
Provisions	– 323	0	– 323
Non-current liabilities	– 201	0	– 201
Trade payables	– 872	0	– 872
Other payables and current liabilities	– 4,927	0	– 4,927
Goodwill on acquisition	0	117,065	117,065
Deferred tax liabilities	0	– 12,010	– 12.010
Total consideration	**15,089**	**153,093**	**168,182**

No contingent consideration arrangements apply.

The goodwill arising on the EHS acquisition is not deductible for tax purposes.

On acquisition EHS Europe Health Services B.V. held trade receivables with a book and fair value of EUR 10,042 k representing contractual receivables of EUR 11,460 k. The provision for impairment includes receivables related to mandatory manufacturer rebates, for which the Group considers a realistic receipt potential.

Impact of acquisition on the results of the Group
Included in the Gross Profit for the year is EUR 4.0 million attributable to the additional business generated by the EHS acquisition. Revenue for the year includes EUR 25.3 million in respect of the EHS business.

Should the acquisition have been at 1 January 2017, contribution to the revenue and the Gross Profit would have been EUR 167.6 million and EUR 20.1 million respectively.

The group incurred acquisition related costs for an amount of EUR 4.7 million (2016: EUR 0.8 million).

EUR 3.6 million of these costs have been included in Other operating expenses (Administrative expense) and EUR 1.1 million is included in shareholders' equity.

29. Business combinations completed in prior periods

On 14 September 2016, the group acquired the Belgian Farmaline business (including 100% of the voting shares of Fastnet B.V.BA, a company registered in Tongeren/Belgium that serves as an international service center for the Farmaline business and became a 100% subsidiary of SA Europe B.V.). Goodwill related to the acquisition was recorded according to IFRS 3. With the integration of the Farmaline business, SHOP APOTHEKE EUROPE expanded into a number of European markets previously targeted, including the new markets Spain and Italy and at the same time significantly speeded up its Continental European roll-out.

Earn-out payments were part of the acquisition of the Farmaline business and presented as contingent liabilities as at 31 December 2016. Due to the fast and successful integration of the Farmaline business, the purchase agreement for the Farmaline business was changed in 2017 from earn-out payments to fixed agreed payments, which are presented as other liabilities as at 31 December 2017.

As disclosed in last year's Annual Report, the value of the identifiable net assets related to the Farmaline business include intangible assets of Fastnet (software) that are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. In addition, Farmaline domains and trademarks are carried at cost less accumulated amortisation and accumulated impairment losses as intangible assets. Amortisation is recognised on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Development of Farmaline-acquisition related contingent liabilities

	EUR 1,000
Earn-out provision as at 31 December 2016 (net present value of contingent future payments)	2,961
Interest expense/net present value update 2017	199
	3,160
Less: earn-out payment 2017	1,100
	2,060
Interest expense/change from net present value to nominal value	140
	2,200
Less: transfer of remaining 2019-payments to other liabilities (non-current)	– 1,100
Less: transfer of remaining 2018-payments to other liabilities (current)	– 1,100
Earn-out provision as at 31 December 2017	**0**

30. Leases

Due to the application of IFRS 16, all operating lease contracts (except for short-term leases and leases of low value assets) have been presented as right-of-use assets and lease liabilities respectively.

Initial recognition values were based on the net present value of the contractually agreed lease payments as per 1 January 2017 for existing contracts, and on the net present value of the remaining contractually agreed lease payments as per applicable starting dates for lease contracts with a later starting date.

The development of right-of-use assets and lease liabilities in the year was as follows:

	Right of Use Asset 2017	Lease Liability 2017
	EUR 1,000	EUR 1,000
Balance 1 January	0	0
Initial recognition IFRS 16	4,643	– 4,643
Additions	1,160	– 1,160
Depreciation charge	– 1,261	0
Interest expense	0	– 204
Cash out lease payments	0	1,352
Balance 31 December	**4,542**	**– 4,655**
Lease liabilities non-current		– 3,033
Lease liabilities current		– 1,622
		– 4,655

The following table sets out the maturities (representing undiscounted cash flows) of financial lease liabilities:

	At 31 December 2017 Total financial liabilities (lease)
	EUR 1,000
Up to 1 Year	1,640
1 – 5 Years	3,090
Over 5 Years	302
Total	**5,032**

Total expenses relating to short term leases in the financial year add up to EUR 100k.

