



SHOP APOTHEKE
EUROPE

ANNUAL REPORT 2021.

THE CUSTOMER-CENTRIC E-PHARMACY PLATFORM FOR EUROPE.

MSCI
ESG RATINGS



CCC B BB BBB A **AA** AAA



BECAUSE WE CARE.



01

OUR COMPANY.

ENABLING
EVERYONE TO LIVE
THE HEALTHIEST
LIFE POSSIBLE.

KEY FIGURES 2021.

CONTINUOUSLY INCREASING OUR STRONG GROWTH ACROSS EUROPE.



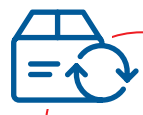
SALES FY 2021:
€ 1,060.3 MILLION (+ 9.5 %).



PARCELS SENT IN 2021:
MORE THAN 54,000 PARCELS
A DAY. ALMOST 20 MILLION
IN TOTAL.



GROSS MARGIN:
INCREASED TO 25.1 %.



REPEAT ORDERS:
82 %.



ACTIVE CUSTOMERS:
7.9 MILLION.
1.6 MILLION NEW CUSTOMERS
GAINED IN 2021 (+ 25 %).



AVERAGE SHOPPING
BASKET SIZE:
€ 61.16.



SITE VISITS GREW BY:
71.7 MILLION TO 280.0 MILLION.



CUSTOMER SATISFACTION:
NET PROMOTER SCORE (NPS) OF 68.

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Disclaimer PDF print - this document is only a 'printed version' and is not the original annual financial reporting including the audited financial statements pursuant to article 361 of Book 2 of the Dutch Civil Code. These original annual financial reporting, including the audited financial statements and the auditor's report thereto are included in the single report package which can be found at: <https://shop-apotheke-europe.com/de/investorrelations/publikationen/>

In any case of discrepancies between this 'printed version' and the report package, the single report package prevails.

MORE THAN JUST AN ONLINE PHARMACY.

INTRODUCING THE CUSTOMER-CENTRIC E-PHARMACY PLATFORM FOR EUROPE.

SERVING MORE THAN 8 MILLION ACTIVE CUSTOMERS ACROSS EUROPE.

As a leading European e-pharmacy platform SHOP APOTHEKE EUROPE is dedicated to **enabling everyone to live the healthiest life possible**. This became especially vital with the Coronavirus pandemic when many people were unwilling or unable to go to traditional pharmacies, leading to a rapid rise in orders and demonstrating the importance of online pharmacies in securing the supply of medicines to customers across Europe.

Over the last couple of years, we have laid the foundation to transform SHOP APOTHEKE EUROPE from a pure online retailer into a **customer-centric e-pharmacy platform**. In 2021, we made significant progress: The expansion of our digital health services, the roll-out of our same-day delivery service SHOP APOTHEKE NOW!

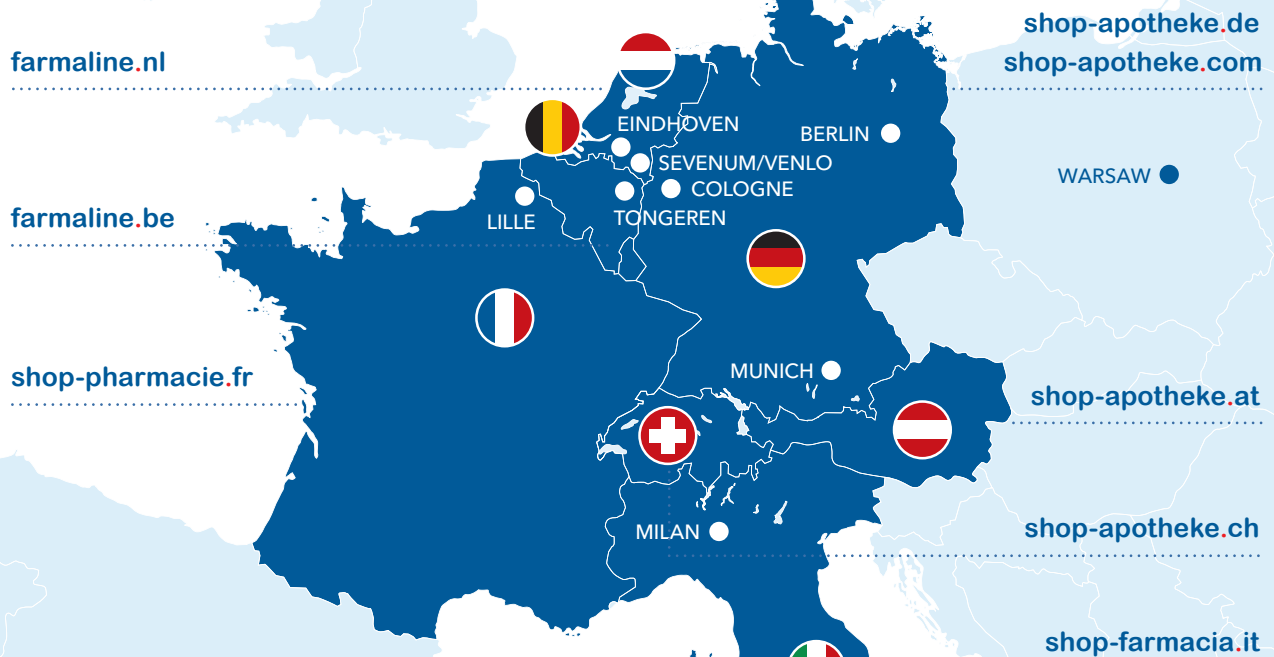
to Germany's metropolitan areas and the launch of our own marketplace in Germany as well as the opening of our new next-generation logistics centre.

In addition to OTC medications, functional foods and pharmacy-related beauty and personal care products we are already offering prescription drugs in Germany and the Netherlands - and are prepared to expand this service to other continental European markets once the legal framework for this is enacted. Furthermore, we have been preparing e-Rx in Germany since 2019. All of our systems and processes are ready for the nationwide introduction of electronic prescriptions this year. In fact, we are already processing the first e-Rx prescriptions from customers during the ongoing test phase.



GROWING STEADILY IN ALL OUR MARKETS. LEADING THE WAY IN EUROPE.

SEVEN COUNTRIES, NINE LOCATIONS, ONE ENTREPRENEURIAL SPIRIT.



In addition to our new headquarters in the Dutch city of **Sevenum** just a stone's throw from **Venlo**, we also have a marketing, sales and IT office in **Cologne**, Germany, a new tech hub in **Berlin** and the International Customer Service in **Tongeren**, Belgium. While nu3 is also located in Germany's capital, newly acquired SMARTPATIENT is headquartered in **Munich** with an office in **Warsaw**, Poland.

**smart
patient**

Munich-based specialist for digital medication management with 1.4 million patients actively using SMARTPATIENT's MyTherapy app to better manage medications and improve adherence.

www.smartpatient.eu



Intelligent Nutrition.

Founded in 2011 and part of the SHOP APOTHEKE GROUP since 2018, nu3 specialises in the fast-growing market segment of functional nutrition products.

www.nu3.com



MedApp was founded in 2015 in the Dutch city of Eindhoven and has belonged to SHOP APOTHEKE EUROPE since 2021. MedApp is a unique combination of a tech company and an online pharmacy that has developed an app helping patients to take their medicines regularly and also have these delivered to their homes for free.

www.medapp.nl

Interview with the Executive Management of SHOP APOTHEKE EUROPE.

“FOR US, EMPOWERING EVERYONE IN EUROPE TO LIVE A HEALTHY LIFE IS ABOUT MUCH MORE THAN JUST SELLING PRODUCTS.”

2021 again has definitely been a truly unusual year for all of us. The Covid-19 pandemic continued to impact everyone’s lives on our planet - forcing people into their homes with lockdowns and businesses to shutter their doors. As one of Europe’s leading e-pharmacies, everything we do is for our customers and patients. We are dedicated to enabling everyone to live the healthiest life possible.

1 THE EXECUTIVE MANAGEMENT OF SHOP APOTHEKE EUROPE ABOUT 2021 AND THE CHALLENGES THE COMPANY HAD TO FACE.

Stefan Feltens, CEO

“The launch of our marketplace represents an important step for our transformation from a pure online retailer into a genuine customer centric e-pharmacy platform.”



In general, our conclusion for the past business year is positive.

Despite the Coronavirus pandemic we were able to safeguard the supply of medicines to customers in all our markets. With the help of our internal Crisis Management Team we ensured that our employees stayed safe with no

sizable outbreaks at any of our locations. Something we are especially proud of.

Our active customer base increased from 6.3 million in 2020 to 7.9 million last year.

Operationally, we made significant progress. The launch of our marketplace represents an important step for our transformation from a pure online retailer into a genuine customer-centric e-pharmacy platform. This includes the expansion of our digital health services, the roll-out of our same-day delivery service SHOP APOTHEKE NOW! to Germany’s metropolitan areas and the opening of our new next-generation logistics centre. Most recently, in December, we took a major leap in broadening our product range by adding tens of thousands of health-care related products through the launch of our own marketplace in Germany. Last but not least, we have been ready for e-Rx in Germany since last summer. We are more than happy that we have successfully processed the first e-Rx prescriptions from customers since then.

However, it cannot be dismissed that in Corona’s second year we were confronted with particular challenges, especially a staff shortage in the entire logistics and pharmacy sectors. This necessitated a slow-down of our planned growth a little in the middle of the year in order to be able to handle all incoming customer orders.

This bottleneck came at an inopportune time, when we had just moved our logistics from the former location in Venlo to the new headquarters in Sevenum. After the successful completion of the move in early autumn, however, we returned onto our growth path.



From left to right: Stephan Weber, CCO, Stefan Feltens, CEO, Theresa Holler, COO, Marc Fischer, CIO and Jasper Eenhorst, CFO.

Jasper Eenhorst, CFO

“We crossed the 1 billion Euro annual sales threshold last year.”



Yes, exactly! However, we were able to end the year with a record turnover: On December 10, we crossed the 1 billion Euro annual sales threshold. A few years ago, this was a distant goal - now it has become reality - 20 years after the founding of SHOP APOTHEKE EUROPE and 5 years after our IPO.

Despite attaining this important milestone, we did not reach the 2021 sales level we had originally aimed for. This shortfall can be attributed to two factors. Firstly, the legal prohibition to pay Rx bonuses to our customers had a much more severe impact and resulted in a drop of our Rx sales by one third. Secondly, we experienced serious capacity constraints for several months around mid-year. A fact that

many online companies were confronted with. This forced us to minimise our marketing spending in order to reduce the number of incoming customer orders to a manageable level. Most importantly, we overcame these problems in September and returned to our growth trajectory in the last three months of the year.



Stephan Weber, CCO

Good news is that we no longer had any capacity constraints in Q4. Therefore, we started to reinvest in our growth again. We added more than 500,000 customers to our active customer base. Eventually, we were able to offer our customers delivery times they expect from us. By the end of December, we had almost eight million active customers. The main driver was the non-prescription business in all seven markets where we currently operate.



Theresa Holler, COO

However, our business with prescription medicines declined compared to the previous year due to the ban on prescription bonuses in the German market, which we believe is against European law. If we exclude our prescription business, "everything-but-Rx" grew by over 20% - despite our capacity constraints. One highlight - our business in Italy more than doubled last year.



Marc Fischer, CIO

Not to forget the historic highlight of the year. In October, we successfully processed the first e-prescription. We had prepared for the introduction of electronic prescriptions for more than two years and finally were ready last summer. The processing of the first e-Rx demonstrated that all of SHOP APOTHEKE EUROPE's front- and back-end processes are working smoothly.

2 STEFAN FELTENS, THERESA HOLLER AND STEPHAN WEBER ON THE CURRENT MARKET SITUATION FOR E-PHARMACIES.



Stefan Feltens

The pandemic has only accelerated the change from brick-and-mortar to online pharmacies. We are convinced that we would have gained the majority of the customers we gained in the pandemic even without Covid-19 - albeit somewhat later. When we compare the development of the pre-Corona client cohorts with the Corona cohorts, we do not see any significant differences. In the post-COVID-19 era, online pharmacies will continue to play an essential role in society as digitisation in general becomes more important.



Theresa Holler

We expect significant growth in all markets, driven by a general growth in online share - especially outside Germany - and our ambition to continue to gain market share. In addition, our SHOP APOTHEKE NOW! same-day delivery service and our recently launched marketplace will contribute to our growth. When e-prescription finally takes off in Germany this year, we will be able to offer our customers a great "end-to-end customer journey". We are ready and we can't wait to get started!

Stephan Weber

“The general trend from offline to online, which has been going on for years, has gained even more momentum due to the pandemic. And the online pharmacy market in particular.”

Health has taken on an even greater significance in times of the pandemic. It has become clear that online pharmacies, as systemically important businesses, are an important building block in the care of patients. As tragic as Covid-19 is, the pandemic has shown that a digital alternative is eminently important. Online pharmacies have arrived in the middle of society with the pandemic. But requirements have changed. Fast delivery times are becoming increasingly important, platform solutions dominate e-commerce over pure retail players. This is an international trend that we anticipated very early on.



3

JASPER EENHORST, THERESA HOLLER AND MARC FISCHER ON SHOP APOTHEKE EUROPE'S PLATFORM STRATEGY.



Jasper Eenhorst

First of all, I would like to stress that in our more than 20-year history, we have always placed a very strong focus on advice and service beyond the usual mail-order business. Enabling people to live the healthiest lives possible means much more than just selling them products. That's why our teams of experts are continuously working on expanding our portfolio of products and services - something that has become even more important during the Coronavirus pandemic when many people are concerned about venturing outside.

Over the last couple of years, we have laid the foundation for transforming SHOP APOTHEKE EUROPE from an online retailer into a customer-centric e-pharmacy platform. This already began with the introduction of our unique REDPOINTS customer loyalty programme in 2015, which we meanwhile offer in almost every market followed by the online doctor service two years ago.

However, two major milestones were achieved early last year with the acquisitions of SMARTPATIENT and MEDAPP. Both companies have extensive experience in developing leading digital medication management solutions - a true value-added service for patients.

Theresa Holler

“Two major milestones were achieved early last year with the acquisitions of SMARTPATIENT and MEDAPP.”



Thanks to our experts from SMARTPATIENT, we are able to support patients even better with their medication management, thereby further distinguishing us from the competition. Our focus is on digital service offerings that support patients in taking their medications regularly and, hence, improving health outcomes. A few months ago,

SMARTPATIENT launched our first open digital disease management programme within the MyTherapy app for patients dealing with multiple sclerosis. As of today, hundreds of patients have signed up for this offer. Disease management programmes for psoriasis, rheumatism, HIV and asthma are ready as well. Additional programmes will be introduced this year. Moreover, a link to our webshop has been integrated into the MyTherapy app and preparations are underway to offer REDPOINTS to MyTherapy users.

Marc Fischer

"... our technology platform is optimally suited for our future e-Rx business."

This year, our position as a platform will become increasingly visible to the external world. Our same-day service SHOP APOTHEKE NOW! has been available to customers in Germany's 13 metropolitan areas since June by cooperating with local partner pharmacies. As delivery speed will become more important going forward, we will continue to strengthen and expand our relationships with these partner pharmacies. We will also expand our same-day service in Belgium and Austria this year.

Our marketplace went live last December with a limited number of merchants. Additional sales partners and tens of thousands of healthcare-related products will be added

over the coming months to offer an even more compelling product assortment to our customers. The new marketplace has numerous benefits for both our customers and our external partners. We can offer our customers a much wider range of products for their health. Our selected partners benefit from our vast customer base with high customer loyalty as well as from our easy-to-use technology platform. By the way, our technology platform is optimally suited for our future e-Rx business.



4 STEFAN FELTENS, JASPER EENHORST AND MARC FISCHER ON E-RX.

Stefan Feltens

"... we are ready and excited about the nationwide introduction of electronic prescriptions in Germany."

All of our systems and processes are ready, which has been demonstrated by successfully processing a sizable number of real e-prescriptions starting in October last year. Over the coming months, we will raise awareness of e-Rx across the German public and continue to receive prescriptions from the e-Rx test programme. The specific date for the nationwide go-live of e-Rx has not yet been communicated by the German health ministry but we remain confident that this will happen in 2022. Once electronic prescriptions are finally available to all people in Germany, it is our ambition to quickly reach the #1 position in the online prescription market.





Jasper Eenhorst

The growth potential is huge. Less than 1% of all Rx drugs sold in Germany are currently purchased online in Germany. In countries like Sweden, online pharmacies are now responsible for more than 10% of Rx sales. With around 500 million prescriptions filed each year in Germany, that means online pharmacies will potentially fill 50 million prescriptions annually.

A huge market potential for e-pharmacies!



Marc Fischer

From a technological standpoint, we successfully completed all e-Rx-related front- and back-end development activities already last summer. We demonstrated our e-Rx readiness by processing a number of real electronic prescriptions last October – from receipt through reimbursement by health insurers. Because of great team work across all functions the e-Rx project was concluded on time.

We can say with confidence:

“We are really e-Rx ready!”

MARKETPLACE.

The SHOP APOTHEKE marketplace started with 20,000 additional new products, carefully curated from over 30 partner sellers in Germany in November 2021. The number of new products will grow to over 50,000 in the near future. The remarkably larger product selection generally leads to a wider reach and scalability of the SHOP APOTHEKE platform.



SAME-DAY DELIVERY SERVICE.

NOW! is the same-day delivery service of SHOP APOTHEKE EUROPE that allows customers to receive many products within one day – an ideal service especially for acute medication needs. By working with pharmacies in our customers’ areas, same-day or next-day delivery, depending on the day and time, is guaranteed. NOW! is available in all metropolitan areas across Germany, reaching more than 20 million people.

ONLINE DOCTOR SERVICE IN GERMANY.

- Medical consultation, diagnosis, prescription or sick note simply from home.
- Easy appointment selection with same-day appointments, 7 days a week.
- Fast delivery of medicines to your home.



MYTHERAPY APP: MEDICATION MANAGEMENT MADE EASY.

The MyTherapy app developed by SMARTPATIENT offers valuable support for all people who take medication. It reminds users of what they have taken and documents medication, measured values and symptoms. MyTherapy allows users to easily share self-recorded data with family members, pharmacists or physicians, using evaluations for easy discussion of self-recorded values. Over 1.4 million patients are already using the app. Studies conducted by research partners confirm that MyTherapy has a positive impact on patient adherence.

E-RX IN GERMANY.

- First e-prescriptions already received and successfully processed.
- Coverage of technical requirements – connectors, e-hbas, physician/pharmacy software systems – expanding quickly.
- Gematik e-Rx pilot scaled up and extended.
- Gradual e-Rx adoption this year.

5 MARC FISCHER ON THE IMPORTANCE OF TECHNOLOGY.

Marc Fischer

**„Technology is in our DNA:
SHOP APOTHEKE EUROPE is digitalisation.“**

Actually, we are a technology company at heart. Customer-centricity is at the core of our philosophy and technology is in our DNA. It provides us with the tools that are expected to continue as healthcare systems leverage digital services to boost efficiency and patient outcomes. Because our technology is proprietary and developed in-house, we can quickly respond to changing customer needs and continuously improve the customer experience. Furthermore, we constantly analyse all data to optimise our marketing activities. We are very proud that we do have the competence and manpower of more than 300 IT and online experts working at SHOP APOTHEKE EUROPE. An investment that pays-off. At last, it leads to customers that have an even higher and more responsive level of engagement with our webshops.



We do invest substantial amounts in the double-digit millions range every year to continuously improve the offers to our customers or to add new services. One of our strategic maxims is to invest disproportionately in technology and IT.

6 THERESA HOLLER, STEFAN FELTENS AND JASPER EENHORST ON THE NEW LOGISTICS HUB.

Theresa Holler

**“...we are prepared to ship more than
35 million parcels per year.”**



I must say, we are very proud of our new logistics centre in Sevenum. With an operating area of 40,000 square metres, it is designed to keep pace with SHOP APOTHEKE EUROPE's steadily growing order volume. Compared to the old site in Venlo, capacity has been more than doubled while having a much higher degree of automation. All processes can run more efficiently, enabling us to process and ship more than 100,000 parcels a day. Just for comparison reasons: The old site had a limit of around 39,000 parcels! So, we are prepared to ship more than 35 million parcels per year.

This massive increase in capacity has been made possible by a new warehouse management system as well as a new level of automation. But we are not only faster and more efficient, we also make work easier for our teams.

Stefan Feltens

Our new logistics centre ensures that we will be able to meet our ambitious growth targets and keep up with the anticipated increasing demand of the coming years, especially in light of the introduction of electronic prescriptions. Since August, we have been reaching successive all-time highs of daily customer orders. The latest record was set in January this year with over 102,000 orders in a single day.



Jasper Eenhorst

At the same time, the new building is also in alignment with the company's sustainability strategy focusing on the care of patients, employees, and the planet: It has been certified "excellent" for meeting the highest environmental standards as defined by BREEAM, the world's leading method for certifying the sustainability of buildings. In addition, the solar panels on the rooftop will be able to provide more than 100% of all energy used at the site during the day. Energy for night time operations will be sourced from 100% renewable energies.



7

THERESA HOLLER AND STEFAN FELTENS ON FUTURE EXPANSION PLANS.

Theresa Holler

"The opening of a logistics centre in Italy marks an important step to meet our ambitious growth plans for the next years."



Well, we don't stand still. And we do have some news. We are currently setting up our first logistics centre outside the Netherlands. In order to be able to service especially our Italian customers much better we will be opening a new distribution centre in Milan in Q3.

The opening of a logistics centre in Italy marks an important step to meet our ambitious growth plans for the next years. Actually, 2021 has already been a very successful year for SHOP APOTHEKE EUROPE in Italy with a three-digit growth. We see a big potential for us in Italy. So, we plan to progressively triple our product offer via existing and new suppliers, add new carriers and services and also offer same-day delivery to millions of Italians. We will certainly come up with much more additional services for Italy in the future being a customer-centric e-pharmacy platform.



Stephan Weber

Expanding the logistics capacities in Italy will enable us to optimally leverage the potential of Italian customer demand. They will benefit from much faster delivery times and this advantage will grow our local business. It also means that the inbound and outbound CO₂ emissions will be reduced since products ordered by Italian customers no longer need to be transported across borders via Sevensun.

8 STEFAN FELTENS, STEPHAN WEBER AND JASPER EENHORST ON ESG AND THE COMPANY'S SUSTAINABLE DEVELOPMENT STRATEGY ...

Stefan Feltens

"We commit ourselves to living by the ten principles of the United Nations Global Compact."



As an e-pharmacy, we care - about our patients, about our planet and of course about our employees. Doing so is a matter of the heart for us and also an increasingly important factor for consumers when they decide which businesses they want to use. Therefore, our increased focus on environmental matters and social governance is not just the correct thing to do; it will also positively impact our long-term profitability as well as our ability to recruit and retain talent.

SHOP APOTHEKE EUROPE has been committed to corporate sustainability issues ever since its founding and joined the UN Global Compact Network in 2020. We are proud to actively support the values of the world's largest corporate sustainability initiative. With more than 1,800 employees, we are committed to complying with human rights, labour and environmental standards as well as with anti-corruption laws. We commit ourselves to incorporating these principles into our day-to-day decision-making and to always look for opportunities for improvement.

Stephan Weber

The focus of our busy sustainable development agenda was on replacing most of our shipping boxes and filling materials with recycled materials. In parallel, we upgraded our recycling efforts in Sevenum: 537 metric tons of cardboard waste, out of 880 tons of total waste, were recycled last year. Similar activities are underway for the remaining waste including plastics refuse. Furthermore, we introduced our own brand Skintist as a truly sustainable skincare brand and measured the product carbon footprint of our entire own brand portfolio to be able to initiate the right improvements. And we calculated the corporate carbon footprint of SHOP APOTHEKE EUROPE for the third time. This data provides us with a solid foundation for offsetting our CO₂ emissions retrospectively since October 2020. It also helps us to identify areas we need to concentrate on and which reduction measures to invest in.



Jasper Eenhorst

***"... MSCI has upgraded
SHOP APOTHEKE EUROPE
in its recently published ESG rating
assessment from BBB to AA."***

MSCI
ESG RATINGS



CCC	B	BB	BBB	A	AA	AAA
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Jasper Eenhorst

As a result of the substantial improvement in the scores product carbon footprint and privacy & data security as well as earlier improvements in product safety & quality, governance and labor management, MSCI has upgraded SHOP APOTHEKE EUROPE in its recently published ESG rating assessment from BBB to AA. We are really proud of having achieved such a significant improvement in the current MSCI rating.



We are really convinced that we will achieve a long-term competitive advantage by constantly questioning our actions and their impacts. So, we are taking action to drive best practice in environmental protection, social responsibility and corporate governance.

8 OUTLOOK 2022...

Stefan Feltens

***"No doubt that we will reach the
second billion much faster."***

Stefan Feltens

After having crossed the 1 billion Euro sales threshold last year, we actually aim to accelerate our growth pattern this year. It took us exactly five years since the IPO to get to 1 billion. There is no doubt that we will reach the second billion much faster than the first billion!! And we will have sufficient capacity in Operations to process all incoming customer orders. If electronic prescriptions go live in Germany by mid-year, our Rx business will once again become an important growth accelerator. In the non-prescription business, we expect to continue to benefit from the ongoing shift of the customers' preference to buy medications and receive health services online instead of offline. We will be doing this better than our



competition - not only in Germany but also and especially in the other six countries where we are serving customers. The opening of our second distribution centre near Milan underlines our ambition for the Italian market. High customer satisfaction with our services will be an important driver for our business this year.



Marc Fischer

Putting our customers' needs at the centre of everything we do but especially shortening our delivery times versus last year will undoubtedly lead to even higher customer satisfaction.

Stephan Weber

"We won't stand still until every human has their health."

The final signal of our transformation to an e-pharmacy platform actually is the rebranding of SHOP APOTHEKE EUROPE, meaning our company name might possibly change - probably in 2023. Stay tuned!



The meeting was held on Tuesday, February 8, 2022 in the Cologne offices of SHOP APOTHEKE EUROPE. All participants had been vaccinated three times and were tested negative.

SHOP APOTHEKE EUROPE'S MANAGEMENT BOARD.

SHOP APOTHEKE EUROPE's Management Board combines extensive expertise and many years of experience in the pharmaceutical sector with vast know-how in e-commerce. The five-member Board collaborates closely with a strong and dynamic team to further develop the company.

Stefan Feltens is the Chief Executive Officer (CEO) and has been leading the company since the beginning of 2019. He has many years of international experience in the pharmaceutical industry and most recently worked as Chief Financial Officer for Teva Global Operations, a division of the world's leading generics company, Teva Pharmaceuticals Industries Ltd., with annual sales of US\$ 20 billion.

Stephan Weber is Chief Commercial Officer (CCO). He is one of the founders of SHOP APOTHEKE EUROPE 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.

Jasper Eenhorst is the company's Chief Financial Officer (CFO). He joined the company in February 2020 from leading food retailer Ahold Delhaize where he most recently served as CFO for the rapidly growing e-commerce unit of the top Dutch supermarket chain Albert Heijn B.V. He studied Economics at Erasmus University in Rotterdam, the Netherlands and European Economics at the University of Aix/Marseille in France.

Theresa Holler is SHOP APOTHEKE EUROPE'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 previously worked for Doc Morris where she helped build the company's webshop. 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.

Marc Fischer as Chief Information Officer (CIO) is responsible for SHOP APOTHEKE EUROPE'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 completing his technical education, he worked as an IT specialist for companies including Credit Suisse and Also IT-Services. Marc studied in Switzerland and earned degrees in Information Technology and Business Management.

In accordance with the Dutch Financial Supervision Act, section 5.25c, the Management Board declares that, to the best of its knowledge:

- The financial statements for 2021 provide, in accordance with IFRS as endorsed by the EU, a true and fair view of the consolidated assets, liabilities and financial position as at 31 December 2021, and of the 2021 consolidated statement of profit and loss of SHOP APOTHEKE EUROPE N.V.
- The annual report provides a true and fair view of the situation as at 31 December 2021 and the state of affairs during the financial year 2021, together with a description of the principal risks faced by the Group.

02

THE SHOP
APOTHEKE
EUROPE
SHARE.

THE SHOP APOTHEKE EUROPE SHARE

HIGHLY VOLATILE MARKETS.

In 2021, the development of the German stock markets was marked by the Corona pandemic and was characterised by significant volatility over the course of the year, especially in the second half year. After a strong start to the year, Germany's leading index DAX developed very strongly and reached its new all-time high in mid-November of more than 16,250 points. In the following weeks, the investment climate was clouded by the next wave of a rapid global spread of COVID-19 due to the newly found Omicron-variant and the subsequent government-imposed measures. In addition, there was concern in the financial markets of a rise in inflation which could trigger interest rates to go up as well. These developments led to a wave of selling on the stock markets worldwide. All in all, the DAX ended the year with an increase of 15.8%.

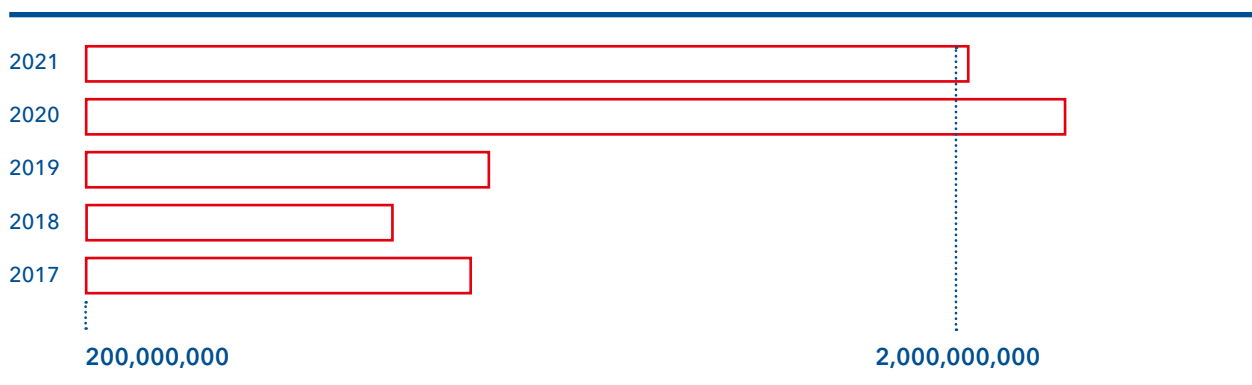
PERFORMANCE IN 2021.

Shares of SHOP APOTHEKE EUROPE N.V. also saw a strong start into 2021, marking an all-time high of EUR 249.00 in February. In line with many tech and e-commerce companies across the globe SHOP APOTHEKE EUROPE saw a peak in share price in February after which a sector rotation towards a return to more traditional companies took place. In the middle of 2021 SHOP APOTHEKE EUROPE lowered sales and adjusted EBITDA guidance for the year, mainly as a result of temporary constraints in the logistics capacity due to a shortage of logistics personnel in combination with the move from the old logistics facility in Venlo to the new next-generation facility in Sevenum. Also, the sales of prescription medicines (Rx) saw a strong decline after the bonus ban on Rx in Germany in mid-December 2020. Thirdly towards the year-end, the introduction date of 1 January 2021 for the mandatory usage of electronics medicine prescriptions (e-Rx) was postponed by the German Minister of Health. Shares of SHOP APOTHEKE EUROPE struggled with these developments and closed the year 2021 at EUR 113.30, a decrease of 23.5% in 2021 but still an increase of 160.5% versus the start of 2020.

TRANSACTIONS IN 2021.

On 14 January 2021, SHOP APOTHEKE EUROPE successfully placed senior unsecured convertible bonds in an aggregate principal amount of EUR 225 million with a zero coupon and a maturity of seven years, and with a put option after five years. The conversion price has been fixed at EUR 233.83, corresponding to a premium of 50% above the volume-weighted average price of the listed share of the Company on XETRA between launch and pricing.

Development of Market Cap and XETRA year-end-closing price (in EUR)



Due to the issuance of new shares in relation to existing employee stock option plans, the number of shares outstanding increased by 160,000 during 2021 to 18,095,121 at year-end.

In total, SHOP APOTHEKE EUROPE's market capitalization decreased by 22.9% in the year under review from EUR 2,658 million to EUR 2,050 million.

On average the share's daily trading volume on XETRA amounted to 104,163 units per day in 2021. Compared to 2020, this is a decrease of 4.5% (2020: 109,076 units).

SHAREHOLDER STRUCTURE.

SHOP APOTHEKE EUROPE has a global investor base, until 2020 with institutional investors mainly from Europe and the United States of America, but now from other parts of the world too. Together with several individual shareholders Mr. Köhler, one of the founders and the former CEO, entered into a voting pool agreement with a combined stake of 26.4% of the voting rights in SHOP APOTHEKE EUROPE N.V. As per the definition of the German Stock Exchange where the shares are listed, the remainder of 73.6% belongs to the free-float.

ANALYST COVERAGE 2021.

The company appeals to many financial institutions, investors and analysts, and the number of analysts covering SHOP APOTHEKE EUROPE, besides certain other research agencies, is continuously increasing. An overview of the latest analyst recommendations is provided in the table below:

Institution	Latest update until 31 December 2021	Recommendation	Target Price (in EUR)
Baader Bank	01.12.2021	Add	140
Bank of America (BofA)	09.02.2021	Buy	270
Barclays	13.07.2021	Overweight	200
Berenberg Bank	08.12.2021	Buy	210
Citi	07.07.2021	Buy	220
Credit Suisse	13.12.2021	Outperform	211
Deutsche Bank	03.11.2021	Buy	175
Hauck & Aufhäuser	03.11.2021	Hold	135
Jefferies	25.11.2021	Buy	201
Kepler Cheuvreux	22.12.2021	Reduce	70
Metzler	01.05.2021	Hold	135
Stifel	07.04.2021	Buy	223
Warburg Research	22.12.2021	Buy	178

SHOP APOTHEKE INVESTOR RELATIONS PROVIDES COMPREHENSIVE INFORMATION.

With the continuation of the coronavirus pandemic, investor conferences and roadshows were conducted digitally. In response to the ongoing increasing interest in the SHOP APOTHEKE EUROPE share and the capital market's steadily increasing information need on the business model, the strategy, the regulatory environment and on growth and profitability developments, the company and accompanying investment banks organised a number of virtual roadshows and investors' conferences across Europe and North America. The Managing Board furthermore answered investors' and analysts' questions in numerous individual meetings and phone or video conferences. The quarterly earnings releases were presented in live video conferences by the CEO S. Feltens and CFO J. Eenhorst including Q&A's.

The elevated interest in SHOP APOTHEKE EUROPE also led to broader and more frequently media coverage. Management participated in several interviews with high-profile publications particularly in Germany.

The company will continue to provide additional disclosures with transparency of its key business drivers and strategy, while at the same time protecting competitively sensitive information. It is the goal of Investor Relations to provide transparent financial communications to all market participants in order to further build and foster understanding and trust in the quality of the business model and the company's management. The Managing Board provides comprehensive, timely and objective information about the SHOP APOTHEKE EUROPE group's strategy as well as about all events relevant to the capital markets.



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03

REPORT
OF THE
SUPERVISORY
BOARD.

REPORT OF THE SUPERVISORY BOARD



Frank Köhler, vice-chairman 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 at Lorient 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. He 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 life-style shops throughout Europe. Mr. Köhler is an expert in 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.

Henriette Peucker, member of our Supervisory Board, was born in 1969.

Henriette Peucker has many years of experience in the public affairs arena as well as in-depth capital market know-how. She is a partner at Finsbury Glover Hering, a leading global strategic communications and public affairs communications consultancy. Ms. Peucker is responsible for the Brussels office of Finsbury Glover Hering, and focusses particularly on situations where complex regulation meets big politics and media attention. Prior to joining Finsbury Glover Hering in 2010, Ms. Peucker was the Head of European Public Affairs at Deutsche Börse Group responsible for a pan-European team working on financial regulation from 2002 and throughout the financial crisis. Previous experiences include six years in investment banking at Schrodgers and Citigroup in London and three years in a French public affairs consultancy in Paris. She is also a former member of the supervisory board of Galeria Kaufhof GmbH, a German department store chain with headquarters in Cologne, Germany. Currently, Ms. Peucker is not a member of a supervisory board of any other company.



Jérôme Cochet, member of our Supervisory Board, was born in Hanover, 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 Institut Européen d'Administration des Affaires (INSEAD). He started his career in 2004 at Bombardier, Inc. where he remained until 2006. From 2007 to 2011, he worked for McKinsey & Company, where he served as engagement manager. In 2011, Mr. Cochet joined Zalando SE, where he first served as country manager for France, took the position of Chief International Officer in 2012 and became Senior Vice President Sales and Marketing in 2013. In 2015 he founded Zalando Marketing Services which he ran as its Managing Director. Recently, he has started setting up his own company. Mr. Cochet has been a member of the Supervisory Board since the establishment of SHOP APOTHEKE EUROPE N. V. in 2016.

Dr. Björn Söder, the 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 at 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 a member 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 for both companies. Dr. Söder had been serving as vice-chairman of the Supervisory Board since the establishment of SHOP APOTHEKE EUROPE N.V. in 2016 and was elected as chairman in 2021.

The Supervisory Board of SHOP APOTHEKE EUROPE was established in September 2016 and has four members. 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 Managing Board within the scope prescribed by administrative rules, guidelines and 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 2021, 15 regular sessions of the Supervisory Board took place. Against the background of the coronavirus pandemic, most of the meetings took place virtually. All sessions, except for one, were attended in full, so the presence percentage of all, except one, Supervisory Board members was 100%. The members of the Managing Board took part in the Supervisory Board meetings unless otherwise determined by the Supervisory Board Chairman. With respect to an offering of new convertible bonds with a total volume of EUR 225 million, the Supervisory Board consulted several times at short-notice via telephone, videocall and e-mail and passed written resolutions. Further key subjects were the acquisitions of the digital health providers SMARTPATIENT and MEDAPP. Other important topics were the change of the forecast for the 2021 fiscal year, the new distribution concept for Italy, the development of the Rx-segment in Germany and the bonus ban, the new remuneration policy, the sustainability agenda/ESG, top management compensation concept, risk management system and the annual operating plan for the year 2022.

Between meetings, the Chairman of the Supervisory Board maintains regular contact with the CEO and deliberates with him on issues of strategy, planning, business development, risk management, governance and compliance.

COMPOSITION OF THE SUPERVISORY BOARD.

Jan Pyttel, former chairman of the Supervisory Board did not candidate again for the Supervisory Board at the AGM in 2021 when his appointment expired. The Supervisory Board therefore proposed Henriette Peucker as a new member of the Board who was elected during the company's Annual General Meeting on 21 April 2021. Following the Annual General Meeting, the Supervisory Board elected Björn Söder as Chairman and Frank Köhler as Deputy Chairman at the new Board's constituent meeting.

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 has generally considered four members to be a good composition in the past. Three Supervisory Board members hold long-term share positions, this concerns Björn Söder, Frank Köhler and Jérôme Cochet. The following table shows the actual composition of the Supervisory Board of SHOP APOTHEKE EUROPE:

Name	Last Appointment	Scheduled for Reappointment	Position
Mr. Björn Söder	2019	general meeting 2023	Chairperson
Mr. Frank Köhler	2019	general meeting 2023	Deputy chairperson
Mr. Jérôme Cochet	2019	general meeting 2023	Member
Mrs. Henriette Peucker	2021	general meeting 2025	Member

AUDIT COMMITTEE HELD 4 MEETINGS IN 2021.

The audit committee of SHOP APOTHEKE EUROPE N.V., established in December 2018, currently consists of two members, Frank Köhler and Henriette Peucker who report their findings to the supervisory board. Henriette Peucker replaced Björn Söder as member of the Audit Committee after she joined the Supervisory Board and Mr. Söder's election as chairperson of the Supervisory Board. The Audit Committee is charged with overseeing financial reporting and disclosure, the selection of the independent auditor and the receipt of audit results. The Committee held four meetings during financial year 2021. All meetings were attended in full, so the presence percentage of each Committee Member was 100 %. Main issues were discussion of the audit findings with the external auditor and management, discussion of initial audit plan of external auditor, obtain understanding of latest financial figures and planning, selection of external auditor for 2021 and discuss risks and controls.

INDIVIDUALISED DISCLOSURE OF MEETING ATTENDANCE.

● SUPERVISORY BOARD

Name	Total: 15 Meetings	Attendance %
Björn Söder	15/15	100%
Frank Köhler	15/15	100%
Jérôme Cochet	14/15	93%
Henriette Peucker	11/11	100%
Jan Pyttel	4/4	100%

● AUDIT COMMITTEE

Name	Total: 4 Meetings	Attendance %
Björn Söder	2/2	100%
Frank Köhler	4/4	100%
Henriette Peucker	3/3	100%

CONFLICTS OF INTEREST.

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 Managing Board or personal interests or other duties of the Supervisory Board members, vis-à-vis the company. For the sake of completeness, it might be noted that a member of the Supervisory Board (Frank Köhler) joined a voting pool agreement with other shareholders in 2021, representing a total of around 26.4% of the outstanding voting rights of SHOP APOTHEKE EUROPE.

ACTIVITIES DURING THE FINANCIAL YEAR 2021.