There are no expenses related to leases of low value assets.

31. Contingent liabilities

Guarantees

Guarantee obligations have been provided by the Group for EUR 34 k (RedTecLab GmbH).

Fiscal unity

For the purpose of value added tax, SHOP APOTHEKE EUROPE N.V., SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V., VitaZita B.V. and EuroService Venlo B.V. are associated in a fiscal unity and are therefore severally liable for the value added tax owed of the entire fiscal unity. With the acquisition of 100 % of EHS Europe Health Services B.V., a second value added tax fiscal unity consisting of EHS Europe Health Services B.V., EHSC B.V., Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V. has been added and is severally liable for the value added tax owed by that entire fiscal unity.

For the purpose of corporate income tax, SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V., VitaZita B.V. and EuroService Venlo B.V. are associated in a fiscal unity and are therefore severally liable for the corporate income tax owed of the entire fiscal unity as of October 2015 (subsequent to this date and not for the prior period). With the acquisition of 100 % of EHS Europe Health Services B.V., a second corporate income tax fiscal unity consisting of EHSC B.V., Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V. has been added, and its members are severally liable for corporate income tax owed by that fiscal unity, and EHS Europe Health Services B.V. has been added as an additional separate corporate income tax unit.

Article 403 of the Dutch Civil Code

As of its incorporation on 30 September 2015, Shop Apotheke Europe N.V. is liable for the Dutch group companies SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V., VitaZita B.V. and EuroService Venlo B.V. according to Article 403 of the Dutch Civil Code. The according declaration 2017 has been filed with the trade register.

Rental commitments buildings and other (lease) agreements

The obligations for lease of property as at 31 December 2017 (except for short-term leases and leases of low value assets) have been presented as lease liabilities in the Statement of financial position.

Legal proceedings

SHOP APOTHEKE EUROPE and its subsidiaries are parties to a number of other legal proceedings arising out of their business operations. SHOP APOTHEKE EUROPE believes that the ultimate resolution of these proceedings will not, in the aggregate, have a material adverse effect on SHOP APOTHEKE EUROPE's financial position, results of operations or cash flows. Such other legal proceedings, however, are subject to inherent uncertainties and the outcome of individual matters is unpredictable. It is possible that SHOP APOTHEKE EUROPE could be required to make expenditures, in excess of established provisions, in amounts that cannot reasonably be estimated.

32. Provisions

Provisions are recognised if an outflow of economic benefits for settlements is probable and the amount is reliably estimable. If should be understood that, in light of possible future developments, such as potential lawsuits, possible future settlements, and rulings or judgments in pending lawsuits, certain cases may result in additional liabilities and related costs. At this point In time, we cannot estimate any additional amount of loss or range of loss in excess of the recorded amounts with sufficient certainty to allow the recognition of this amount. While the outcome of said cases and disputes cannot be predicted with certainty, we believe based upon legal advice and information received, that the final outcome will not materially affect our financial position but could be material to our results of operations or cash flows in any future accounting period.

33. Events after the reporting date

Germany's conservative Christian Democrats have finalized a coalition agreement with the Social Democrats (SPD) on 7 February 2018, possibly leading to a new government. However, at the editorial deadline of this annual report the agreement is still subject to approval by the SPD's 464,000 members in a postal ballot.

The draft coalition agreement of contains a statement that the parties intend to make efforts for a ban on the mail order of prescription medications. Regardless of the outcome of the SPD's members' decision, however, it will still be necessary to clarify in principle if a ban in any form could withstand a possible new assessment of the European Court of Justice. Based on expert opinions and statements of previous federal governments, this intention is unconstitutional and incompatible with European law. There have already been several attempts to prohibit the mail order of prescription medications in the past, the most recent in March 2017, but so far they have failed. Nevertheless, any unfavourable outcome might significantly impact our business.

34. Other information

Auditor's fees

The company's 2017 financial statements were audited by BDO Audit & Assurance B.V. (2016: Deloitte Accountants B.V.)

The following auditor's fees were expensed in the Statement of Profit and Loss in the reporting period:

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
Audit of the financial statements	180	160
Other audit procedures – Capital increase/acquisitions	235	0
Total	**415**	160

Approval and signing of the Consolidated Financial Statements

Venlo, 27 February 2018

Management Board members:
Marc Fischer, Theresa Holler, Michael Köhler, Dr. Ulrich Wandel, Stephan Weber

Supervisory Board members:
Jan Pyttel (Chairman), Jerome Cochet, Frank Köhler, Björn Söder.


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COMPANY FINANCIAL STATEMENTS.

COMPANY BALANCE SHEET

at 31 December 2017

	Notes	Year ended 31.12.2017	Year ended 31.12.2016
		EUR 1,000	EUR 1,000
Assets			
Financial fixed assets			
Subsidiaries	3	211,585	0
Deferred tax asset		0	863
		211,585	**863**
Current assets			
Trade and other receivables		0	26
Receivables from Group companies	4	17,841	68,959
Other current assets		61	0
Other financial assets		12,510	0
Cash and cash equivalents	5	181	34,876
		30,593	**103,861**
Total Assets		**242,178**	**104,724**
Equity and Liabilities			
Capital and reserves			
Issued capital		240	181
Share premium		289,076	118,922
Legal reserves		12,524	3,136
Retained earnings		– 41,516	– 10,548
Net income for the year		– 21,358	– 18,446
Shareholders' equity	6	238,966	93,245
Provisions	7	0	2,102
Current liabilities			
Trade and other payables		946	1,790
Payables to Group companies	8	970	6,530
Other liabilities		1,296	1,057
		3,212	**9,377**
Total equity and liabilities		**242,178**	**104,724**

COMPANY STATEMENT OF PROFIT AND LOSS

for the year ended 31 December 2017

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
General & administrative expenses	– 4,205	– 1,619
Total expenses	**– 4,205**	**– 1,619**
Other income	0	18
Financial income	220	5
Financial expenses	– 14	– 8,135
Result before tax	**– 3,999**	**– 9,731**
Income tax expenses	– 864	1,815
Share of post-tax results of subsidiaries	– 16,495	– 10,529
Net result	**– 21,358**	**– 18,445**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. General

The company is registered at the Venlo Chamber of Commerce under Commercial register Number 63986981.

The description of the company's activities and the company structure, as included in the Notes to the Consolidated financial statements, also apply to the company financial statements.

The company applied the amendments to IFRS 12 for the first time in the current year.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale.

The application of this amendment has had no effect on the Group's consolidated financial statements as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

2. Summary of significant accounting policies

The company financial statements of SHOP APOTHEKE EUROPE N.V. are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. The company has made use of the possibility based on Article 362, paragraph 8, Part 9, Book 2 of the Dutch Civil Code to prepare company financial statements based on the accounting policies used for the Consolidated financial statements. The summaries of applications of new and revised reporting standards, significant accounting policies and critical judgements are given in Notes 3, 4 and 5 respectively of the notes to the Consolidated financial statements.

An investment in a subsidiary is accounted for using the equity method from the date on which the investee becomes a subsidiary. On acquisition of the investment in a subsidiary, any excess of the cost of the investment over the Group's share of the net fair value of the identified assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Receivables are mainly receivables on Group companies. The accounting policy on trade and other receivables is included in note 19 of the notes to the Consolidated financial statements.

3. Financial fixed assets

Subsidiaries

A summary of the movements in the subsidiaries is given below:

	SA Europe B.V.	EHS Europe Health Services B.V.	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Balance 1 January 2016	9,290	0	9,290
Result SA Europe B.V.	– 9,290	0	– 9,290
Balance 31 December 2016	**0**	**0**	**0**
Acquisition	0	168,182	168,182
Informal capital	59,898	0	59,898
Result 2017	– 16,479	– 16	– 16,495
Balance 31 December 2017	**43,419**	**168,166**	**211,585**

Informal capital
During 2017, the shareholder's equity of SA Europe B.V. has changed from a negative to a positive value. Therefore as per 31 December 2017 the provision for negative equity value of subsidiaries doesn't apply anymore (31 December 2016: EUR 2,102k).

Following a decision by the shareholder meeting of SA Europe B.V. on 19 December 2017, an amount of EUR 62.0 m has been transferred from intercompany liabilities due to the parent company SHOP APOTHEKE EUROPE N.V. to share premium. For SHOP APOTHEKE EUROPE N.V. this means, that intercompany receivables due from SA Europe B.V. are transferred to subsidiary value of SA Europe B.V.