Agenda items of the meetings held in 2021 were the overall strategy of the group, performance against the financial and business targets for 2021, the general and the financial risk assessment, including the new convertible bond, the sustainability agenda/ESG, the new distribution concept for Italy, the development of the Rx-segment in Germany including e-RX and the bonus ban, the acquisitions of SMARTPATIENT and MEDAPP, a new remuneration policy for the Managing board and the Supervisory board, the financial planning, the corporate calendar 2021, the annual audit 2021, enterprise risk management and corporate governance, the self-evaluation of the Supervisory Board and evaluation of the Managing Board. The Supervisory Board also met and engaged Mazars Accountants N.V., elected as auditors for the fiscal year 2021 by the general meeting held on 21 April 2021 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.

Both, Supervisory and Managing Board consulted with and received the advice of financial, legal and tax advisors as well as auditors and remuneration experts, and considered a variety of factors, taking into account the interests of the company's stakeholders.

REMUNERATION OF THE SUPERVISORY BOARD.

With effect as per 21 April 2021, the chairperson of the Supervisory Board receives an annual remuneration of EUR 80,000, the vice-chairperson receives EUR 60,000 and all other members each receive EUR 40,000 annually for their services as of the date of their appointment. In addition, the company funds the insurance premium for the directors and officers ("D&O") insurance for the members of our Supervisory Board.

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 remuneration of the members of the Supervisory Board is determined by the General Meeting. The Supervisory Board will submit a proposal to the General Meeting from time to time.

CORPORATE GOVERNANCE AND COMPLIANCE.

The Supervisory Board and Managing 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. The company complies with the regulations and requirements of the Dutch Corporate Governance Code. Nevertheless, some deviations are emerging due to legal and 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 across all management levels. Last year, several key management positions were filled with female candidates in order to enhance the management's gender diversity. We do not see diversity merely as 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 will focus on further enhancing diversity across all management levels, including future appointments to its Supervisory Board and Managing Board, without compromising our commitment to hiring the best individuals for positions. 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 in serving a highly diverse society and our diverse stakeholders.

SUPERVISORY BOARD EFFECTIVENESS REVIEW.

In 2021, the Supervisory Board assessed its performance and composition and that of its Audit Committee. The aim of the continuous effectiveness review is to determine what measures could further improve the effectiveness of Supervisory Board work. During 2021 the Supervisory Board worked on setting up a more regular and systematic evaluation system for the effectiveness review of both the Supervisory Board and the Managing Board and their members. The Supervisory Board used a questionnaire for its assessment, which all members answered in preparation. The results were discussed in detail among the Supervisory Board and later with the Managing Board. The Supervisory Board did not use an external facilitator for its assessment in 2021, but may choose to involve an external advisor in the future.

The evaluation concludes, among others, that the relationship between the Supervisory Board and the Managing Board can be described as cooperative and transparent, and the number of meetings and informal interactions is balanced and as such have proven to ensure an effective functioning of the Supervisory Board. The continuous restriction caused by the pandemic led to most meetings being held virtually. This shift to virtual meetings resulted in a higher number of meetings with on average shorter duration compared to the pre Covid years. The functioning of the Supervisory Board fully complies with the relevant principles and best practices as set out in the Dutch Corporate Governance Code. Following the positive assessment of the Supervisory Board and as part of continuous improvement and in view of the growth of the company, the Supervisory Board has concluded on the following actions:

- The Supervisory Board will propose an increase of its members to the AGM 2022
- The Supervisory Board plans to install a Remuneration Committee and a Nomination Committee in 2022

AUDIT OF THE FINANCIAL STATEMENTS, AUDIT COMMITTEE.

Appointed by the Annual General Meeting on 21 April 2021 to audit the financial statements for the 2021 financial year, Mazars Accountants N.V. audited the company and the group's consolidated financial statements for the financial year 2021 prepared by the Managing Board in accordance with IFRS-EU, and the Managing Board report and other information. The auditors issued an unqualified audit opinion. The financial statements, the combined management report as well as the auditor's report were available to the audit committee and to the Supervisory Board for its own review.

In its meeting on 21 February 2022, the audit committee had a separate meeting to independently discuss the findings with the auditors and provided a report to the Supervisory Board which approved the financial statements and the combined management report prepared by the Managing Board. Following completion of our examination we came to the conclusion that no objections were to be raised and we approved the company financial statements and the consolidated financial statements.

The Supervisory Board would like to extend its appreciation to the members of the Managing Board and all the employees in the group. Over the course of 2021, SHOP APOTHEKE EUROPE successfully dealt with growing the group strongly in a challenging environment with respect to the coronavirus pandemic. At the same time, the company consistently progresses on its strategy of evolving the business to a customer-centric e-pharmacy platform and finalised the move to the new logistics centre.

Sevenum, 1 March 2022

On behalf of the Supervisory Board

Björn Söder

Chairman of the Supervisory Board

04

REMUNERATION REPORT.

REMUNERATION REPORT.

2021 REMUNERATION REPORT.¹

Dear Shareholders,

As Chairperson of SHOP APOTHEKE EUROPE's Supervisory Board, I am pleased to present the 2021 remuneration report for the members of the Managing Board and Supervisory Board. A remuneration committee did not exist in 2021 but it is our intent to establish one this year.

Throughout 2021, selected members from both the Managing Board and the Supervisory Board engaged in dialogue with several of our major shareholders and proxy advisors to collect feedback on our remuneration design and report. We considered this feedback thoroughly when we developed our revised remuneration policies and this remuneration report. The company also engaged dedicated compensation and governance advisors to support the development of the revised remuneration policy. I am confident you will appreciate many of the policy enhancements that will be put up for vote at the 2022 AGM. Some of these changes are in direct response to some shareholders, who opposed the 2020 remuneration report or changes to the remuneration policy at the 2021 AGM.

In 2021, SHOP APOTHEKE EUROPE made significant steps in becoming Europe's leading customer-centric e-pharmacy platform. 1.6 million customers were added, bringing the total number of active customers to 7.9 million. Sales grew by 9.5% and exceeded the 1 billion Euro mark for the first time. Everything-but-Rx sales grew at a healthy pace of over 22%, despite logistics capacity constraints around mid-year, whereas prescription sales declined because of the legal prohibition to pay cash bonuses to Rx customers. Internal preparations for the launch of electronic prescriptions in Germany were successfully concluded, exemplified by the processing of real e-prescriptions from the pilot program in Germany starting last October. Through the acquisition of MEDAPP in March 2021, a Dutch online pharmacy, the company entered its second Rx market. SHOP APOTHEKE EUROPE's marketplace was launched in December. Furthermore, the company's first digital disease management modules were introduced by SMARTPATIENT, which joined the SHOP APOTHEKE EUROPE family in January last year. With the completion of the transfer to the new state-of-the-art distribution facility in Sevenum, the company is well prepared for the launch of e-prescriptions in Germany and substantial growth in its six other markets in 2022 and beyond.

Throughout 2021, the composition of SHOP APOTHEKE EUROPE's Managing Board remained unchanged. On the date of the 2021 AGM, the former chairperson of the Supervisory Board, Jan Pyttel, retired from the board and was succeeded by me. On the same day, Henriette Peucker joined the Supervisory Board.

Early last year, the Supervisory Board decided to increase the annual base salaries of four members of the Managing Board uniformly to EUR 250,000 - the first increase since the company's IPO in 2016. Furthermore, it was decided to include the CFO's bonus in his annual base salary to align the compensation design across all members of the Managing Board. Hence, short-term incentives were not part of the 2021 pay package of any Managing Board member.

During the year, the Supervisory Board conducted a thorough review of the Managing Board and Supervisory Board compensation designs, considering feedback from shareholders, labor market trends as well as evolving remuneration best practices. At the conclusion of this exercise, the Supervisory Board approved a number of changes to the company's remuneration policy with the objective to enhance transparency and specificity but also to align even better the interests of the Managing Board with those of the company's shareholders. The following amendments are reflected in the revised remuneration policies for Managing Board and Supervisory Board, which will be put in front of this year's AGM:

¹ GRI 2-18, GRI 2-19, GRI 2-20

- Stronger alignment of remuneration with sustainable development goals.
- Outline of terms and conditions of any future long-term variable compensation plan, including caps on annual grants, references to performance criteria and periods, as well as holding requirements post vesting.
- Introduction of caps expressed in multiples of annual base salary for determination of variable remuneration elements, severance, or payments related to non-competition clauses.
- Enhanced claw-back provision.
- Rules for handling of variable remuneration for good and bad leavers.
- Introduction of share ownership requirements for Managing Board members.
- Rules for sign-on bonuses.
- Introduction of committee fees for Supervisory Board members.
- Split of existing remuneration policy into separate policies for the company's Managing Board and Supervisory Board.

I am confident you will share my opinion that these changes represent a significant improvement of SHOP APOTHEKE EUROPE's remuneration policy and are aligned with your views and expectations.

On behalf of SHOP APOTHEKE EUROPE, the Supervisory Board and the Managing Board, thank you for your continued support and feedback, which is extremely valuable to us. If you have any further comments or suggestions, please send them to the following e-mail address: investor.relations@shop-apotheke.com.

Respectfully,

Björn Söder
Chairperson of the Supervisory Board



INTRODUCTION.

This report explains how the remuneration policy of SHOP APOTHEKE EUROPE N.V. as approved by the Annual General Meeting of shareholders on April 30, 2020 was put into practice in 2021. In this remuneration report we provide an overview of remuneration awarded or due in the preceding financial year to individual members of the Managing Board and Supervisory Board based on the remuneration policy.

REMUNERATION POLICY OF SHOP APOTHEKE EUROPE.

The Shareholders Rights Directive was translated into Dutch legislation as of December 1, 2019. This remuneration report for the financial year 2021 has been developed in accordance to this legislation. Furthermore, in SHOP APOTHEKE EUROPE's upcoming Annual General Meeting of shareholders on April 14, 2022, additional updates to its remuneration policy will be proposed to be fully aligned with the new legislation.

OBJECTIVE OF THE REMUNERATION POLICY.

The remuneration policy of SHOP APOTHEKE EUROPE has the objective of attracting and retaining highly qualified executives with the required background, skills and experience - in the context of competitive global labor markets for such talent. It intends to offer a payment structure that incentivizes long-term value creation for the company's shareholders and other stakeholders. Starting from the company's mission to enable everybody to live the healthiest life possible, the policy supports the execution of the company's strategy to strengthen SHOP APOTHEKE EUROPE's market position and develop the company into Europe's leading customer-centric e-pharmacy platform, combined with a sustainable development approach emphasising "better planetary care, better patient care and better employee care".



The overriding principles of the remuneration policy are transparency and fairness. It is based on the firm belief that sustainable value creation is essential for the company's long-term success. The link to long-term value creation and sustainability is created not only, but in particular by allocating a significant portion of the remuneration package for Managing Board members to shared-based remuneration, i.e., the granting of share options, which represents a fitting entrepreneurial risk and return profile. The members of the Managing Board are not entitled to any special or additional benefits or allowances that are not reflected in the remuneration policy or are not standardly applied to all employees of the company.

SHOP APOTHEKE EUROPE does not award any variable remuneration to members of the Supervisory Board.

REMUNERATION PACKAGE.

The amount of an individual contract is based on the employee's skills, scope of responsibilities, experience and performance, as well as local market circumstances, which may differ across our geographies.

A remuneration package may consist of a base salary, other benefits, if applicable, like a contribution to pension insurances, and share options functioning as long-term incentive. For 2021, a short-term variable incentive was not part of any Managing Board member's compensation package.

Members of the Managing Board cannot exercise options or other share or share-based transactions for their own account during closed periods, which are disclosed on our corporate website.

In 2021, across the company, no variable remuneration was adjusted or clawed back.

The total variable remuneration at SHOP APOTHEKE EUROPE for the year 2021 was EUR 329,731 (2020: EUR 1,090,918) compared to total employee labor costs (excluding the effect of the contingent consideration) of EUR 69,085,957 (2020: EUR 49,994,615).

REMUNERATION MANAGING BOARD.

In 2021, the total remuneration of the Managing Board amounted to EUR 4,940,236 (2020: EUR 2,281,197).

In the tables at the next page the total remuneration of the Managing Board in 2021 and 2020 as well as the remuneration per individual member of the Managing Board are shown.

The total remuneration increases for the members of the Managing Board from 2020 to 2021 can largely be attributed to the full-year expense effect of the 2020 stock option grant, which was granted to the Managing Board members in October 2020. Hence, only fraction of the full-year expense for this grant is reflected in the 2020 remuneration numbers. The October 2020 stock option grant was based on the understanding between Supervisory Board and Managing Board that no further stock options will be awarded to the current Managing Board members before 2024.

BASE SALARY.

Effective January 1, 2021, the annual base salaries for the CEO, CCO, COO and CIO were uniformly increased by the Supervisory Board to EUR 250,000. This represents increases ranging from 45% to 65%, but annual base salaries of EUR 250,000 remain in the lowest quartile of SHOP APOTHEKE EUROPE's executive pay benchmarking group. Moreover, these increases were the first base salary raises for these Managing Board members since SHOP APOTHEKE EUROPE's IPO in 2016 even though the company's market capitalization, share price, customer base, number of employees, sales, assortment and scope have increased substantially since then.

Remuneration Managing Board 2021 (in EUR)

Name of Director, Position	Period	Fixed remuneration			Variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable**
S. Feltens, CEO	01.01 - 31.12.2021	250,000	-	4,687	-
J. Eenhorst, CFO	01.01 - 31.12.2021	420,000	-	-	1,701
T. Holler, COO	01.01 - 31.12.2021	250,000	-	4,182	-
S. Weber, CCO	01.01 - 31.12.2021	250,000	-	2,410	-
M. Fischer, CTO	01.01 - 31.12.2021	250,000	-	1,718	-
Total compensation		1,420,000	-	12,997	1,701

Remuneration Managing Board 2020 (in EUR)

Name of Director, Position	Period	Fixed remuneration			Variable remuneration
		Base salary	Fees	Fringe benefits	One-year variable
S. Feltens, CEO	01.01 - 31.12.2020	151,200	-	5,557	-
J. Eenhorst, CFO	01.02 - 31.12.2020	256,667	-	-	146,000
T. Holler, COO	01.01 - 31.12.2020	171,720	-	5,607	-
S. Weber, CCO	01.01 - 31.12.2020	172,939	-	2,394	-
M. Fischer, CTO	01.01 - 31.12.2020	172,069	-	1,718	-
Total compensation		924,595	-	15,275	146,000

* The fair value according to IFRS of each year's grant is determined on the grant date and expensed on a straight-line basis over the vesting period. The fair value is determined by an external agency. The expense for 2021 reflects this year's portion of share option grants which are not yet vested. Members of the Managing Board did not receive any additional compensation from companies of the SHOP APOTHEKE EUROPE Group.

** The amount shown for variable remuneration in 2021 relates to the settlement of the variable compensation for the year 2020.

Also effective January 1, 2021, the Supervisory Board converted the CFO's short-term variable compensation at 100% target level into his base salary in order to align the pay structure across all members of the Managing Board. The Supervisory Board's discretion to convert the CFO's short-term variable compensation into his annual base salary had been explicitly stipulated in the CFO's initial employment agreement when he joined the company on February 1, 2020. For 2020, the STI targets for the CFO were revenue growth, adjusted EBITDA, working capital as a percentage of net sales and customer satisfaction measured as Net Promoter Score or NPS. The 100% pay-out target of the STI was EUR 140,000 with a cap of 200% of target payout, depending on STI target achievement. Actual STI achievement for 2020 was 106% or EUR 147,701. As a result of the conversion of the CFO's short-term variable remuneration, his annual base salary increased to EUR 420,000.

SHARE-BASED REMUNERATION.

In 2018, share options were granted to the members of the Managing Board for the first time. These grants (plans 1a and 1b in the table below) are governed by the 2018 Shop Apotheke Long-Term Incentive Plan. The first tranche (1a) vested on January 1, 2020. The second tranche (1b) vested on January 1, 2021. Each option of the 2018 Long-Term Incentive Plan entitled the recipient to acquire one share of SHOP APOTHEKE EUROPE. The exercise price was the closing market share price on the effective date of the award agreements. The agreements did not contain

Remuneration	Share based payment expenses (IFRS)*	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
Multi-year variable					
-	656,910	-	-	911,597	28% / 72%
-	850,618	-	25,000	1,297,319	34% / 66%
-	656,910	-	2,280	913,372	28% / 72%
-	656,910	-	-	909,320	28% / 72%
-	656,910	-	-	908,628	28% / 72%
-	3,478,258	-	27,280	4,940,236	

Remuneration	Share based payment expenses (IFRS)*	Extraordinary items	Pension expense	Total remuneration	Proportion of fixed and variable remuneration
Multi-year variable					
-	218,772	-	-	375,530	42% / 58%
-	341,793	-	22,917	767,376	36% / 64%
-	203,188	-	2,280	382,795	47% / 53%
-	203,188	-	-	378,521	46% / 54%
-	203,188	-	-	376,975	46% / 54%
-	1,170,130	-	25,197	2,281,197	

any performance criteria or caps. All share options from the 2018 Shop Apotheke Long-Term Incentive Plan, awarded to Managing Board members, had been exercised by December 31, 2021.

In February 2020, share options were granted to J.F.P. Eenhorst, CFO (plans 7a, 7b and 7c in the table below). The intent of this grant was to partially compensate the CFO for share-based compensation he had forfeited at his previous employer. This grant is governed by the 2019 Stock Option Plan, adopted by the AGM on April 30, 2019. Each option entitles J. F. P Eenhorst to acquire one share of SHOP APOTHEKE EUROPE. The exercise price was the closing market share price on the effective date of the award agreement. The agreement did not contain any performance criteria or caps.

On October 1, 2020, share options were granted to all current members of the Managing Board (plans 9a and 9b in the table below). The October 1, 2020 grants are governed by the 2020 Stock Option Plan, adopted by the April 30, 2020 Annual General Meeting. The Supervisory Board and the Managing Board members agreed at the time of the award not to grant any additional long-term variable compensation to current Managing Board members for the following four years, i. e., not before 2024. Subsequently on June 6 2021, the Supervisory Board passed a resolution that no further share options will be granted to members of the Managing Board under the 2020 Stock Option Plan. Each option of the 2020 Stock Option Plan entitles the recipient to acquire one share of SHOP APOTHEKE EUROPE. The exercise price was the closing market share price on the effective date of the award

agreements. The agreements did not contain any performance criteria or caps. The 2020 employee share option plan for Managing Board members includes an additional holding period of two years after exercise. However, the Supervisory Board will submit a proposal to the 2022 AGM to modify the two-year holding period after exercise – especially in light of the agreement with the Managing Board members not to issue any additional long-term variable compensation to current Managing Board members before 2024.

Share based payments board of directors

The main conditions of the share option plans

Name of Director, Position	Specification of plan	Grant date	Vesting date	Expiry date	Strike price of the share
S. Feltens, CEO	1b	26.04.2018	01.01.2021	01.01.2022	45.20 €
	9a	01.10.2020	01.10.2023	01.10.2027	149.40 €
	9b	01.10.2020	01.10.2024	01.10.2027	149.40 €
J. Eenhorst, CFO	7a	01.02.2020	01.02.2022	11.06.2027	46.40 €
	7b	01.02.2020	01.02.2023	11.06.2027	46.40 €
	7c	01.02.2020	01.02.2024	11.06.2027	46.40 €
	9a	01.10.2020	01.10.2023	01.10.2027	149.40 €
	9b	01.10.2020	01.10.2024	01.10.2027	149.40 €
T. Holler, COO	1b	26.04.2018	01.01.2021	01.01.2022	45.20 €
	9a	01.10.2020	01.10.2023	01.10.2027	149.40 €
	9b	01.10.2020	01.10.2024	01.10.2027	149.40 €
S. Weber, CCO	1b	26.04.2018	01.01.2021	01.01.2022	45.20 €
	9a	01.10.2020	01.10.2023	01.10.2027	149.40 €
	9b	01.10.2020	01.10.2024	01.10.2027	149.40 €
M. Fischer, CTO	1b	26.04.2018	01.01.2021	01.01.2022	45.20 €
	9a	01.10.2020	01.10.2023	01.10.2027	149.40 €
	9b	01.10.2020	01.10.2024	01.10.2027	149.40 €

The table below provides an overview of share options granted to previous Managing Board members of SHOP APOTHEKE EUROPE.

Share based payments previous board of directors

The main conditions of the share option plans

Name of Director, Position	Specification of plan	Grant date	Vesting date	Expiry date	Strike price of the share
U. Wandel, CFO	1b	26.04.2018	01.01.2021	01.01.2022	45.20 €

For more details and parameters of the employee share option programs, see the explanatory notes under Item 27 in the notes to the consolidated financial statements of this annual report.

The table below provides an overview of the SHOP APOTHEKE EUROPE share options of the Managing Board members including the 2021 opening balance, changes during 2021 and the 2021 end balance.

Information regarding the reported financial year

Opening balance	During the year		Closing balance		
Share options outstanding 01.01.2021	Share options awarded	Share options exercised	Share options outstanding 31.12.2021	Costs (IFRS) during the year (in EUR)	Realized value of options exercised in 2021 (in EUR)
17,500	-	-17,500	-	-	1,143,675
20,000	-	-	20,000	366,840	-
20,000	-	-	20,000	290,070	-
10,000	-	-	10,000	85,277	-
10,000	-	-	10,000	60,600	-
10,000	-	-	10,000	47,832	-
20,000	-	-	20,000	366,840	-
20,000	-	-	20,000	290,070	-
12,500	-	-12,500	-	-	1,760,813
20,000	-	-	20,000	366,840	-
20,000	-	-	20,000	290,070	-
12,500	-	-12,500	-	-	1,922,500
20,000	-	-	20,000	366,840	-
20,000	-	-	20,000	290,070	-
12,500	-	-12,500	-	-	1,922,500
20,000	-	-	20,000	366,840	-
20,000	-	-	20,000	290,070	-

Information regarding the reported financial year

Opening balance	During the year	Closing balance		
Share options outstanding 01.01.2021	Share options exercised	Share options outstanding 31.12.2021	Costs (IFRS) during the year (in EUR)	Realized value of options exercised in 2021 (in EUR)
12.500	12,500	-	-	1,593,155

On December 31, 2021, the total number of share options issued to members of the Managing Board or other company employees that had been awarded but not yet exercised amounted to 665,047 options, of which 230,000 had been awarded to members of the Managing Board. Each one of these 665,047 share options entitles the recipient to acquire one share of SHOP APOTHEKE EUROPE. As a proportion of the total number of shares of SHOP APOTHEKE EUROPE issued by December 31, 2021, the awarded but not yet exercised share options represent 3.7 percent.

EXTRAORDINARY ITEMS.

During the financial year, no extraordinary remuneration items were paid to Managing Board members.

PENSION.

T. Holler, COO, received pension benefits via payment of the employer's contribution to the statutory Dutch "Pensioenfonds Medewerkers Apotheken" (SPOA). J.F.P. Eenhorst, CFO, received pension benefits and related insurances via payment of the employer's contribution to a private pension fund capped at EUR 25,000 in 2021. The CFO's pension benefits are below the level he had received from his previous employer. The other members of the Managing Board did not receive any contributions towards pension plans or similar retirement benefits, whereas the company introduced pension benefits for all employees with a Dutch employment agreement as of January 1, 2021.

INSURANCE.

SHOP APOTHEKE EUROPE insured the members of the Managing Board through a D&O insurance policy against damages resulting from their conduct when acting in their capacities as directors of the company.

Pay ratio

Name of Director, Position	FY 2021		FY 2020	
	Director's remuneration (in EUR)	Pay Ratio (incl. and excl. share based payments)	Director's remuneration (in EUR)	Pay Ratio (incl. and excl. share based payments)
CEO	911,597	20.7 6.4	375,530	9.1 4.2
CFO	1,297,319	29.5 11.3	767,376	18.6 11.3
COO	913,372	20.7 6.5	382,795	9.3 4.8
CCO	909,320	20.7 6.4	378,521	9.2 4.7
CTO	908,628	20.6 6.3	376,975	9.2 4.6

RIGHT TO RECLAIM.

Annual cash incentives as well as the long-term equity-based incentives for the Managing Board are subject to claw-back provisions pursuant to Dutch law. No such reclaim occurred during the financial year.

SHARE OWNERSHIP REQUIREMENT.

By the end of last year, the CEO, CCO, COO and CIO already exceeded the share ownership requirement, which is stipulated in the revised remuneration policy that will be proposed to the 2022 AGM. The CFO, who joined the company in February 2020, has started to build up his stake in SHOP APOTHEKE EUROPE but had not yet reached the required level by the end of last year. Members of the Managing Board have five years from the date they joined the Managing Board to reach the required share ownership stake.

SHOP APOTHEKE EUROPE PAY RATIO.

The pay ratio is calculated as the total salary of the respective Managing Board member divided by the average remuneration per employee. This standardised approach, using the IFRS financial statements, makes external comparisons possible and represents the ratio of the following two calculations.

- Total remuneration of the Managing Board as published in the remuneration report;
- The average employee compensation based on salaries, share-option expenses and pension costs divided by the average number of FTEs of the year, as published in note 8 of the consolidated financial statements. In the calculation of the total salaries we have excluded the effect of the contingent consideration of the payments related to the acquisitions of SMARTPATIENT and MEDAPP.

FY 2019		FY 2018		FY 2017	
Director's remuneration (in EUR)	Pay Ratio (incl. and excl. share based payments)	Director's remuneration (in EUR)	Pay Ratio (incl. and excl. share based payments)	Director's remuneration (in EUR)	Pay Ratio (incl. and excl. share based payments)
298,235	7.8 4.4	60,000	1.7 1.8	60,000	1.6 n/a
373,415	9.8 7.7	213,215	6.1 4.4	176,302	4.7 n/a
280,662	7.3 5.1	248,227	7.1 5.4	177,300	4.7 n/a
276,393	7.2 5.0	243,518	7.0 5.3	188,122	5.0 n/a
275,223	7.2 4.9	243,062	7.0 5.3	186,615	4.9 n/a

The development of the pay ratio on a full-time equivalent basis over the last five years is shown in the table below. The aim is to present and compare developments of remuneration of board members and employees other than board members. In years with changes in the composition of the Managing Board, the remuneration shown is the annualization of the most recent function holder.

To understand the relative performance of remuneration developments compared to the company performance developments the table below is included. It shows the changes in comparative remuneration and company performance over the last two reported financial years.

Annual change	2021 vs 2020	2020 vs 2019
Directors' remuneration (in EUR)		
CEO	536,068	77,295
CFO	529,942	393,961
COO	530,577	102,133
CCO	530,799	102,128
CTO	531,653	101,752
Company performance (in EUR 1,000)		
Net revenue	+ 92,259	+ 267,052
EBITDA	-53,931	+ 33,780
Market capitalisation	-23%	+ 335%
Average remuneration on FTE basis		
Wages and salaries / FTE (in EUR)	+ 2,884	+ 2,926
Wages and salaries / FTE (in %)	+ 7.0%	+ 7.7%



REMUNERATION OF THE SUPERVISORY BOARD.

The 2021 AGM voted to increase the fixed annual base fees for Supervisory Board members to EUR 80,000 for the Supervisory Board chairperson, EUR 60,000 for the Supervisory Board vice-chairperson and EUR 40,000 for the other Supervisory Board members. The increase was effective as of April 21, 2021, the date of the 2021 AGM. The increase was deemed necessary to be able to continue attracting, retaining and rewarding highly qualified non-executives with the required background, skills, experience and drive to supervise strategy implementation and the attainment of the company's operational objectives. Furthermore, the increase was reflective of the significantly higher workload of the Supervisory Board in 2021. SHOP APOTHEKE EUROPE does not award any variable remuneration or shares or share-linked options to the members of the Supervisory Board. The following table outlines the total remuneration for the members of the Supervisory Board for 2017 through 2021:

Remuneration Supervisory Board (in EUR)	Supervisory Board	Audit Committee	Year ended 31.12.2021	Year ended 31.12.2020	Year ended 31.12.2019	Year ended 31.12.2018	Year ended 31.12.2017
Björn Söder	chairperson		61,918	20,000	20,000	20,000	20,000
Frank Köhler	vice-chairperson	V	47,945	20,000	20,000	20,000	20,000
Jerome Cochet	member		33,973	20,000	20,000	20,000	20,000
Henriette Peucker	member	V	27,945	-	-	-	-
Jan Pyttel	former chairperson		9,041	30,000	30,000	30,000	30,000
Total			180,822	90,000	90,000	90,000	90,000

OTHER INCLUDING LOANS.

Neither the company nor its subsidiaries have granted loans, made advance payments or granted guarantees to members of the Managing Board or the Supervisory Board.

05

COMBINED
MANAGEMENT
REPORT.

DEVELOPING SHOP APOTHEKE EUROPE FROM AN ONLINE RETAILER TO EUROPE'S LEADING CUSTOMER-CENTRIC E-PHARMACY PLATFORM.

Founded in 2001 as an online shop of a local pharmacy in Cologne, SHOP APOTHEKE EUROPE was a pioneer of the industry and has become one of Europe's leading online pharmacy brands with the highest international presence in Europe, namely in seven countries: Germany, Austria, Switzerland, Belgium, The Netherlands, France, and Italy.

From this strong position, we have set ourselves the goal to further advance the digitization of the healthcare sector, because we are convinced that this is inevitable and improves the life of patients. In every corner of the world, young and old are using smart devices to perform banking transactions, make purchases, watch movies, plan their travels, be connected with friends and family and much more, in the area of healthcare digitization there still is much room to improve the quality of life.

In our latest strategy review, we reaffirmed our ambition to significantly expand our business. Over the year we increased our base of active customers to 7.9 million and achieved a 9.5% overall sales growth after 38.1% in the year before. During last year, we rolled-out our same-day delivery option under the brand SHOP APOTHEKE NOW! to the main metropolitan areas in Germany, we expanded our own brand RedCare product portfolio consisting of OTC, Beauty- and Personal Care and nutritional and healthy food products, and in December in Germany we launched our own marketplace for health-care related assortment of third-party expert partners. With the acquisitions of the health-tech companies SMARTPATIENT and MEDAPP early 2021 we strengthened our digital healthcare expertise significantly to serve our customers better. Furthermore, and most importantly, we completed our preparations for the start of electronic prescriptions (e-Rx) in Germany and celebrated to have successfully processed the first electronic prescriptions in October 2021.

ABOUT THIS REPORT.¹

This annual report was written up by order of the Managing Board of SHOP APOTHEKE EUROPE N.V. The Board reviewed and released the content of this report. The company has reported in accordance with the GRI 2021 standards for the period 1 January 2021 – 31 December 2021 and it includes a description of the economic, ecological, and social aspects of its activities.

In general, this report provides non-financial indicators that represent the entire Group, including the recently acquired companies², SmartPatient as per 1 January 2021 and MedApp as per 1 April 2021. The majority of the figures we publish reflect the status as of December 31, 2021. We explicitly state when the information provided deviates from these parameters. Compared to previous year, no restatements have been made in the reporting period³.

The document contains 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 characterised by terms such as “expect”, “forecast”, “predict”, “intend”, “plan”, “estimate”, “assume” or “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. As a consequence, actual results may differ significantly from those in the future as mentioned in this report.

In addition to “SHOP APOTHEKE EUROPE Group” or “SHOP APOTHEKE EUROPE N.V.”, the terms “the company”, “the Group” or the short form “SHOP APOTHEKE” or “SHOP APOTHEKE EUROPE” are also used.

Market data used in this report is based on studies from Statista, ResearchAndMarkets, Grand View Research and Bank of America, if not mentioned otherwise.

COMPANY PROFILE.

● CORPORATE STRUCTURE.⁴

SHOP APOTHEKE EUROPE N.V., the parent company of the SHOP APOTHEKE EUROPE Group, is one of the leading European online pharmacies, acting in a sector where few other established pan-European offline or online pharmacy brands currently exist. In order to remain competitive and ensure sustainable success, we consciously take risks and continuously explore and develop opportunities. Our risk and opportunity management principles and system provide the framework for our company to conduct business in a well-controlled environment and are described in the “Risk and Opportunities” Chapter of this report.

Being based in the Netherlands offers the company the advantage of the right regulatory regime concerning the mail order of pharmaceuticals, which could serve as a platform for our expansion into additional European markets. The location in the heart of Europe is also an excellent base for serving as the central logistics hub for Europe.

¹GRI 2-3

²GRI 2-2

³GRI 2-4

⁴GRI 2-1

Our business is almost exclusively focused on end customers, thus B2C. Within the context of IFRS 8, we consider two business segments for external reporting purposes: our "DACH" segment, (Germany, Austria and Switzerland) and our "International" segment (Belgium, The Netherlands, France, Italy). Until 2020, only in Germany we sold prescription medications (Rx), by the acquisition of MEDAPP in 2021 prescription medications are also sold in the Netherlands. The DACH segment continued to be the Group's biggest market with exactly 80% of total sales in 2021 (2020: 84%).

SHOP APOTHEKE EUROPE N.V. is listed on the regulated market of the Frankfurt Stock Exchange (Prime Standard). The market capitalization as per 31 December 2021 was EUR 2,050 billion.

● GOVERNANCE STRUCTURE.⁵

The Managing 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 recognizes the importance of clear rules on corporate governance and, where appropriate, we have adapted our internal organization and processes to these rules.

Both, the Supervisory Board and the Managing Board shall be composed in such a way that these bodies/their members as a group have the knowledge, ability and specialist experience required to properly complete their tasks. For details regarding the composition of the Supervisory Board, see the Report of the Supervisory Board which is included in this annual report as well. A detailed profile and the Articles of Association, including information about the appointment of Board members, can be found in the Investor Relations section of the company's website under the sub-item Corporate Governance. Information on the terms of office of the Supervisory Board members can also be found in the Supervisory Board report (chapter 4).⁶

All business activities are performed in accordance with Dutch law and German capital market law, as shares of SHOP APOTHEKE EUROPE N.V. are admitted to trading in the Prime Standard Segment of the Frankfurt Stock Exchange. The company complies with the regulations and requirements of both, the Dutch and the German Corporate Governance Codes. Nevertheless, some deviations are emerging due to legal and business requirements. A detailed report on compliance with the Dutch Corporate Governance Code is provided in the respective section of this annual report.

The Managing Board consists of five members who are jointly accountable for independently managing the company in the company's best interests while complying with the applicable laws and regulations, the Articles of Association and the rules of procedure. In doing so, they must take the interests of the shareholders, the employees and other stakeholders into account.

The Managing Board is monitored and advised by the Supervisory Board. It has adopted the rules of procedure in consultation with the Supervisory Board. The Managing Board has a chairman who coordinates the work of the Managing Board and represents it in dealings with the Supervisory Board.

The Managing Board informs the Supervisory Board regularly, in due time and comprehensively in accordance with the law and the reporting duties specified by the Supervisory Board. It develops the company's strategy, coordinates it with the Supervisory Board and implements it. The Managing Board ensures that all statutory provisions and the company's internal policies are complied with. The Managing Board also ensures appropriate risk management and risk controlling in the company.

⁵GRI 2-9

⁶GRI 2-10, GRI 2-11

The Chairman of the Managing Board informs the Supervisory Board Chairman without delay of important events that are essential for the assessment of the situation and the development of the company or for the management of the company as well as of any shortcomings that occur in the monitoring systems.

The Managing Board requires the approval of the Supervisory Board for certain important transactions. Transactions and measures that require Supervisory Board approval are submitted in good time to the Supervisory Board, or to one of its committees where particular powers are delegated to them.

The Managing Board members are obliged to disclose any conflicts of interest to the Supervisory Board without delay and to inform the other Managing Board members accordingly. Possible conflicts of interest would be published in the Corporate Governance section of this report.⁷

● COMPLIANCE.⁸

We want to contribute to the comprehensive implementation of ethical behavior in business life. With the Code of Conduct, the Group has committed itself to acting with integrity and sustainability. Compliance with relevant laws is a matter of course for us. This includes the protection of workers' and human rights, the avoidance of cartel violations, corruption or the acceptance of advantages and other illegal business practices, as well as compliance with all pharmaceutical requirements. We also expect our business partners to act in accordance with this Code of Conduct.

Part of the principle of compliance is that breaches of rules and unlawful conduct are uncovered as quickly as possible, investigated and actual misconduct is stopped. To meet this requirement, we have introduced a compliance management system (CMS). Part of the process was the introduction of a whistleblower system during the year 2021.

For reports on irregularities and suspected cases of misconduct by employees of the Group, we have appointed an internal compliance officer whom both employees and business partners can contact. Information is treated confidentially upon request.

There were no significant instances of non-compliance with laws and regulations and no significant fines were paid during the reporting period.⁹

● BUSINESS ACTIVITY.¹⁰

SHOP APOTHEKE EUROPE is a leading online pharmacies in continental Europe with total group sales of EUR 1,060 million in 2021 and an active customer base of 7.9 million at the end of 31 December 2021. In 2021, SHOP APOTHEKE EUROPE was active in Germany, Austria, Switzerland, Italy, France, Belgium and The Netherlands.

Our overriding business objectives are continuous and dynamic growth in our existing markets, assessing and if warranted moving into additional markets, continuing on our path toward overall sustainable profitability, while doing good according to ESG standards.

⁷ GRI 2-15

⁸ GRI 2-16, GRI 2-24, GRI 2-25

⁹ GRI 2-27

¹⁰ GRI 2-6

Since our foundation in 2001 we have continually expanded our business and geographic reach across Europe. In June 2010 a warehouse is opened in Venlo, the Netherlands for logistics and distribution operations. 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. At the time of the acquisition, Europa Apotheek used to be one of the largest online mail order pharmacies in Germany with a customer profile focusing on chronically ill patients with low churn rates. In 2018, our offering expanded with the acquisition of Berlin based nu3 GmbH, a specialist for functional nutrition products. The high-quality product range of nu3, which comprises of natural food and health products, low carb products and sports nutrition provides us with an USP in a growth market with good margins.

We are evolving currently our business by developing SHOP APOTHEKE from an online retailer to a customer-centric e-pharmacy platform, which will open new revenue and margin streams for the company. With last year's two acquisitions of the digital medication management experts SMARTPATIENT and MEDAPP we have reached further important milestones of our strategy - also in preparation for the anticipated upcoming large e-Rx business.

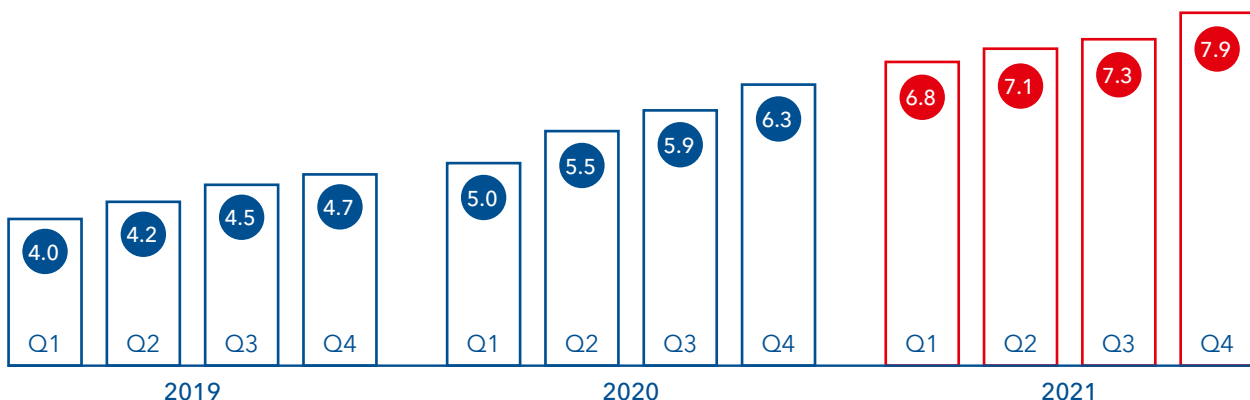
Since 2020, our headquarters are located in Sevenum, a village close to Venlo and to the Dutch-German border. Shipping orders to Germany is efficient, but the facility also acts as a central processing and distribution hub from which we ship to our customers in our different continental European markets. We further operated offices in Cologne, Berlin, Munich (Germany), Eindhoven (The Netherlands), Tongeren (Belgium), Pont-A-Marcq (France), Milan (Italy) and Warsaw (Poland).

With more than 1,800 employees, SHOP APOTHEKE EUROPE delivers a broad range of more than 100,000 original products to over 7.9 million active customers as per 31 December 2021 fast, secure, and at attractive prices. In addition, SHOP APOTHEKE provides comprehensive pharmaceutical consulting services and last mile delivery options in certain of its geographies in cooperation with local third-party pharmacy partners. In December of last year, the company extended its product portfolio to additional healthcare-related assortment with the launch of its own marketplace in Germany. This assortment is sold directly from our third-party partners to customers.

The Group's business success is to a large extent measured in growing both its German core market and its European market leadership. Result-oriented key financial performance indicators are used in managing the Group, besides sales growth these include gross profit, EBITDA, and adjusted EBITDA, as well as cash flow focused metrics. To track customer satisfaction, we closely monitor NPS (Net Promoter Score) across our operations.