4. Receivables from Group companies

Regarding receivables and payables from/to Group companies, no repayment schedules have been agreed and no interest applies. Debit and credit amounts may be netted.

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
SA Europe B.V.	17,841	16,968
Euroservice B.V.	0	28,943
Shop Apotheke Service B.V.	0	23,037
Vita Zita B.V.	0	11
Balance 31 December 2017	**17,841**	**68,959**

5. Cash and cash equivalents

Cash and cash equivalents, of EUR 181 k at immediate free disposal of the company.

6. Shareholders' equity

The total authorised number of ordinary shares is 12,020,456 at 31 December 2017 (31 December 2016: 9,069,878) with a par value of EUR 0.02 per ordinary share. The issued and paid-up share capital of the company amounts to EUR 240,409.12 divided into 12,020,456 ordinary shares of EUR 0.02 each.

Additional information is given in the Consolidated statement of changes in shareholder's equity and in note 22 of the notes to the Consolidated financial statements.

Legal reserves

Based on Dutch law, a legal reserve needs to be established for capitalized costs of development of software. The legal reserve cannot be used for dividend distribution and is therefore restricted in usage.

Movements during 2017 relate to the net balance of capitalization and amortisation of software development.

7. Provisions

Provisions relate to the negative equity value of the fully owned subsidiary SA Europe B.V..

	SA Europe B.V.	Total
	EUR 1,000	EUR 1,000
Balance 1 January 2016	0	0
Result SA Europe B.V. 2016	2,102	2,102
Balance 31 December 2016	**2,102**	**2,102**
Informal capital	– 2,102	– 2,102
Balance 31 December 2017	**0**	**0**

8. Payables to Group companies

Regarding receivables and payables from/to Group companies, no repayment schedules have been agreed and no interest applies. Debit and credit amounts may be netted.

	Year ended 31. 12. 2017	Year ended 31. 12. 2016
	EUR 1,000	EUR 1,000
SA Europe B.V.	0	255
Shop Apotheke B.V.	0	4,445
Shop Apotheke Service B.V.	0	1,830
EHS Europe Health Service B.V.	970	0
Balance 31 December 2017	**970**	**6,530**

9. Personnel

The number of employees employed by SHOP APOTHEKE EUROPE NV at 31 December 2017 was 0. (31 December 2016: 0).

10. Commitments and contingencies

SHOP APOTHEKE EUROPE NV forms a fiscal unity together with its Dutch subsidiaries SA Europe B.V., Euroservice Venlo B.V., Shop Apotheke B.V., VitaZita B.V. and Shop Apotheke Services B.V., for the purposes of Dutch value- added tax laws. As a consequence, the company bears joint and several liability for the debts with respect to value-added taxes of the fiscal unity.

SHOP APOTHEKE EUROPE NV is liable for its Duth group companies, i.e. SA Europe B.V., Euroservice Venlo B.V., Shop Apotheke B.V., VitaZita B.V. and Shop Apotheke Services B.V. according to Article 403 of the Dutch Civil Code, the according declaration has been files with the trade regsiter.

No guarantees have been issued on behalf of subsidiaries nor have commitments been made by SHOP APOTHEKE EUROPE NV itself.

11. Remuneration of the Board of Directors

See note 27 of the notes to the Consolidated financial statements.

12. Auditor's fees

See note 31 of the notes to the Consolidated financial statements.

13. Events after the balance sheet date

Germany's conservative Christian Democrats have finalized a coalition agreement with the Social Democrats (SPD) on 7 February 2018, possibly leading to a new government. However, at the editorial deadline of this annual report the agreement is still subject to approval by the SPD's 464,000 members in a postal ballot.

The draft coalition agreement of contains a statement that the parties intend to make efforts for a ban on the mail order of prescription medications. Regardless of the outcome of the SPD's members' decision, however, it will still be necessary to clarify in principle if a ban in any form could withstand a possible new assessment of the European Court of Justice. Based on expert opinions and statements of previous federal governments, this intention is unconstitutional and incompatible with European law. There have already been several attempts to prohibit the mail order of prescription medications in the past, the most recent in March 2017, but so far they have failed. Nevertheless, any unfavorable outcome might significantly impact our business.