Number of active customers (in millions)

SHOP APOTHEKE EUROPE's continuously growing active customer base.



Our business is supported by strong digital and other technological know-how. SHOP APOTHEKE EUROPE has built an enterprise resource planning (ERP) system and an IT-platform that are robust, secure and scalable. They were designed to support the continuous growth that is key in the company's strategy. In addition, the company's infrastructure is designed to deliver economies of scale.

● 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. Furthermore, there is a clear offline-to-online shift in retailing that positively influences the growth of our target markets. This trend was already strong from the rapidly growing use of mobile devices, which allow customers to conveniently shop from any place, at any time, but the shift seems to have been accelerated by the Corona pandemic and measures of social distancing. SHOP APOTHEKE EUROPE was and is in a pole position to actively drive the market with its strong backbone and country-specific cultural know-how.

The online Rx business in Germany has grown - in addition to demographic changes, the elder generation moving online, and the increased usage and easy of usage of mobile devices - by the 2016 European Court of Justice's (ECJ) ruling to allow pharmacies based within the European Union (such as SHOP APOTHEKE and Europa Apotheek) to sell Rx medications to consumers based in Germany with a price incentive. In December 2020, however, the German parliament passed a law to ban bonuses for Rx medications. This is a real disappointment for many of our chronically ill customers because their out-of-pocket expenses increased considerably. The bonus ban had an unfavorable impact on our prescription sales in Germany last year with Rx-sales declining by 34.6%. We are of the standpoint that the German bonus ban represents a violation of European law and might consider legal actions - not the least in the interest of our customers predominantly the chronically ill.

Buying Rx online in Germany currently is a cumbersome old-fashioned process because by law the customer has to give the original paper prescription of the doctor to the pharmacy. When buying Rx online at SHOP APOTHEKE that currently means the customer has to send the prescription by physical post to us. With the mandatory roll-out of electronic prescriptions in Germany, it is our expectation that SHOP APOTHEKE EUROPE will become a much more an attractive option for many more Rx customers who will be able to benefit from our expertise, services, quality, and broad assortment.

● OUR KEY COMPETITIVE STRENGTHS.

The currently still low online penetration rate for Rx and OTC medications as well as pharmacy-related BPC products in many continental European markets, the increasing demand for pharmaceutical products in general and the absence of leading online and offline brands in these markets 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 now gradually moving online.
- We pioneered the OTC and BPC online pharmaceutical retail markets in Germany and continental Europe and have over the years developed market-leading expertise in online pharmacy B2C retail, which we will leverage for the emerging Rx online retail opportunity.
- We have a strong value proposition for customers that includes attractive prices for a relevant and comprehensive product range while offering a convenient end-to-end customer journey, superior product information, expert consultation services and high pharmaceutical safety standards.
- Our ability to offer attractive prices is enabled by our efficient cost structure as well as economies of scale we achieve across the value chain.

- Our parcels and services include personalization to the customer that contain relevant product instructions and alert customers to any medication interactions or side-effects detected by our automated checks.
- Our operating platform and corresponding market entry barriers have been developed over time, which give us an advantage now.
- 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 reduce the blended customer acquisition costs.
- We have a management team with expert know-how in the pharmacy and eCommerce space and a proven track record of successfully growing business through excellence in execution and strategic insights.

Our technology platform, including our web-shop and app, reflect an industry-leading customer focus. We will continue to focus on IT and invest where necessary to stay ahead of the competition.

We focus on attracting top talent by offering them opportunities to play an active role in shaping the future of SHOP APOTHEKE EUROPE and our journey toward enabling everyone to live their healthiest life possible.

● SHOP APOTHEKE EUROPE'S VALUE-ADDED PROCESS.¹¹

The concept of the company's value-added process is the procurement of medications as well as beauty and personal care and related products, which are then sold via country-specific online shops to consumers. In order to operate in a sustainable manner and to work with the right suppliers, SHOP APOTHEKE EUROPE attaches great importance to sustainable supply chain management. The number of our "Pharma" suppliers is around 1,100. More than 99% of our suppliers are based in a member state of the Organization for Economic Cooperation and Development (OECD). The OECD brings together 38 countries committed to the economic and social well-being of people worldwide. We divide our suppliers in two main categories: "Pharma" and "Indirect Spend". Pharma is subdivided in the two further categories "Wholesale" and "Direct" which both include the procurement of OTC, Rx and Beauty- and Personal Care and related products.

The three main pillars of the sales process are SHOP APOTHEKE EUROPE's pharmaceutical and e-commerce know-how, its IT-expertise in designing and running online webshops and its logistics system tailored towards pharmacy.

SHOP APOTHEKE EUROPE's country-specific websites provide access to more than 200,000 products. With the launch of our own marketplace in Germany in December 2021, we will significantly broaden our product range by adding tens of thousands of health-care related products from third parties. This is a substantially larger range of products than offered in traditional brick-and-mortar pharmacies.

Our online shops are optimised continuously and provide state-of-the-art user-friendly and convenient shopping experience available 24/7 from any location with online access.

SHOP APOTHEKE EUROPE has received numerous awards for its services, assortment and its prices over the past years and in the past year, including "Best-performing online pharmacy in 2021" by a Sempora survey of the German pharmacy market, "Innovation Excellent" in the "Specialist retailer" category in Handelsblatt YouGov ranking, Germany's "Customer Champion" in the "online pharmacy" category by the F.A.Z. Institute, the German Society for Quality e.V. (DGQ) and 2HMforum as well as the Top-Shop 2021 award from Computer Bild and Statista.

¹¹GRI 2-6

An important part of SHOP APOTHEKE EUROPE's business strategy is the commitment to comprehensive customer support and services. This encompasses a pharmaceutical consulting hotline and pharmaceutical services such as pharmaceutical advice videos, instruction videos and comprehensive medication interaction checks. With the acquisitions of SMARTPATIENT and MEDAPP the past year, we accelerated our technological and digital health capabilities, all aiming to let our customers live their healthiest (and easiest) life possible.

● SUSTAINABILITY IS AN INTEGRATED PART OF OUR STRATEGY.

With our mission to enable everyone to live the healthiest life possible, our core business has in its core a drive to positively impact people's health (social capital) as well as building an easy access to medication infrastructure in European markets (manufacturing capital). With this business model and a promising growth story we do create secure employment opportunities (human capital). However, our materiality analysis has shown that environmental external risks are inherent to our business activities, specifically carbon emissions along our value chain. This is why we have an integrated management process to minimize our negative impacts (environmental capital). Within the scope of SHOP APOTHEKE EUROPE's strategic positioning as a sustainable company, a direct report function to the Managing Board ensures the comprehensive and holistic integration of sustainability into the overall strategy¹². The executive oversight of Sustainable Development have the CEO and Deputy CEO, while accountability for dedicated material topics is with the respective Board member where the implementation of initiatives is functionally located.¹³

● SHOP APOTHEKE EUROPE TO BECOME EUROPE'S LEADING E-PHARMACY PLATFORM.

Our vision is to be the leading customer-centric e-pharmacy platform in continental Europe. In the core we are a pharmacy specialised in selling with care and trustworthy prescription and OTC medications, pharmacy-related BPC and other related products, and own-brand nutritional food, sports nutrition & health products to end-customers. We sell our broad assortment directly to customers but launched in December 2021 our own marketplace with healthcare related assortment from third party specialize merchants as well as, increasing the product range for our customers and a potential additional lever for our business model. To be the best pharmacy as our ambition is, we continuously invest in our digital medication management with disease specific programs and other digital tools to help people in a life with medicines. We partner with online doctor services (tele-medicines) and offer same-day delivery services in Germany's main metropolitan areas in cooperation with local physical pharmacies. In the end, we want to enable everybody to live their healthiest life possible.

We aim to achieve this by pursuing the following strategy:

- Continuously keeping or elevating our high customer satisfaction with our products and services.
- Attaining and expanding market leadership in our existing geographies.
- Assessing and if warranted entering new geographies.
- Make tech- and digital driven investments throughout our value chain from logistics, fulfilment to last mile to commercial and marketing as well as in our front-end websites and apps.
- Yielding efficiency and scale gains in procuring products and services.
- Continuously optimize our products- and services portfolio.
- Further develop our own brand portfolio of products.
- Offer via our platform the services of online doctors, the services and assortment of local physical pharmacies, and broadening our product range with the products and expertise of third-party merchants in healthcare related assortment.

¹²GRI 2-13

¹³GRI 2-12, GRI 2-17

- Continue our dedicated patients' disease programs and invest in the development of state-of-the-art digital medication management services.
- All in all, we rigorously focus on improving our underlying unit economics in all possible areas, and at the same time grow our market-leading positions or towards a market-leading position in our geographies. We invest in our digital and medication management services to become Europe's leading customer-centric e-pharmacy platform with a target of becoming cash-flow positive in the future years and generating an EBIT profitability in excess of 6%.

● STRATEGIC REVIEW 2021: CONSISTENT EXECUTION OF OUR STRATEGY.

In 2021, we have taken further important steps in implementing our business strategy:

- In everything-but-Rx, which accounted for close to 90% of our total sales in 2021, we organically grew sales by more than 20% having gained market share in most of our markets.
- Our customer satisfaction expressed in terms of NPS (Net Promotor Score) continued to be very high at a total company number of 68.
- We increased our number of active customers by 1.6 million to 7.9 million by the end to the year.
- We generated purchasing savings, which increased margins by 0.3 percentage points.
- We completed the move to our new next-generation logistics center from Venlo to Sevenum, providing additional capacity for our growth ambition and a significantly higher degree of automation. The new facility is built according to the high BREEAM standard for sustainability, includes solar-cells and almost entirely excludes the usage of gas.
- We acquired the digital medication management experts SMARTPATIENT and MEDAPP to further strengthen our expertise in the digital medication management and health realm. At the same time, the acquisition of MEDAPP enabled us to expand into the Rx segment in the Dutch market.
- We expanded our own brand label RedCare to 60 products including the launch of Skintist by RedCare with high-quality skincare products.
- We further rolled out our same-day delivery service SHOP APOTHEKE NOW! to Germany's main metropolitan areas and did so six months ahead of schedule.
- We were the first e-pharmacy that successfully completed its e-Rx preparations for Germany's future infrastructure that is designed to replace the paper doctor's prescription with a for patients easier to use, faster and more reliable electronic alternative.
- SMARTPATIENT launched new dedicated digital patient care programs aiming to improve respective peoples' life with their disease.
- We took a strategic major leap in broadening our product range through the launch of our own marketplace in Germany in December adding thousands of health-care related products already at the start.

GENERAL AND INDUSTRY-SPECIFIC ECONOMIC ENVIRONMENT.

● CORONAVIRUS AND BOTTLENECKS PUT A DAMPER ON BUSINESS CLIMATE.

Despite mounting headwinds, in its Autumn Economic forecast the European Commission projected the EU to achieve a growth rate of 5.0% for 2021 as a whole (as in the euro area), 0.2 pp higher than expected in the previous forecast in the summer.

Sentiment in the German economy, the biggest single market for SHOP APOTHEKE EUROPE, has taken a downward turn. The ifo Business Climate Index, a well-known early indicator for developments in the German economy, fell from 97.7 points in October to 96.5 points in November and to 94.7 points in December. Companies were less satisfied with their current business situation, and expectations became more pessimistic. Supply bottlenecks and the fourth wave of the coronavirus are challenging German companies.

The bottlenecks that are persisting on the markets for intermediate goods and commodities are limiting the production capacity of the German industrial sector. Industrial output fell by a large margin in August and it is likely that it will continue to be develop slowly in the coming months. At the same time, the services industries are continuing to recover, supported by an improving business climate in these industries. Economic development is expected be flat in Q4 2021, however, when preparing this report, final data was not available.

Retail turnover in Germany improved slightly in August, reaching levels well above those from February 2020, i. e. before the crisis.

The annual inflation rate in Germany climbed to 5.3%, accelerating for the sixth month in a row, after a 5.2% increase in November, the federal statistics agency Destatis said in preliminary figures.

Over the whole of 2021, inflation came in at 3.1%, the highest year-end figure since 1993. The acceleration had a "number of reasons", the agency said, including higher costs for energy, supply chain disruptions due to the pandemic and a temporary VAT cut in 2020, which lowers the base against which current price rises are measured. The impressive recovery seen on the labour market is continuing, with strong demand for labour in the autumn. According to Destatis calculations based on the labour force survey, 1.30 million people were unemployed in November 2021. That was a decline of 332,000 (-20.3%) compared to November 2020. The unemployment rate was 3.0% (November 2020: 3.8%). We are seeing in several areas, specifically in logistics and IT, the tightening of the labour market leading to more challenges in finding sufficient and right people.

● OVERVIEW OF THE OVERALL PHARMACY MARKET IN EUROPE.

The 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 a recent analysis, Grand View Research valued the European pharmaceutical market size over EUR 250 billion (USD 282.75 billion) in 2020 and it is expected to expand at a compound annual growth rate (CAGR) of 5.4% from 2021 to 2028. According to the business data platform Statista, Germany was the leading pharmaceutical market in Europe with a total revenue of over EUR 42.5 billion in 2021. When the revenue of the German pharmaceutical market is broken down, it is prescription drugs that account for the majority of the revenues. Prescription medication accounted for approximately EUR 32 billion of revenue, followed by pharmacy drugs at some EUR 3 billion. France and Italy followed with revenues of EUR 31.7 billion and EUR 28 billion respectively. The top five were rounded off by Spain (EUR 22.0 billion) and Poland (EUR 6.8 billion) We expect that the overall European pharmacy market will grow over the next years and that such growth will be supported by ongoing shift towards e-commerce by consumers.

● OVERVIEW OF THE ONLINE PHARMACY MARKET.

The global e-pharmacy market is expected to grow from USD 48.9 billion in 2020 to USD 153.79 billion by 2028, at a CAGR of 15.4% during the forecast period 2021-2028, according to a study of FIORMARKETS. During the period 2020-2025, the online pharmacy market in Europe is expected to grow at a CAGR of over 14% (source: ResearchAndMarkets, "Online Pharmacy Market in Europe 2021-2025").

The e-commerce penetration for Rx medications and OTC and BPC products is still relatively low in the core European markets. According to Bank of America, the total pharmacy market in Western Europe (ex U.K.) was worth EUR 193 billion in 2020, and is growing at a 2.5% CAGR. Online penetration is low, at only 6%, far behind other categories such as apparel, electronics and contact lenses, a recent note said. For online prescriptions in Europe, Bank of America estimates a volume of EUR 47 billion by 2030, from EUR 11 billion in 2020, which is a 10-year annual compound growth rate (CAGR) of 16%.

● COMPETITIVE ENVIRONMENT IN THE ONLINE PHARMACY MARKET.

The e-commerce channel allows pharmacies to offer a broader range of products than local pharmacies because not being 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; a trusted branded;
- brand and domain awareness to attract new customers;
- strong e-commerce capabilities including a scalable IT platform, an optimised 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 and/or online pharmacies focused on the sale of prescription pharmaceuticals, local pharmacies and general e-commerce players including global giants, which offer marketplace functions for local pharmacies. Not all brick-and-mortar pharmacies have great e-commerce capabilities. In addition, the restrictions on outside or corporate ownership of pharmacies in several continental European countries limit the ability of both brick-and-mortar and online pharmacies to access external financing, which limits their potential for expansion. General e-commerce players that offer a limited number of OTC medications, currently 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.

In 2021, SHOP APOTHEKE EUROPE was active in Germany, Austria, Switzerland, Italy, France, Belgium and The Netherlands.

Although the regulatory environment is sometimes different in detail, we believe that limited online penetration in these markets provide significant market opportunities for us.

The continental European market is fragmented, which we believe gives us the opportunity to accelerate penetration by replicating our established business model.

REGULATORY ENVIRONMENT.

● CONTINUOUSLY SUBJECT TO REGULATORY CHANGES.

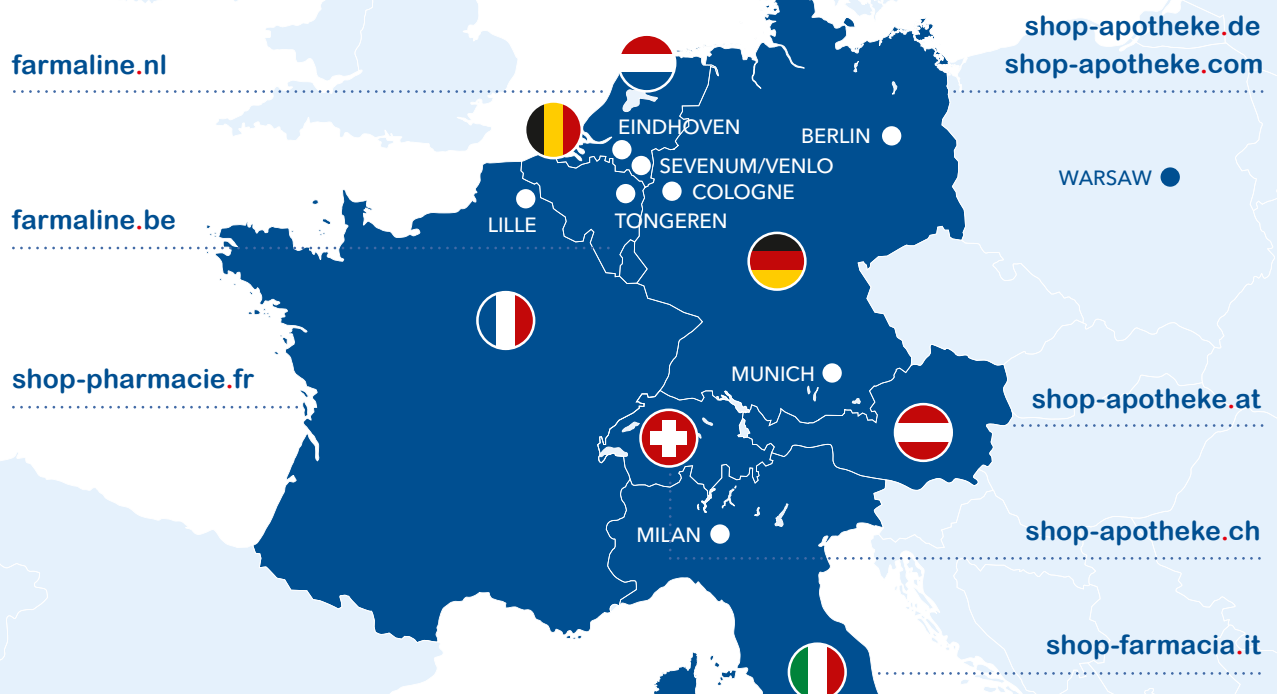
A responsible trade in medications requires specialised knowledge and diligence. To ensure these conditions are met, both the European Union and its member states have put comprehensive regulatory frameworks in place. Thus, SHOP APOTHEKE EUROPE's business is subject to regulatory restrictions with regard 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% in Germany in a decade¹⁴ and believed to be higher than 20% in the past year.

¹⁴Financial Times, „German patients may enjoy cheaper drugs after ECJ ruling, 19 October 2016“

On 19 October 2016, the ECJ passed a judgement allowing pharmacies based outside Germany, including SHOP APOTHEKE EUROPE to sell Rx medications to German consumers at discounted prices (the so-called bonus). This regulatory change allowed online pharmacies to partially offset a structural competitive disadvantage versus brick-and-mortar pharmacies. Nevertheless, with the latest regulatory changes in Germany, an Rx bonus ban came into force effective since December 2020. Although it is highly controversial whether this legislation is compliant with EU law, the ban affected SHOP APOTHEKE EUROPE's Rx business in 2021. In the near future, we expect Rx-sales to grow again as the electronic prescription will significantly enhance the benefits of our business case.

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, the pharmaceutical responsibility lies with the responsible pharmacist regardless of the pharmacy's ownership structure.



ECONOMIC REPORT.

● FORECAST VS. ACTUALS.

Business across the Group expanded but constraints in order processing capacity in connection with a tight labour market in Q2 and Q3 required us to lower expectations, which had originally been assuming a growth of around 20% or more, an adjusted EBITDA margin of 2.3% to 2.8%, and CAPEX of EUR 45 million. We ended up with sales growth of 9.5%, an adjusted EBITDA margin of -0.5%, and CAPEX around 3.5% of sales (EUR 43 million). The year-over-year adjusted EBITDA was significantly lower than the prior year (-0.5% in 2021 versus 2.2% in 2020). Mainly due to a negative impact from the ban on Rx bonuses in Germany, capacity constraints in the middle of the year, and cycling a strong 2020 while 2021 required specifically in Q4, to recover from a lowpoint in the middle of the year, more marketing.