Signing of the financial statements
Venlo, 27 February 2018

Signed: Statutory directors
Marc Fischer, Theresa Holler, Michael Köhler, Dr. Ulrich Wandel, Stephan Weber

Signed: Supervisory Board members
Jan Pyttel (Chairman), Björn Söder, Frank Köhler, Jerome Cochet

OTHER INFORMATION

Statutory rules concerning appropriation of result
According to the articles of the Company's statutory regulations the appropriation of the result for the year is at the disposal of the general meeting.

Appropriation of result for the period 1 January 2017 – 31 December 2017
The board of directors proposes that the loss for the period 1 January 2017 – 31 December 2017 amounting to EUR – 21.358 k should be deducted from the other reserves.

Independent auditor's report
Reference is made to the auditor's report as included hereinafter.


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INDEPENDENT AUDITOR'S REPORT.

Independent auditor's report

To: the General Meeting and the Supervisory Board of Shop Apotheke Europe N.V.

Report on the audit of the financial statements 2017

Our opinion

We have audited the financial statements 2017 of Shop Apotheke Europe N.V., based in Venlo. The financial statements include the consolidated financial statements and the company financial statements.

We have audited	Our opinion
The consolidated financial statements which comprise: 1. the consolidated statement of financial position as at 31 December 2017; 2. the following consolidated statements for 2017: statements of profit and loss and other comprehensive income, changes in equity and cash flows for the year then ended; and 3. the notes comprising a summary of the significant accounting policies and other explanatory information.	In our opinion the enclosed consolidated financial statements give a true and fair view of the financial position of Shop Apotheke Europe N.V. as at 31 December 2017 and of its result and its cash flows for 2017 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.
The company financial statements which comprise: 1. the company balance sheet as at 31 December 2017; 2. the company profit and loss account for 2017; and 3. the notes comprising a summary of the applicable accounting policies and other explanatory information.	In our opinion the enclosed company financial statements give a true and fair view of the financial position of Shop Apotheke Europe N.V. as at 31 December 2017 and of its result for 2017 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

Independence

We are independent of Shop Apotheke Europe N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview and context

Shop Apotheke Europe N.V. is an international online pharmacy. The Group comprises of several operating companies and therefore we considered our group audit scope and approach as set out in "The scope of our group audit" section. We paid specific attention to the areas of focus driven by the operations of the Company as set out below.

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we assessed the areas where the Management Board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain (see Note 5 to the financial statements). Our audit and the determination of key audit matters was shaped by the Company's online pharmacy activities, which were expanded as a result of the acquisition of Europa Apotheek. We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the Management Board that may represent a risk of material misstatement due to fraud.

We ensured that the audit team included the appropriate skills and competencies which are needed for the audit of an online pharmacy. The group uses an ERP IT system. The adequacy and effective operation of controls over this IT system is an important element of the integrity of financial reporting within the Group. We utilized IT specialists in our audit to evaluate the adequacy and effective operation of these controls. Furthermore, we included specialists in areas requiring valuation expertise.

Materiality

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 1,650 thousand. The materiality is based on 0.6 % of reported revenue. We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that revenue is an important metric for the financial performance of the Company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

We agreed with the supervisory board that misstatements in excess of EUR 82 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Shop Apotheke Europe N.V. is the parent company of a group of entities. The financial information of this group is included in the consolidated financial statements of Shop Apotheke Europe N.V.

Our group audit mainly focused on significant group entities. We consider a component significant when:
- it is of individual financial significance to the group; or
- the component, due to its specific nature or circumstances, is likely to include significant risks of material misstatement, whether due to fraud or error of the group financial statements.

To this extend we:
- performed audit procedures ourselves at significant group entities;
- we have not used the work of other auditors;
- performed review procedures or specific audit procedures at other group entities.