Forecast	Actual	First guidance reached	Latest guidance reached
Sales growth of around. 20% or more, lowered during 2021 to around 10%	+ 9.5% to EUR 1,060.3 million	No	Yes
Adjusted EBITDA margin of 2.3 to 2.8%, lowered during 2021 to -1% (EUR -10 million)	-0.5%	No	Yes
Capex of EUR 40 -45 million	EUR 43 million	Yes	Yes

● REVENUES AND EARNINGS POSITION.

Revenue (in millions of euros) 2016 - 2021

2016	177.4
2017	284
2018	539.7
2019	701
2020	968.1
2021	1,060.3

Gross profit margin (in millions of euros) 2016 - 2021

2016	36.3
2017	57.6
2018	99.3
2019	137.3
2020	219.5
2021	266.5

The company reports the following two business segments:

The "DACH" segment which includes medications and pharmacy-related BPC and other related products sold to customers in the German, Austrian and Swiss market and the "International" segment related to customers in the Belgian, Dutch, French and Italian markets.

Sales of prescription and non-prescription pharmaceuticals as well as medications and pharmacy-related beauty and personal care products are subject to seasonal fluctuations, with demand for pharmaceuticals especially high during the first and fourth quarters of the year. Since 2020, however, typical seasonal patterns have been distorted by the effect of the Covid-19 pandemic.

For better orientation, we also provide adjusted figures, which reflect extraordinary items (the non-cash IFRS expenses related to the Employee Stock Ownership Plan, and one-off costs related business projects, such as the new logistics center).

A detailed reconciliation of adjustments can be found in the following table:

Reconciliation of adjustments in EBITDA overview

	Non-adjusted	Adjustments 2021				Adjusted	Non-adjusted	Adjustments 2020				Adjusted
		1.	2a.	2b.	3.			1.	2a.	2b.		
Revenue	1,060,321	-	-	-	-	1,060,321	968,062	-	-	-	-	968,062
Cost of sales	-793,793	-	268	-	-	-793,525	-748,535	-	-	-	-	-748,535
Gross profit	266,528	-	268	-	-	266,796	219,527	-	-	-	-	219,527
Other income	160	-	-	-	-	160	65	-	-	-	-	65
Selling & Distribution	-241,382	-	927	892	-	-239,563	-171,941	-	-	-	-	-171,941
Segment EBITDA	25,306	-	1,195	892	-	27,393	47,651	-	-	-	-	47,651
Administrative expenses	-64,040	6,819	1,375	717	22,450	-32,679	-32,454	4,392	1,191	840	-	-26,031
EBITDA	-38,734	6,819	2,570	1,609	22,450	-5,286	15,197	4,392	1,191	840	-	21,620
Depreciation	-26,964	-	-	-	-	-26,964	-16,064	-	-	-	-	-16,064
EBIT	-65,698	6,819	2,570	1,609	22,450	-32,250	-867	4,392	1,191	840	-	5,556
Net finance cost and income tax	-8,487	-	-	-	-	-8,487	-15,904	-	-	-	-	-15,904
Net loss	-74,185	6,819	2,570	1,609	22,450	-40,737	-16,771	4,392	1,191	840	-	-10,348

Description of adjustment:

1. IFRS expenses of the employee stock option plans. Also see note 27. These expenses are non-cash for Shop Apotheke Europe.

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

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

3. Other major non-recurring one-offs. In 2021, this concerned the impact of contingent considerations to former owners of the acquired companies SmartPatient and MedApp. In the light of these acquisitions of 100% of the shares of SmartPatient and MedApp, the total purchase price for the shares which SHOP APOTHEKE EUROPE agreed upon with the selling shareholders amounts EUR 70,545 thousand and EUR 8,004 thousand respectively. Along with the acquisitions contingent considerations are provided to the former owners which contain a service condition. Payments in the form of cash and shares under this contingent consideration forfeit if employment is terminated. The total contingent consideration amounts to EUR 47,839 thousand. On the basis of an IFRIC decision on IFRS 3.B55 Business Combinations - the contingent part of this purchase price should be accounted for as consideration for post-combination services - employee expenses during the vesting period. The total impact of the recognition of the cash component and share component of the contingent considerations of both business combinations in the result of the year 2021 amounts to EUR 22.5 million. These costs are included in the employment expenses presented in the profit and loss statement under "administrative expenses", the remaining part of the contingent consideration will be recognized as employment expenses during the vesting period in the coming years. The P&L impact of this accounting method distorts the view on our underlying financial result of our business for management reporting purposes, which is the reason we adjust for it in the presented adjusted EBITDA. Reference is made to note 28 to the consolidated financial statements for detailed explanation.

During the reporting period, sales surged by 9.5% from EUR 968.1 million in 2020 to EUR 1,060.3 million in 2021. The sales increase was virtually fully organic growth, and was driven by a higher number of active customers and of orders versus prior year.

Consolidated gross income climbed 21.4% in the year under review from EUR 219.5 million to EUR 266.5 million. Hence, as a proportion of sales, gross margin improved from 22.7% in 2020 by 2.4 percentage points (pp) to 25.1% in 2021. The improvement in the gross margin is largely driven by different product and country mixes as well as one-offs related to corona-related products last year.

Selling and distribution (S&D) expenses rose by EUR 78.7 million, from EUR 185.6 million in the financial year 2020 to EUR 264.3 million, an increase of 42.4%. As percentage of sales, S&D expenses increased by 5.8 pp to 24.9%. This is largely due to increased marketing expenses. These were lower in 2020 due to high demand related to Europe's Covid-19 outbreak. This year, SHOP APOTHEKE EUROPE is once again investing in higher growth to further boost sales after overcoming the capacity constraints during mid of the year.

The main categories within S&D are marketing expenses, distribution cost, operations and personnel expenses for marketing. A more detailed split of S&D costs is provided in the consolidated financial statements, note 7.

Administrative costs including depreciation and amortization increased in absolute terms, by EUR 33.2 million from EUR 34.9 million to EUR 68.1 million. The adjusted administrative cost ratio was 4.3%, up 0.7 pp from 3.6% a year earlier.

Administrative expenses and selling and distribution costs have been adjusted by EUR 31.4 million (2020: EUR 6.4 million) for extraordinary items and one-off costs mainly related to non-cash expenses for stock options and the new logistics center. A large part of the one-off costs is related to non-recurring impact of the contingent consideration related to the acquired companies SmartPatient and MedApp.

Other income increased from EUR 0.1 million to EUR 0.2 million and was mainly related to result from disposal of sale of fixed assets.

With depreciation expenses of EUR 27.0 million (2020: EUR 16.1 million), EBIT was EUR -66.0 million this year (2020: EUR -0.9 million). The higher depreciation is largely related to investments in the new logistics facility in Sevenum, the Netherlands, the IFRS16 lease accounting treatment and IT product development. Net finance costs decreased by EUR 3.3 million to EUR -11.8 million as a result of a lower market interest on the new versus the former convertible bonds.

The net loss amounted to EUR -74.2 million after EUR -16.8 million in 2020.

● REVENUES AND EARNINGS BY SEGMENT.

SHOP APOTHEKE EUROPE's business activities are divided into two segments. The DACH core segment posts the highest sales and essentially consists of sales of prescription drugs (in Germany), OTC pharmaceutical products, functional foods and mostly pharmacy-exclusive beauty and healthcare products in Germany, Austria and Switzerland. The second segment International is made up of sales of OTC pharmaceutical products, functional foods and beauty and healthcare products in our other European markets: Belgium, France, Italy and the Netherlands. Our entity MEDAPP pharmacy in the Netherlands also sells prescription drugs.

The below statement of results by segment shows a significant expansion in business volume in both segments. The consolidated adjusted EBITDA amounts to of EUR -5.3 million compared to an adjusted EBITDA of EUR 21.6 million in 2020. Relative to sales, the adjusted EBITDA margin for the Group decreased from 2.2% in 2020 to -0.5% in the reporting period.

DACH SEGMENT SALES SLOWED DOWN BY RX BONUS BAN, BUT NEVERTHELESS ROSE BY 3.9%.

During the 2021 reporting period, DACH segment sales in the German, Austrian and the Swiss markets rose profitably with a rate of 3.9%. With sales of EUR 847.2 million in financial year 2021 the "DACH" segment generated around 80% of total consolidated sales. In 2020, "DACH" segment sales accounted for EUR 815.4 million or around 84% of total consolidated sales.

Costs of sales went from EUR 635.8 million in 2020 to EUR 638.7 million in 2021. The increase of 0.5% was below the sales growth ratio. Thus, the segment's gross profit margin improved from 22.0% to 24.6%.

Adjusted selling and distribution (S&D) expenses as percentage of sales were up 4.8 pp year-over-year to 20.8% in 2021. This is largely due to higher marketing expenses. These were lower in 2020 due to high demand related to Europe's Covid-19 outbreak. In 2021, SHOP APOTHEKE EUROPE invested in higher growth to further boost sales after overcoming the capacity constraints in summer.

This translates into an adjusted segment EBITDA margin of 3.9%, which represents an decrease of 2.2 pp vs. prior year's margin of 6.1%. The adjusted EBITDA for the DACH segment declined from EUR 34.1 million to EUR 12.9 million. Thus, the adjusted EBITDA margin stood at 1.5%, 2.7 pp below prior year's 4.2%.

INTERNATIONAL SEGMENT REVENUES ROSE SIGNIFICANTLY.

Revenues outside the DACH region, which are posted to the International segment consist sales in the Netherlands, Belgium, France and Italy. With 39.6% they rose over-proportionally to total Group sales in the period under review from EUR 152.7 million to EUR 213.2 million. Thus, international sales accounted for around 20% of 2021 consolidated sales versus 16% in the year before.

Cost of sales in 2021 were EUR 155.1 million compared to EUR 112.8 million in 2020. This translates into gross profit of EUR 58.1 million compared to EUR 39.9 million in 2020. Thus, the gross margin was at 27.2%, 1.1 pp higher than in the previous year with 26.1%.

As a result of the expansion strategy the International segment saw a considerable increase in the number of new customers. Explained by a significantly higher proportion of orders from new clients, and other effects, the segment EBITDA remained to be negative with EUR 6.0 million after EUR -1.8 million previous year. In 2021, adjustments of EUR 0.6 million for extraordinary items were assigned to the International segment. Relative to sales, the adjusted segment EBITDA margin was -2.6% after -1.1% in 2020. The adjusted EBITDA for the International segment stood at EUR -18.2 million from EUR -12.5 million, translating into an adjusted EBITDA margin of -8.5%, down 0.3 pp vs. prior year's -8.2%.

Segment information - non adjusted and adjusted 2021	DACH	International	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	847,171	213,150	1,060,321
Cost of sales	-638,702	-155,091	-793,793
<i>Adjusted cost of sales</i>	-638,487	-155,038	-793,525
Gross profit	208,469	58,059	266,528
<i>Adjusted gross profit</i>	208,684	58,112	266,796
% of revenue	24.6%	27.3%	25.2%
Other income	128	32	160
<i>Adjusted other income</i>	128	32	160
Selling & distribution	-177,307	-64,075	-241,382
<i>Adjusted S&D</i>	-175,817	-63,746	-239,563
Segment EBITDA	31,290	-5,984	25,306
<i>Adjusted segment EBITDA</i>	32,995	-5,602	27,393
Administrative expenses	-47,977	-16,063	-64,040
<i>Adjusted AE</i>	-20,058	-12,621	-32,679
EBITDA	-16,687	-22,047	-38,734
<i>Adjusted EBITDA</i>	12,937	-18,223	-5,286
Depreciation	-16,550	-10,414	-26,964
<i>Adjusted depreciation</i>	-16,550	-10,414	-26,964
EBIT	-33,237	-32,461	-65,698
<i>Adjusted EBIT</i>	-3,613	-28,637	-32,250
Net finance cost and income tax			-8,487
Net loss			-74,185
<i>Adjusted net loss</i>			-40,737

Segment information - non adjusted and adjusted 2020	DACH	International	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	815,400	152,662	968,062
Cost of sales	-635,757	-112,778	-748,535
<i>Adjusted cost of sales</i>	-635,757	-112,778	-748,535
Gross profit	179,643	39,884	219,527
<i>Adjusted gross profit</i>	179,643	39,884	219,527
% of revenue	22,0%	26,1%	22,7%
Other income	55	10	65
<i>Adjusted other income</i>	55	10	65
Selling & distribution	-130,299	-41,642	-171,941
<i>Adjusted S&D</i>	-130,299	-41,642	-171,941
Segment EBITDA	49,399	-1,748	47,651
<i>Adjusted segment EBITDA</i>	49,399	-1,748	47,651
Administrative expenses	-20,622	-11,832	-32,454
<i>Adjusted AE</i>	-15,268	-10,763	-26,031
EBITDA	28,777	-13,580	15,197
<i>Adjusted EBITDA</i>	34,131	-12,511	21,620
Depreciation	-10,208	-5,856	-16,064
<i>Adjusted depreciation</i>	-10,208	-5,856	-16,064
EBIT	18,569	-19,436	-867
<i>Adjusted EBIT</i>	23,923	-18,367	5,556
Net finance cost and income tax			-15,904
Net loss			-16,771
<i>Adjusted net loss</i>			-10,348

● CASH FLOW

in EUR million	2020	2021
Operating loss for the period	-0.9	-65.7
Net cash flow for/from operating activities	17.8	11.6
Net cash flow for/from investing activities	-40.3	-84.3
Net cash flow for/from financing activities	50.3	229.6
Cash and cash equivalents at the beginning of the period	62.7	90.5
Change in cash and cash equivalents	27.8	156.9
Cash and cash equivalents at the end of the period	90.5	247.4

In the period under review, cash and cash equivalents increased from EUR 90.5 million to a year-end figure of EUR 247.4 million. As a safeguard against the unfavorable interest rate environment, EUR 35.0 million were invested in short-term securities and are shown in other financial assets (2020: EUR 37.8 million).

Operational cash flow was EUR 11.6 million compared to EUR 17.8 million during fiscal year 2020. This development was substantially driven by lower inventory levels as well as a favourable development of trade and other payables as of the reporting date.

EUR -84.3 million was used for investing activities in 2021 (previous year: EUR -40.3 million). The increase was mainly due to the acquisitions of SMARTPATIENT and MEDAPP in Q1 2021. Net of cash acquired, the cash outflow for these investments amounted to EUR -31.2 million (previous year: EUR 0). As well as a payment into an escrow account of EUR 12.7 million related to the contingent consideration payment of the acquisition of SMARTPATIENT. Investments in IT and the new distribution facility were in part offset by divestments of short-term securities amounting to EUR 2.4 million. EUR -13.8 million were investments in property, plant and equipment, mostly for the new logistic facility including its automation.

Total cash flow from financing activities stood at an inflow of EUR 229.6 million vs. EUR 50.3 million last year, essentially driven by the issuance of new convertible bonds in January 2021 with a net cash inflow of EUR 222.2 million. A further capital increase of EUR 12.2 million was related to the employee stock option programme. Interest payments are related to payment service providers.

Overall, cash and cash equivalents increased by EUR 156.9 million during the reporting period and amounted to EUR 247.4 million as of the balance sheet date.

The working capital at 31 December 2021 was EUR 24.1 million.

The Group member companies were able to meet all payment obligations at all times during the past business year.

● ASSETS AND LIABILITIES.

As of the reporting date, the balance sheet total was EUR 783.1 million after EUR 536.9 million at the end of 2020. Within the non-current assets, the increase is especially related to intangible assets which rose by EUR 52.8 million, mainly as a result of the acquisitions of SMARTPATIENT and MEDAPP in Q1 2021.

Current assets increased by EUR 177.3 million from EUR 254.1 million to EUR 432.8 million, virtually entirely related to the cash inflow from the issuance of new convertible bonds in January 2021. As a result, cash and cash equivalents grew from EUR 90.5 million to EUR 247.4 million.

For the same reason, loans and borrowings within the non-current liabilities increased from EUR 32.8 million as per the end of the 2020 fiscal year to EUR 230.0 million. Inventories and trade receivables rose by EUR 15.4 million and EUR 7.7 million. This is primarily related to the expansion of the business, while inventories were also higher due to Corona related product. An increase of EUR 11.3 million in other financial assets is mainly related to the prepayment of contingent consideration related to the acquisition of SMARTPATIENT. With EUR 282.4 million, cash and cash equivalents - including investments in securities shown in other financial assets - were up EUR 154.2 million versus the balance of EUR 128.3 million on 31 December 2020. Non-current liabilities at year-end 2021 totaled EUR 243.6 million compared to EUR 37.2 million in 2020. Loans and borrowings within the non-current liabilities increased from EUR 32.8 million as per year end 2020 to EUR 230.0 million. The main reason for this development was the issuance of new convertible bonds in early 2021.

Current liabilities rose from EUR 74.6 million as of 31 December 2020 to EUR 124.1 million at the end of 2021. This was mainly attributable to the fact that the expansion in business volume led to an increase in trade liabilities to EUR 80.5 million over the reporting period after EUR 53.1 million 2020 and to other liabilities which increased from EUR 16.0 million to EUR 37.2 million during the reporting period (for information on other liabilities see note 23 of the financial statements).

At year-end 2021, total equity was EUR 415.4 million compared to EUR 425.1 million at year-end 2020. The equity capital ratio was ca. 53 as of the reporting date.

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:

	2020	2021
Site visits	208,346,477	279,996,725
Mobile visits	142,670,048	198,769,379
KPI - mobile share	68%	71%
Number of orders	16,594,469	19,712,658
Repeat orders	82%	82%
Return rate	0.61%	0.72%
# Active customers	6,285,665	7,875,297
Average cart size	66.41 €	61.16

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.

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. The reduction of the average basket size is mainly related to the full-year consolidation of nu3, which has lower basket values and a higher proportion of OTC/BPC sales.

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 profit.

RETURN RATE.

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

● RESEARCH AND DEVELOPMENT.

As a company with focus on retail and other healthcare services, SHOP APOTHEKE EUROPE does not produce its own products and therefore does not conduct research and development in the strict sense of the term. The pharmacy sector and its customers currently find themselves in a profound transformation process, which is 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 customer-centric e-pharmacy platform that offers technology-driven solutions for these changes. Most of our customer-facing systems are primarily initiated, refined and maintained internally. We use external partners to obtain specific expertise or increase our development capacity.

Our inhouse developed front-end platform represents a custom-made solution to our customers' needs and expectations. We are convinced that we can respond to new customer needs faster by having sizable in-house development capacities. Going forward, we intend to continue investing disproportionately in our IT capabilities and capacities to expand our technological advantage versus the competition.

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

SUSTAINABLE DEVELOPMENT.

Sustainable Development is an integral part of SHOP APOTHEKE EUROPE's strategic positioning within the European online pharmacy market which aims to create shared value for the company and its stakeholders simultaneously. Being deeply convinced that a healthy life is only possible on a healthy planet, SHOP APOTHEKE EUROPE assumes its responsibility for society and the environment – transparently and trustfully. Rather than build a separate sustainability function, we focus on enabling and empowering every employee to work and manage sustainably. The report is discussed and released by the entire Managing Board. The Supervisory Board approves the Report and thus the Nonfinancial Statement as part of the accounts meeting. There is no external audit of the entire sustainability reporting. However, individual processes, results and information are checked externally by certain service providers such as Climate Partner.¹⁵

● MATERIALITY & STAKEHOLDER ENGAGEMENT.¹⁶

Understanding internal and external stakeholders' expectations allows SHOP APOTHEKE EUROPE to efficiently use resources to work and report on exactly those topics which have an underlying double materiality with respect to the company's business model. The focus on three main stakeholder groups – employees, customers and shareholders – is derived from SHOP APOTHEKE EUROPE's core strategy upon customer centricity and the company's people as a core competitive advantage, complemented by the company's investors commencing a proactive dialogue on social and environmental issues.

Beyond the focus on these three prioritised stakeholder groups we are committed to behaving responsibly and with integrity – including our interactions with suppliers, political parties and non-governmental organizations. We represent our political interests in line with the positions we express publicly. In doing so, we are open to dialog with democratic parties.