By performing the procedures mentioned above, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Business combinations	Our audit approach
In 2017, Shop Apotheke Europe N.V. has acquired the Europa Apotheek business. The company prepared a purchase price allocation for this acquisition, by which the total consideration is allocated to the assets and liabilities of the acquired company. The acquisition and the purchase price allocation are disclosed in note 27 to the financial statements. Given the significance of the consideration paid and the management estimates that are required to prepare a purchase price allocation, we consider the business combination to be a key audit matter. Furthermore, the financials of the newly acquired company are converted to Shop Apotheke Europe N.V. accounting policies and consolidated in the Shop Apotheke Europe financials as of acquisition date.	In our audit of the accounting of the acquisition, we assessed the purchase agreement and verified the payment of the purchase price to the sellers. An important element of our audit relates to the identification of the acquired assets (e. g. valuation of brand, customer database, technology and a favourable contract) and liabilities (provisions, other liabilities). We tested this identification based on our understanding of the business of the acquired company and the explanations and plans of the company that supported the acquisition. Subsequently, we tested the fair values of the acquired assets and liabilities based on common valuation models. We involved our valuation specialists in the audit of the fair values. Furthermore, we assessed the appropriateness of the disclosures in the financial statements regarding the acquisitions.

Valuation of goodwill	Our audit approach
At December 31, 2017 the Group's goodwill balance is valued at EUR 126.3 million. Under EU-IFRS, the company is required to annually test for impairment of goodwill. This annual impairment test is significant to our audit because the assessment process is complex and involves significant management judgement. These judgements involve assumptions that are affected by expected future market and developments in economic conditions. Based on the annual goodwill impairment test the Management Board concluded that no goodwill impairment was needed. The key assumptions and sensitivities are disclosed in note 16 to the consolidated financial statements.	Our audit procedures included obtaining an understanding of the management's process for valuation of goodwill. Our substantive procedures include, amongst others an assessment of the mathematical accuracy of the calculations and a reconciliation to the long term forecast as approved by the Management Board. We used our valuation experts to assist us in evaluating the assumptions and methodologies used in the annual impairment test prepared by the company. We have challenged management, primarily on their assumptions applied where upon which the outcome of the impairment test is most sensitive, including, for example, projected revenue growth, EBITDA margin, discount rate, marketing spend, number of sales transactions, the development of basket sizes, margin and terminal growth. Furthermore, we challenged management by comparing the assumptions to historic performance of the company to industry and marketing information and to the Shop Apotheke customer data model that captures historical data on customer behavior, taking into account the sensitivity of the goodwill balances to changes in the respective assumptions. We also focused on the adequacy of the company's disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The company's disclosures concerning impairment and goodwill are included in note 16 to the consolidated financial statements.

Report on other information included in the annual report

Next to the financial statements and our opinion thereon, the annual report consists of other information, including:

- the management board report as defined on page 70 of the Annual Report
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code
- Other information included in the our company, our core competences, our member of the board, the Shop Apotheke Share, report of the supervisory board sections.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- is consistent with the financial statements and contains no material deficiencies;
- includes all information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information and based on our knowledge and understanding obtained from the audit of the financial statements or otherwise, we have considered if the other information contains material deficiencies.

With these procedures, we have complied with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the management board report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Our appointment

We were appointed by the supervisory board as auditor of Shop Apotheke Europe N.V. as of the audit for year 2017 and have operated as statutory auditor ever since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5 (1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities for the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion. Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from errors or fraud and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e. g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to errors or fraud, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from errors, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern;

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the management board and the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not mentioning it is in the public interest.

Eindhoven, 27 February 2018

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

Signed P. P. J. G. Saasen RA

GLOSSARY.

Active customers
Unique customers who have placed at least one order in the 12 preceding months

Adjusted EBITDA
EBITDA before certain non-recurring items related to the re-organization and the offering

Administrative expenses
Corporate overhead costs related to IT, finance and management and excluding depreciation and amortisation

AFM
Dutch Authority for the Financial Markets (Autoriteit Financiële Markten)

Articles of Association
Articles of Association (statuten) of the company

BPC
Beauty and personal care

Bricks-and-mortar harmacies
Traditional pharmacies with a local/physical presence

CAGR
Compound annual growth rate

Combined segment EBITDA
The total segment EBITDA for our operating segments

Continental Europe
Germany, France, Italy, Spain, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway and Austria

CRM
Customer relationship management

Delimitation agreement
Agreement with the purpose of defining the future businesses of both groups and to restrict an overlap

DFSA
Dutch Financial Supervision Act (Wet op het financieel toezicht)

EBIT
Earnings before interest and taxes

EBITDA
Earnings before interest, taxes, depreciation and amortisation

ERP
Enterprise resource planning

EU member states
All member states of the European Union

Europa Apotheek (Group)
EHS Europe Health Services B.V. including its direct and indirect subsidiaries

Farmaline acquisition
Acquisition of all relevant assets and agreements of the online business of the Belgian online pharmacy Farmaline

Farmaline
Belgian online pharmacy Farmaline N.V.