To support our principles and targets, we joined the following associations and interest groups¹⁷:

- European Association of E-Pharmacies (EAEP)
- UN Global Compact
- Leaders for Climate Action
- Allianz für Cyber Sicherheit des Bundesamtes für Informationstechnik
- Bitkom – Bundesverband Informationswirtschaft, Telekommunikation und neue Medien e.V.
- Wirtschaftsrat
- BVDVA – Bundesverband Deutscher Versandapotheken (only Europa Apotheke)
- The Dutch Employers' Federation VNO-NCW
- DHNK – Deutsch-Niederländische Handelskammer (from 1 January 2022)
- Bundesverband Managed Care e.V. (from 1 January 2022)
- Bundesverband Gesundheits-IT – bvitg e.V. (from 1 January 2022)

In 2020 the company worked intensively on identifying the material sustainability topics in an inclusive two-step stakeholder process: The first step consisted of an extensive analysis and an internal workshop series with all core departments of SHOP APOTHEKE EUROPE identifying and prioritizing the company's economic, environmental and social impacts. Based on the United Nation's Sustainable Development Goals (SDGs) it was analysed which of the 169 Targets the company could have a positive or negative impact and how significant this impact is. To make this analysis feasible and profound at the same time, the target-level approach was based on the scientific work of Van Zanten and Van Tulder published in "Multinational enterprises and the Sustainable Development Goals: An institutional approach to corporate engagement". In a second step SHOP APOTHEKE EUROPE analysed how

¹⁵ GRI 2-5, GRI 2-14

¹⁶ GRI 2-29, GRI 3-1

¹⁷ GRI 2-28

relevant the prioritised topics are for internal and external stakeholders' assessment and decisions. Employees, customers and shareholder were invited to evaluate this via questionnaires. The overview on the results can be found in the table **Prioritized SDG Targets**.

In 2021 a materiality review took place to account for the following two learnings: First, the topic's terminologies needed to be improved to ensure better stakeholder understanding and insights gained needed to be incorporated in more specific terminologies. CO2 emissions was renamed to Climate Protection, Sustainable Packaging to Circular Packaging, Data Protection to Data Privacy and Security, Employee Health and Safety to Healthy Workplace. Second, to better manage positive and negative impacts per material topic, topics were defined on an even more granular level, increasing the list of topics from nine to twelve. Health Services and Medical Supplies was separated into Partnerships for Healthier Lives, Digital Medication Management and Pharmaceutical Quality. Good Governance and Sustainable Products were added explicitly to the list to ensure a streamlined management process of material topics and integrate this formerly separately managed topics. Development and Training and Education to Promote Sustainable Development was streamlined into Education and Development and separated from Equal Opportunities.

Thus, the following 12 topics are the building blocks of SHOP APOTHEKE EUROPE's Sustainable Development Strategy "Because we care" clustered in the three pillars Planetary Care, Patient Care and Employee Care and addressing the prioritised SDG Targets.

List of the material topics¹⁸

PLANETARY CARE.	PATIENT CARE.	EMPLOYEE CARE.
CLIMATE PROTECTION.	PARTNERSCHIPS FOR HEALTHIER LIVES.	HEALTHY WORKPLACE.
CIRCULAR PACKAGING.	DIGITAL MADICATION MANAGEMENT.	EQUAL OPPORTUNITIES.
SUSTAINABLE PRODUCTS.	PHARMACEUTICAL QUALITY.	EDUCATION & DEVELOPMENT.
GREEN WORKPLACE.	DATA PRIVACY & SECURITY.	GOOD GOVERNANCE.

In the following the management of each material topic is described separately per material topic; including a description of actual and potential, negative and positive impacts on the economy, and people, including impacts on their human rights and the company's involvement in it as well as policies, commitments, actions taken or intended to be taken. Where not stated differently for single material topics, processes to track effectiveness, progress evaluation indicators and targets as well as, lessons learned and stakeholder insights are reviewed and incorporated and aligned to the company's overall annual operating planning processes.

Prioritized SDG Targets

								
3.8	4.4 4.7	5.5	8.4 8.7 8.8	9.6	11.6	12.5	13.a	16.6

¹⁸GRI 3-2, GRI 3-3

● PLANETARY CARE.

A healthy life is only possible on a healthy planet. SHOP APOTHEKE EUROPE has identified negative impacts its business model has on the environment, which is mainly related to resource usage and emissions caused due to packaging and shipping of parcels as well as the production of products sold. Both are indirect impacts, thus the company is focusing on collaborative approaches with partners and suppliers. In light of SHOP APOTHEKE EUROPE's growth rate, the company wants to find ways to decouple environmental impacts from growth.

CLIMATE PROTECTION.

In 2021 SHOP APOTHEKE EUROPE further developed its climate protection strategy focusing on management to integrate climate aspects into strategic and long-term decision making but at the same time acknowledges the urgency of global climate action. The annual process of SHOP APOTHEKE EUROPE's carbon management consists of three annually recurring steps: measure, offset, reduce.

Measure.

In collaboration with Climate Partner¹⁹, SHOP APOTHEKE EUROPE calculated the Corporate Carbon Footprint (CCF) 2020. Gases included according to the Greenhouse Gas Protocol are in addition to CO₂, the six other greenhouse gases regulated in the Kyoto Protocol: Methane (CH₄) Nitrous oxide (N₂O), sulfur hexafluoride (SF₆), hydrofluorocarbons (HFCs and HFCs), and nitrogen trifluoride (NF₃). These are converted into the greenhouse potential of CO₂ and thus form CO₂ equivalents (CO₂e) - referred to in this report for simplicity as "CO₂". 2019 is defined as the baseline year for reporting. Operational system boundaries are defined according to the locations of SHOP APOTHEKE EUROPE. Detailed information regarding the methodology can be found in the CCF report published on SHOP APOTHEKE EUROPE's Corporate Website.

Table CCF 2019/2020/2021²⁰

Tons CO ₂	Scope 1	Scope 2	Scope 3	Total
2019	211.6	863.5	12,175	13,250.1
2020	451.4	2,274.7	12,733.9	15,466.5
2021	499.0	3,795.2	25,190.9	29,485.0

GHG emission intensity

The emission intensity ratio²¹ SHOP APOTHEKE EUROPE considers two KPIs: first, the emissions per parcel, second, the emissions per EUR 100 thousand revenue generated:

	Kg CO ₂ per order	Tons CO ₂ per EUR 100 thousand revenue generated
2019	1.09	1.89
2020	0.93	1.60
2021	1.50	2.78

¹⁹ GRI 2-5

²⁰ GRI 305-1, GRI 305-2, GRI 305-3

²¹ GRI 305-4

The relatively high increase of total emissions as well as emission intensity indicators compared to economic growth do not result from an actual increase of emissions compared to past years but from improved data validity. First, the company did include climate neutral outbound logistics (e.g. DHL GoGreen services) into the data collection. These emissions, in total 6,884.80 t CO₂, which are already offset through suppliers already, will not be offset by SHOP APOTHEKE EUROPE again, however, the company decided that to fully grasp the global warming impact, these emissions need to be included in the measuring step. Second, the company did improve data quality of employee commuting emissions and based the calculation for the first time on actual employee specific distances as well as extending the scope also to logistics contingent workers.

In 2021 SHOP APOTHEKE EUROPE extended its carbon measurement to the upstream supply chain. The Product Carbon Footprint (PCF) of own brands including nu3, RedCare and BEAVITA had been measured in collaboration with the partner cozero based upon the GHG Protocol, including production materials, packaging materials, logistics, end of life and use of products and accounts for **3,316.93 t CO₂ in total**. This impact assessment of SHOP APOTHEKE EUROPE's own brand's global warming potential is a decisive first step building the foundation to improve the environmental performance of the product portfolio, linking the material topic of Climate Protection to the material topic of Sustainable Products. The next step will be to extend the scope of this assessment to the processing procedures of main product categories going into the direction of a full Life Cycle Assessment. Furthermore SHOP APOTHEKE EUROPE approached for the first time its comprehensive Product PCF of direct supplies in retail via procurement costs. Adding a security charge of 30% the total PCF is estimated to be 268,078–348,059 t CO₂. For 2022 the company intends to gain a full understanding of the carbon emissions in its upstream supply chain based on supplier-specific data.

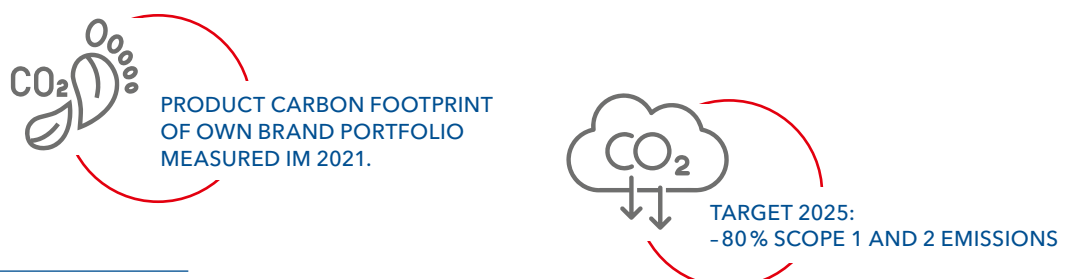
Offset.

SHOP APOTHEKE EUROPE did offset the Scope 1, 2 and 3 emissions caused emitted with regard to CCF emissions. While a share of 6,884.8 t CO₂ from the total CCF of 29,485.03 t CO₂ had been already offset as services such as DHL GoGreen delivery for instance are purchased climate neutral already, an additional 10% security surcharge is added to account for unforeseeable discrepancies. Thus, carbon offsetting credits for 24,860.25 tons had been funded to offset the exact amount emitted by SHOP APOTHEKE EUROPE over the course of 2021 via Gold Standard VER (GS VER) projects. The majority of emissions is offset via an avoidance project in Nairobi. Jikokoa stoves reduce particulate matter by 63% and carbon monoxide by 65% which helps avoid respiratory diseases, headaches and eye infections and thus are additionally positively impacting people's health and contributing beside others to SDG 3, Good Health and Well-Being.

Reduce.²²

The offsetting costs are allocated internally to those cost centers being responsible for causing the emissions; internalizing those costs and having a price per ton emitted is incentivizing more ambitious CO₂ reduction. The reduction target for **scope 1 and 2 emissions is to reduce by 80% until 2025**.

In 2021 the company developed science-based reduction pathways aligned to the Paris Climate Agreement. This was done in collaboration with right. based on science GmbH (right.), the developer of the X-Degree Compatibility (XDC) Model calculating the impact of SHOP APOTHEKE EUROPE on global warming, thus its temperature alignment. During 2022 the company intends to disclose its science-based reductions targets including scope 3 emissions.



²²GRI 305-5

CIRCULAR PACKAGING.

In 2021 SHOP APOTHEKE EUROPE made significant progress in reducing negative environmental impact of packaging used for shipping. The company's Circular Packaging Strategy aims to close the loop while ensuring safety and quality of the products shipped through three inherent building blocks: Reduce, reuse and recycle.

Reducing materials used is the first priority and will be measured in kg of materials used per order, starting from a baseline of 0.141 kg in 2021. The materials which cannot be reduced yet need to be gradually changed towards circular packaging components. Throughout 2021 SHOP APOTHEKE EUROPE changed all standard sizes of boxes to 100% recycled paper and as well as one out of two filling material components to 100% recycled inputs. This is measured in % recycled input materials used. The numbers in the below table will only show higher shares in the next reporting cycle as the existing inventory was consumed first and shares are based on materials purchased.

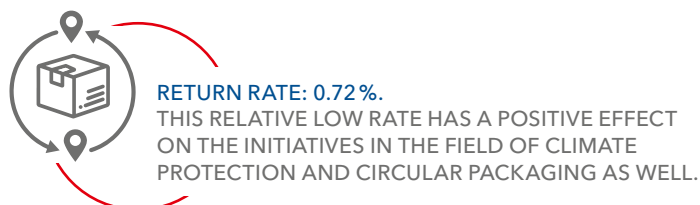
For 2022 the company aims to switch labels and adhesive tapes to recycled or recyclable materials and evaluate the potential of reusable packaging.

Materials used.²³

Packaging component	Material	Weight (kg)	Recycled input materials used (%) Components made of 100% recycled inputs
Boxes	Cardboard	2,558,411	0.42%
Filling materials, labels & tapes	Synthetic materials	206,617	3.44%
Total		2,765,028	
Per order		0.141	

SUSTAINABLE PRODUCTS.

In 2022 SHOP APOTHEKE EUROPE is going to develop and implement a strategy for providing our customers with more sustainable choices increasing the portfolio of sustainable products as well as transparency concerning sustainability attributes. Customers' behaviour is an important lever of Sustainable Development. This includes the ambitious management of product return rates, which in case would result in negative impacts on the climate and resource usage. **However, the company decreased its return rate to 0.72%²⁴ compared to 0.91% in 2020.**



GREEN WORKPLACE.

A pivotal step forward regarding decreasing energy consumption was VENLO 2020 - the construction of a new building aligned with highest environmental standards outlined by BREAAAM - the company received a "very good" certification for the office building. From 2022 onwards, the company's headquarters will run mainly on energy from renewable sources. The goal is to reach 100% renewable electricity across all locations by the end of 2023.

²³ GRI 301-1, GRI 301-2

²⁴ GRI 301-3

Due to the major contribution of SHOP APOTHEKE EUROPE's general environmental footprint such as Energy consumption and waste disposal, only data on the headquarters (including old and new building) are provided as follows for 2021²⁵:

	2021	2020
Building electricity consumption Total in kWh	6,902,479	4,018,832
Building gas consumption Total in m3	84,052	52,234
Building fuel consumption Total in l	5,993	64,909
Alternative energy consumption percentage of total	0%	0%

Although SHOP APOTHEKE EUROPE continuously works on sustainable office and operations supplies it is not considered relevant enough in terms of environmental or business impact to report but rather a visibility factor for employees. While it is a significant step to rethink the company's procurement of resources needed to operate, including energy or materials, it is similarly important to ensure a sustainable waste management and continuously improve circularity of resources. SHOP APOTHEKE EUROPE's actual and potential waste-related impacts occur mainly from product and shipping packaging activities and inputs. While the direct impacts are managed in the circular packaging materiality, the indirect impacts occur in the upstream supply chain. The starting point to reduce these impacts are circularity measures at the company's logistics location where the facility department steers the collaboration with partner organizations to divert waste through recycling. A significant step in 2021 was the recycling of all cardboard/paper as well as foil collected in the warehouse in Sevenum. Beside that the IT infrastructure function is steering a cooperation with the AfB gGmbH a non-profit organization for social and green IT solutions, preparing the company's hardware which would be disposed for reuse or recycling.

Data are compiled based on the third party's invoicing. They include activities or waste generated upstream or in own operations at the logistics facilities in Sevenum²⁶:

	Non-hazardous waste (kg)		Hazardous waste (kg)	
	2021	2020	2021	2020
Cardboard/paper	934,283	801,580		
Residual Waste	336,315	164,510		
Wood	136,180	81,775		
Metal	1,520	5,900		
Medical			8,228	6,584
Foil	9.400	-		
Total	1,417,698	1,053,765		
Share of recycled in % of total	66%	0%		

²⁵ GRI 302-1

²⁶ GRI 306-1, GRI 306-2, GRI 306-4

● PATIENT CARE.

Enabling everyone to live the healthiest life possible. The company's mission shows how SHOP APOTHEKE EUROPE creates positive societal value through its core business facilitating, affordable and safe access to medication and health services making PATIENT CARE the most crucial part of SHOP APOTHEKE EUROPE's Sustainable Development strategy. The significant responsibility in ensuring societal health became even more tangible during the COVID-19 developments prioritizing the consistent supply of medication.

PARTNERSHIPS FOR HEALTHIER LIVES.

In 2021, SHOP APOTHEKE EUROPE collaborated with the below non-profit organizations making it possible to extend the company's social impact reach beyond its customers. Carefully selected seeking out high transparency, independence of religious institutions and impact effectiveness.

Non-profit organization	Description of donation	Total value transferred in 2021 in EUR
Herzenswünsche e. V.	Amount per submitted prescription handed in a DACH market	375,387
CARE Deutschland e.V.& CARE Österreich	Amount per RedCare product sold in a DACH market	31,272
Innatura GmbH	In-kind donations: masks and hand sanitizers	96,494
Total		503,153

DIGITAL MEDICATION MANAGEMENT.

A key pillar of SHOP APOTHEKE EUROPE social value creation is the company's expert therapy services supporting chronically ill patients in more than eight diseases every day. In the company's smart THERAPIE PLUS programmes, thousands of patients benefit from the experience and sound knowledge the company's pharmaceutical experts gathered have over more than twelve years - compiling and sharing wealth of information about safe medication therapy and general advice enabling patients to live a better life.

Through the acquisition of SMARTPATIENT GmbH, this focus will be further scaled through evidence-based and digital medication management building upon the award winning MyTherapy platform: improving medication adherence by more than 45%. In 2021 the company started with disease specific modules e.g. for multiple sclerosis. Within the next year SHOP APOTHEKE EUROPE will further expands these digital solutions to support even more people with safe medication management and expertise in living with multiple sclerosis or other indications.

PHARMACEUTICAL QUALITY.

As a pharmacy, SHOP APOTHEKE EUROPE is committed to the highest safety and quality standards. Customer safety and quality of care are considered top priority within the organisation.

SHOP APOTHEKE EUROPE guarantees the safety and quality of products and services by continual compliance with international and national regulations/standards. These standards include primarily the Good Distribution Practices (GDP) for the safe distribution of medicines, ISO9001:2015 for an optimal quality management system, Bio Skal for the safe storage and selling of organic products, and the Dutch Pharmacy Standard (NAN/KNMP) for

reliable and safe pharmaceutical care. Furthermore, the quality department is responsible for the provision of continuous insight and steering information on all quality and safety aspects which lead to the identification of risks and opportunities for continuous quality improvement. This has been further professionalised by the utilization of dashboards providing real-time steering information.

Product safety.

The safety of (new) products in the complete assortment we offer to our customers is guaranteed by the Pharma Compliance department by the assessment of each product on strict quality standards and compliance to external guidelines and regulations.²⁷ For each country separately, assessments are being performed on the allowance to sell products on the basis of national guidelines considering several check points like dosage, language and label/product information.

With regard to product information, all products are assessed on required, allowed and reliable information that should be provided to our customers about the product and the safe usage of the product. This results in our customers being extensively informed about the usage of medication and new prescriptions in forms of general product information, first-user letters and package inserts.

All medication orders for customers are double-checked and assessed on possible interactions between medications. The organisation's system is professionalised by an automatic warning system that identifies interactions between products, products with possible problematic effects for specific customers or that have a low therapeutic range. In case of interactions, contra-indications or ambiguities about for example dosage, the customer or prescribing doctor is always being contacted by colleagues of our pharma team.

Error management.

Within the organization, the identification and handling of errors has been further developed and professionalised. The main goal of Error Management is to continuously improve our processes, enhance customer safety and ensure quality of our services. Through Error Management, failures/weaknesses in our processes are identified and investigated. Based on the analysis, appropriate corrective and preventive actions are taken to reduce and prevent re-occurrence and bring the quality and safety of both our processes to a higher level.

Recall management and adverse effects.

When we are informed about a defect or a quality issue with one of our products, the product is recalled. In order to guarantee the safety of our products, recalls are being handled with the highest priority and are managed and controlled adequately. In case of a recall, the stock is directly checked, customers are contacted, and authorities are informed. Furthermore, adverse effects and unforeseen side effects of products that are reported by customers are carefully checked, handled and directly communicated to manufacturers and appropriate authorities.

Risk management.

Within SHOP APOTHEKE EUROPE, risks for the quality and customer safety domain are being identified and discussed at an early stage. A main structural process element is the Enterprise Risk Management (ERM) where risks to customer safety and product quality are identified, managed, controlled, and/or minimised in a structured way in order to reduce possible negative effects and ensure the delivery of safe, high-quality products and services.

²⁷GRI 416-1

Quality & Safety indicators.

As a pharmacy, SHOP APOTHEKE EUROPE, provides yearly overview of important quality and safety indicators to the Royal Dutch Pharmacists Association (KNMP). By the digitalization of these indicators, continuous insight and data about the quality and safety level of our pharmaceutical services is available and used to continuously improve the care provided by our pharmacy.

Risk-based audits.

Risk-based internal audits are conducted throughout the organization to determine the extent to which our products and services meet internal and external guidelines, protocols and/or standards. Based on the audits and defects opportunities for improvement can be identified, and the measures required to maintain and/or improve the required safety and quality become visible and tangible.

Falsified medicine directive.

As a pharmacy and wholesaler of medicinal products, it is our duty to contribute to the safe distribution of medicinal products in the European market. According to the Falsified Medicine Directive (FMD), each medicinal product needs to be verified and decommissioned in a European database. In our company all products that are applicable to this directive, are both verified in decommissioned in the system. Based on the alerts that we receive from the database, actions are taken to assure safe distribution of medicinal products towards our customers.