FRSA
Dutch Financial Reporting Supervision Act (Wet toezicht financiële verslaggeving)

GDP
Gross domestic product

General Meeting
General meeting (algemene vergadering) of the company

Greenshoe shares
Such over-allotment shares for which the Greenshoe option has been exercised

Group or our Group
Shop Apotheke Europe N.V., Venlo, the Netherlands together with its consolidated subsidiaries

IAS
International Accounting Standars

IFRS
International Financial Reporting Standards as adopted by the European Union

Management Board
The company's Management board

Medicinal Products Directive
EU Directive on the Community Code Relating to Medicinal Products for Human Use (2001/83/EC)

Medicines Importation Act
Medicines Act and the Act relating to the Importation of Medicinal Products (Arzneiwareneinfuhrgesetz 2010)

Mobile visits
Site visits originating from tablets and smartphones as well as other non-desktop computer based means of visiting our sites, such as smart TVs

Non-GAAP measures
Measures not defined by IFRS used as key figures by our management to monitor the performance of the Group included in the prospectus

Number of orders
Number of customer orders containing at least one product, placed during the measurement period

OTC medications
Medicines sold to a customer without a prescription from a healthcare professional, as compared to prescription-only medicines, which may be sold only to customers who have a valid prescription

Personal care
Industry that manufactures consumer products used for personal hygiene as well as beautification

Pharmacy-related BPC products
Personal care products that are almost exclusively distributed through pharmacies

Return rate
Percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period.

SEA
Search engine advertising

Segment EBITDA
Defined as EBIT for each segment before depreciation and amortisation expenses and administrative expense. "Administrative expenses" relates to corporate overhead costs relating to IT, finance and management and excludes depreciation and amortisation

SEO
Search engine optimization

Service agreements
Four service agreements with companies in the Europa Apotheek Group; pursuant to which Shop-Apotheke Service B.V. provides the IT pharmaceutical services, marketing services and finance, accounting and internal control services

Share of mobile visits
Mobile visit as a percentage of site visits

Share of repeat orders
Percentage of total orders billed during the measurement period that are not the initial order bill to the customer

Site visits
Interaction of a visitor on our website; a visit is considered terminated when the visitor leaves the browser tabor has not interacted with the page for more than 30 minutes

Supervisory Board
Company's supervisory board

Supervisory Board member
Any member of the Supervisory Board

VAT
Value-added tax

Wholesale agent agreement
Agreement which our subsidiary, EuroService Venlo B.V. entered into with Europa Apotheek Venlo B.V.

As of 1 October 2015

WPG
Medicines Prices Act (Wet geneesmiddelenprijzen)

FINANCIAL CALENDAR.
EVENTS.

26 April 2018
Annual General Meeting

15 May 2018
Publication of the results for Q1 2018

14 August 2018
Publication of the results for H1 2018

14 November 2018
Publication of the results for Q3 2018

IMPRINT.

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Theresa Holler, Dr. Ulrich Wandel, Marc Fischer, Stephan Weber, Michael Köhler

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Responsible pharmacist:
T. Holler
(legal occupational title: pharmacist, entered in the Dutch pharmacy registry:
BIG number: 99054129717)

Awarded the title of pharmacist in Germany by the Landesamt für Soziales, Jugend und Versorgung of the federal state of Rhineland-Palatinate

Responsible health authority:
Staatstoezicht op de Volksgezondheid:
Inspectie voor de Gezondheidszorg, Regio Zuidoost

Service hotline.:
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(toll-free for calls originating from Germany's fixed-line of mobile networks)
Monday to Saturday from 8 am to 8 pm

Fax:
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European Online Dispute Resolution Platform (ODR platform):
Based on the EU's Regulation 524/2013, the EU Commission has set up an interactive website through which consumers and traders can resolve disputes online out of court.
You can find the ODR-platform here:
http://ec.europa.eu/consumers/odr/

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SHOP APOTHEKE with the collaboration of rikutis consulting, Hamburg and pom point of media GmbH, Willich

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