DATA PRIVACY AND SECURITY.²⁸

It is the company's responsibility to ensure outstanding data privacy and security. Information regarding the company's comprehensive data privacy and security policies, processes and commitments can be found in SHOP APOTHEKE EUROPE's Information Security Practices published on the company's corporate website. The General Data Protection Regulation (EU) applies to all business lines and entities of SHOP APOTHEKE EUROPE. In 2021 the company was ISO 27001 certified ensuring confidentiality, integrity, and availability of information the company handles. The ISO certification entails SHOP APOTHEKE EUROPE's risk assessment and risk mitigation practices and security controls. In its function as Chief Information Officer, Marc Fischer is responsible for information security strategy and implementation, thus board-level oversight is granted. Each employee receives training on data protection and security, privacy and cybersecurity at least on an annual basis. SHOP APOTHEKE EUROPE has concluded data protection agreements/addendums with its service providers in order to ensure that at least the same level of confidentiality and data security is implemented by its sub-contractors. SHOP APOTHEKE EUROPE has the right to perform audits in order to monitor the compliance of its subcontractors with the agreed technical and organizational measures regarding data confidentiality and security. A service provider management system has been implemented.

● EMPLOYEE CARE.

SHOP APOTHEKE EUROPE's employees ensure within their daily work and with the dedication they have, an exceptional customer experience - every day enabling the company's customers to live their healthiest life possible. Bringing the company's strategy to life. SHOP APOTHEKE EUROPE takes care of every single employee, providing them with the best space to grow while giving a chance to set purpose into what they are working on. The following disclosures include permanent and temporary employees.

²⁸ GRI 418-1

As per 31 December 2021, SHOP APOTHEKE EUROPE employed 1.826 people, (equivalating to 1.569 FTEs), comprised as follows)²⁹:

		31.12.2021	% of total	31.12.2020	% of total
By gender	Number of employees (male)	1,057	57.9%	563	40.8%
	Number of employees (female)	769	42.1%	816	59.2%
	Number of female executives	1	20%	1	20%
By age group	Under 30 years	593	33%	410	30%
	30-50 years	894	49%	712	52%
	Over 50 years	339	18%	257	18%
By employment type	Full-time employees	1,341	73.4%	1,043	75.6%
	Part-time employees	485	26.6%	336	24.4%
By region	Netherlands	1,316	72.1%	1,014	73.5%
	Germany	430	23.5%	303	22.0%
	Belgium	65	3.6%	55	4.0%
	Other international locations	15	0.8%	7	0.5%

These disclosures do not include contingent workers, interns or voluntary workers.

SHOP APOTHEKE EUROPE's compensation³⁰ philosophy is aimed at promoting and reinforcing the quality and commitment of employees. We are generally committed to paying our employees fair and appropriate compensation in the form of wages and salaries, social components and other perks.

The ratio between the average and the highest base salary is 1 : 11.3. In terms of the total compensation, including variable salary components, the spread is 1 : 29.5. This is excluding the effect of the contingent consideration payment related to acquisitions.

HEALTHY WORKPLACE.³¹

SHOP APOTHEKE EUROPE puts a special emphasis on occupational health and safety (OHS) as the company's pharmaceutical core needs to be reflected in its responsibility for employees. The following disclosures deal with the management approach for health and safety of employees working at the company's headquarters and logistics location in Sevenum, covering the majority of employees³². SHOP APOTHEKE EUROPE implements an OHS managements system in accordance with Dutch legal requirements (Arbo Wet). In addition, two "Arbo Catalogues", where the employer and employees describe initiatives and measures and how regulations in the company-specific case are implemented. The 'Inspectorate SZW' audits the Arbo Catalogue. An integral part of it is the Risk Assessment and Evaluation (RI&E) according the Fine & Kinney method in order to identify risks based upon legal workplace safety regulations. To ensure that health and safety standards are maintained, a safety/facility audit is conducted every month under the coordination of the quality management team and the EHS officer.

Internal stakeholder consultation has identified the diverse health and safety needs resulting from the broad range of functions at SHOP APOTHEKE EUROPE. An action tracker ensures transparent and profound management of identified risks. As an integral part of the GDP requirements every employee or temporary worker at the operational locations receives a quality, safety and security training.³³

²⁹ GRI 2-7

³⁰ GRI 2-21

³¹ GRI 403

³² GRI 403, GRI 403-8

³³ GRI 403-1, GRI 403-2, GRI 403-5, GRI 403-7

In general, the topic of employee health and safety is managed cross-departmental in Human Resources and Facility Management. A key element of SHOP APOTHEKE EUROPE's OHS management is the dedicated position of a health manager ensuring continuous development. Employees are for instance offered regular consultation hours and additional voluntary appointments at a medical officer. This offer is made available inhouse under strict compliance and data protection rules for our employees³⁴.

This year's move to the new headquarters is accompanied by a totally new work environment in logistics and operations as well as in the offices for which an external consultancy developed a concept fostering modern, transparent and flexible working as well as providing ergonomic workspaces tailored to needs of SHOP APOTHEKE EUROPE. Company-wide initiatives promoting employee's health³⁵ include for instance a flu vaccination, and flexible opportunities for sport and relaxation. Additionally, in 2021 a remote mindfulness and resilience training was offered to all SHOP APOTHEKE EUROPE employees addressing the feedback that the pandemic situation and resulting measures were causing even higher stress levels for employees. For critical personal or work-related situations, the company has established a comprehensive, yet informal, network of 16 employee representatives. While all of them received a specialised training, two have been additionally trained and certified in the field of harassment.

Considering the COVID-19 situation, SHOP APOTHEKE EUROPE ensured employees health at the company's locations at any time or enabling people to work from home, taking care of the peculiarities this change implies. Facing the exceptional challenges with regard to employee's health and safety, a crisis task force was established with responsibilities from various functions, analysing international and local developments on a daily basis, in order to derive measures and investments that needed to be made at SHOP APOTHEKE EUROPE to ensure minimised infection risks at all locations.

EQUAL OPPORTUNITIES.

SHOP APOTHEKE EUROPE's core believe is that diverse and inclusive teams create the most sustainable value and thus makes equal opportunities for people with diverse demographic, cultural or sexual backgrounds, perspectives and believes a priority. This includes employees' professional and personal development, fair and equal pay and long-term social protection measures as well as ensuring that any form of discrimination has to place at SHOP APOTHEKE EUROPE.

In terms of long-term social protection, a company pension plan was launched in 2021 for all employees with Dutch employment contracts whose pensions are not already covered by either the occupational pension fund for pharmacists SPOA or the scheme for pharmacist staff PMA. Additionally, all Shop Apotheke Service GmbH employees are offered a company pension program on a voluntary basis and an individual and independent consultancy service going beyond the occupational pension topic. Information regarding employee stock options plan is published in the remuneration report as integral part of the Annual Report³⁶.

An anti-discrimination training was implemented in 2021 covering all L2 and L3 leadership positions in order to ensure a comprehensive and shared understanding of different forms of discrimination in all teams and communicating the Code of Conduct stipulations on actions needed to be taken in case such a behaviour occurs. Regarding gender equity SHOP APOTHEKE EUROPE has set itself the target to increase the share of female leadership positions and implementing an unconscious bias training for Managing Board, recruiting and hiring managers. A conscious decision was taken not to set a percentage quota, but to focus on structural measures to create a working environment where diversity can flourish. This might be the more complex approach, but SHOP APOTHEKE EUROPE sees this as the more sustainable way. In 2021 the company launched a female leadership initiative focusing in a first step on data analysis and raising awareness internally. A key driver the company identified to increase the number of female leadership positions is increased flexibility. In 2021 SHOP APOTHEKE EUROPE implemented a remote working

³⁴ GRI 403-3, GRI 403-4

³⁵ GRI 403-6

³⁶ GRI 401-2

policy to ensure flexible working beyond the current Covid-19 regulations as a first step, while further structural steps are intended to be taken such as a pay gap analysis.

EDUCATION & DEVELOPMENT.³⁷

The company offers opportunities for individual growth and internal career changes. The company's culture allows people to engage and to bring in their full skillset. In 2021 SHOP APOTHEKE EUROPE offered German and English language classes to foster employees' ongoing development. For the second management level, reporting to the Managing board, individual leadership coaching opportunities continued to be offered. For the third management level reporting, having personnel responsibilities, SHOP APOTHEKE EUROPE implemented a specialised training program strengthening leadership qualities. Aiming to cultivate a culture of learning at SHOP APOTHEKE EUROPE, the decision was taken to roll out and offer all departments access to the online learning platform Udemy and its flexible, on-demand learning opportunities including 5,000+ top rated, engaging professional and personal development courses. The most crucial aspect of the company's Sustainable Development approach is to enable and empower every employee to take responsibility in all aspects of their day-to-day business instead of building a separate sustainability function. In 2021 the company developed a tailor-made Sustainable Development, being mandatory for more than 180 employees working in the field of commercial strategy development and implementation which is planned to be made accessible for all employees in 2022.

GOOD GOVERNANCE.³⁸

In 2021, a worker's council was elected by employees for the Sevenum location. Employees are not covered by collective bargaining agreements.³⁹

In 2022, SHOP APOTHEKE EUROPE is carrying out a due diligence to investigate whether there are reasonable grounds to suspect that goods or services to be supplied to SHOP APOTHEKE EUROPE have been produced with the help of child labour at any stage of the production chain. The focus will be on the most important suppliers which are making up at least 90% of revenue generated. There is no official policy statement disclosed yet with regard to human rights in specific. This does not mean, however, that SHOP APOTHEKE EUROPE does not count this as material aspect to manage. Indeed, it is considered in the pillar of employee care due to the fact that the company expects this to be a matter human rights aspect worker relation within the supply chain. In 2022, SHOP APOTHEKE EUROPE is carrying out a due diligence in line with the Dutch Child Labour (Duty of Care) Act to investigate whether there are reasonable grounds to suspect that goods or services to be supplied to SHOP APOTHEKE EUROPE have been produced with the help of child labour at any stage of the production chain. The focus will be on the most important suppliers which are making up at least 90% of revenue generated.

With regard to anti-corruption and bribery matters, SHOP APOTHEKE EUROPE has policy in place that requires from all employees to demonstrate the highest standards of ethics and conduct in relation to potential and existing vendors, suppliers, and customers. It ensures that employees practice equal treatment, unbiased professionalism, and non-discriminatory actions. Employees cannot accept any gift, service or favour - material or immaterial - that could compromise or raise doubts about the neutrality of the decisions.

More information can be found in SHOP APOTHEKE EUROPE's Code of Conduct, Whistleblower Policy, Insider Trading Policy, Public Affairs Policy and the Policy regarding bilateral contacts with shareholders of SHOP APOTHEKE EUROPE, publicly available on the company's website.⁴⁰

³⁷ GRI 404-2

³⁸ GRI 2-23

³⁹ GRI 2-30

⁴⁰ GRI 407-1, GRI 408-1

EU TAXONOMY

The EU taxonomy establishes a list of environmentally sustainable economic activities. The main aim is to provide companies, policymakers and investors with a common definition for directing investments towards sustainable projects and activities in order to reach the European Green Deal's objectives. Thus, the taxonomy serves a classification system to assess whether economic activities contribute towards one of the following six environmental objectives:

1. Climate change mitigation
2. Climate change adaptation
3. The sustainable use and protection of water and marine resources
4. The transition to a circular economy
5. Pollution prevention and control
6. The protection and restoration of biodiversity and ecosystems.

The EU taxonomy sets out reporting including the disclosure of information on the eligibility and alignment of a company's activities with those objectives, using Key Performance Indicators (KPIs) for the proportion of sustainable turnover, capital expenditure ("CapEx") and operational expenditure ("OpEx"). In a first step it needed to be identified if activities are eligible, in an upcoming step it needs to be defined if an activity is aligned to the EU taxonomy.

SHOP APOTHEKE EUROPE falls into the scope of companies' being required to report. However, so far only the first two delegated acts on climate change mitigation and adaptation are published laying down the classification criteria. Further clarification, extension to more economic activities and elaboration the guidelines are expected to be defined in the upcoming years.

● EU TAXONOMY KPIS

Based upon the current information available and a thorough analysis SHOP APOTHEKE EUROPE determines the 2021 EU Taxonomy eligible economic activities per KPI as follows:

	Turnover	CapEx	OpEx
Taxonomy eligible activities (%)	0%	0%	13.7%
Taxonomy non-eligible activities (%)	100%	100%	86.3%

● EU TAXONOMY TURNOVER ASSESSMENT

Since none of SHOP APOTHEKE EUROPE's revenue streams are outlined in the delegated regulations are described, the EU taxonomy eligible revenue is determined to be 0%. The most valid classification according to the Statistical classification of economic activities in the European Community (NACE) on which the EU Taxonomy relies, would be as follows: G47 - Retail trade, except of motor vehicles and motorcycles. Although SHOP APOTHEKE EUROPE is developing from a pure online retailer to an e-pharmacy platform, the distribution of pharmaceuticals and beauty and care products is considered to be the most relevant activity found in the above-mentioned classification system. For NACE G47, however, no eligibility is defined yet. In case retail activities will be added to the delegated regulations in the future, the eligibility percentage SHOP APOTHEKE EUROPE's eligibility share in terms of turnover would increase significantly.

● EU TAXONOMY CAPEX ASSESSMENT

In 2021 SHOP APOTHEKE finalized the move to the new location in Sevenum including headquarter, logistics and warehousing. The rental contract for the new location started in the financial year 2020. In line with accounting standard IFRS 16, the new rental contract has been recorded as addition to our Right of Use Assets. The related investments for the rental contract are recorded as CapEx for an amount of EUR 26,447,000 as share of our total CapEx of EUR 82,292,000 in the past year 2020, reference is made to notes 13, 14 and 30 in the notes to the consolidated financial statements. The new building is designed and built for SHOP APOTHEKE EUROPE to reach its energy efficiency and renewable energy targets. It is the major driver in realizing company-wide Scope 1 and 2 CO₂ reductions by 80% until 2025 in absolute terms and thus one of the company's material activities to mitigate climate change. However, not being accounted for in the 2021 CapEx shares which results in a 0% eligibility this year.

● EU TAXONOMY OPEX ASSESSMENT

In general, the KPI OpEx as defined under the EU Taxonomy only covers direct non-capitalised costs that relate to research and development, building renovation measures, short-term lease, maintenance and repair, and any other direct expenditures relating to the operation of property, plants and equipment. The sum of these costs only makes a relatively small share of SHOP APOTHEKE EUROPE's overall operating costs, in total EUR 1.1 million a share of 0.33% of our total selling & distribution and administrative expenses. The proportion of total OpEx that relates to taxonomy eligible activities is determined by assessing the economic activities of the costs that are not capitalized but directly relate to assets on the balance sheet. A Share of 13.7% of these OpEx are related to EU Taxonomy eligible activities. These can be linked to the following economic activities: These are costs related to the technical setup of collection and transport of non-hazardous waste in source segregated fractions as well as material recovery from non-hazardous waste.

RISKS AND OPPORTUNITIES.

SHOP APOTHEKE EUROPE is exposed to various risks and opportunities. As a company of our size we deem it therefore is important to have a best possible and systematically updated overview of the risks that we run as a company and how those risks can be mitigated. There are company-specific risks, and also risks with regard to natural capital such as climate risks, and social capital. Furthermore, it entails external risks and impacts on third parties that result from SHOP APOTHEKE EUROPE's business model. Risk-based thinking enables our organization to proactively determine factors that could lead to deviations from planned results and execution of our strategy, and to implement preventive control measures or take actions in order to minimize the likelihood and magnitude of possible negative effects. At the same time, a risk-based thinking process could also reveal opportunities on which we could act. The risk management system of SHOP APOTHEKE EUROPE applies to all areas of the Group, and takes into account the standards of ISO 31000, GDP (Good Distribution Practice), Veterinary Good Distribution Practice, and the Corporate Governance Code. With its risk management system, and the additionally last year implemented ERM framework, SHOP APOTHEKE EUROPE can identify, analyze, evaluate and treat risks that it is running as a company.

● RISK APPETITE.

Risk appetite expresses the aggregate level of risk that SHOP APOTHEKE EUROPE is willing to accept within their risk capacity in order to follow the strategy to become the leading European online pharmacy, which enables people to live the healthiest life possible. Risk capacity is defined as the maximum level of risk that can be assumed before breaching regulatory constraints and obligations to stakeholders. Risk appetite is an integral element in

the 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 figure below qualitatively shows SHOP APOTHEKE's risk appetite in the three main risk categories strategic risks, operating risks and financial risks.

	Averse	Cautious	Open
Strategic risks			
Operating risks			
Financial risks			

● MANAGING RISKS WITH ENTERPRISE RISK MANAGEMENT.

Referring to the annual report of last year 2020, SHOP APOTHEKE EUROPE decided to implement a more extensive Enterprise Risk Management (ERM) system within SHOP APOTHEKE EUROPE. The primary objectives of ERM within the company are:

1. Gaining insight into the risks and opportunities. This is achieved by a structured inventory process of the risks that SHOP APOTHEKE EUROPE runs as a company
2. Create a framework to classify the risks;
3. Gaining insight into and clarifying the degree of risk management and the degree of risk appetite;
4. Realizing a dynamic process with periodic reporting and dialogue across the Group.

In order to reach these objectives an elaborative process was developed within the company. Chaired by CFO Mr. J. Eenhorst the ERM process is managed by the ERM Group. Other members of the ERM Group are Mrs. T. Holler (COO and responsible pharmacist) and the directors of both the Accounting & Tax, Controlling and Quality departments. The ERM group is responsible for driving the ERM process within the company to make sure risks are identified and addressed in the right way. In the next paragraphs, the steps within the ERM process will be described.

Step 1) Establishing the context.

SHOP APOTHEKE EUROPE's strategic objectives as well as external and internal parameters needs to be considered to establish the context. Strategic and operational events and actions, which have a significant impact on the existence and the economic situation of the Group, are considered. These also include external factors such as the competitive situation, the regulatory environment and developments and other factors that can compromise the achievement of corporate goals.

Step 2) Risk identification.

A two-sided approach is used for the risk identification process. Starting with a bottom-up process for risk identification, interviews with each significant function or department of the group were conducted and completed in 2021. In addition, a top-down process for risk identification was also conducted by risk identification sessions within the ERM Group and with the Managing Board.

To create a framework for risk classification, a fixed risk identification format has been developed. After the risk description, the risk was classified into a risk domain. For SHOP APOTHEKE EUROPE, thirteen relevant risk domains were defined (see figure 1). As the figure shows the risk domains encompass a broad perspective of topics all relevant for SHOP APOTHEKE EUROPE as an online pharmacy. Subsequently the risk domains are used to cluster risks into relevant categories and enable that comparable risks or synergetic relationships between risks become

apparent and can be clustered. The risks domains used are based on international risk management literature⁴¹ and supplemented with domains relevant for SHOP APOTHEKE EUROPE as an online pharmacy company. For each domain a domain owner from the Senior Management has been appointed, who is responsible to take the mitigation actions of the risks within that the respective domains.

For each domain a domain owner from the Senior Management has been appointed, who is responsible to take the mitigation actions of the risks within that the respective domains.

Risk domains in which identified risks are categorised

RISK DOMAINS				
GOVERNANCE, LEGAL & REGULATORY	PHARMA COMPLIANCE	STRATEGY	REPUTATION & TRUSTWORTHY BRAND	FINANCE
FACILITY & EQUIPMENT	OPERATIONS (OPS)	QUALITY & CUSTOMER SAFETY	IT	HUMAN RESOURCES & HEALTH AND SAFETY FOR THE EMPLOYEES
	SUSTAINABILITY	DATA SECURITY AND PRIVACY/ PATIENT DATA	PROCUREMENT	

Step 3) Risk analysis.

All risks that have been identified, are firstly assessed by a risk score. The risk score is calculated by multiplying the "probability of occurrence of the risks" (likelihood) by the consequences of the risk (impact). Based on the risk score, it is determined whether the risk is very high, high, medium or low. Both a gross and a net risk are taking into account. Where the gross risk addresses on the risk score without internal control and/or mitigating measures, the net risk score is the risk after implementation of actions.

Step 4) Risk evaluation.

Based on the outcome of the risk analysis, decisions need to be made about prioritization including which risks need to be mitigated. The ERM group makes, in consultation with the domain owner(s), a proposal for top five risks per domain as input for the reporting to the Executive Management Board. Subsequently, the final top five risks for the company per domain are determined by the Managing Board.

Step 5) Risk treatment.

After the final prioritization, risks per domain are allocated to the responsible domain owner and appropriate control measures are implemented to mitigate the risk if possible. The choice of a control measure depends on the risk score and the risk appetite of the company. A decision is made on whether an action is taken to eliminate or control the risk, if a risk is within the organization's risk appetite, a risk can be accepted.

⁴¹Carroll R.L. (2014). Enterprise Risk Management: A framework for success. American Society for Healthcare Risk Management

● RISK MONITORING & REVIEW.

An integral part of the ERM is to continuously run the process, monitoring the risks and evaluating the control measures. While domain owners are responsible to report progress on mitigation actions, the overall process driven by the ERM Group ensures this indeed takes place in a systematic way. All identified risks per department will be reviewed each year.

● EXTERNAL CONTROL.

Besides the internal control system also external institutions provide assurance on the design and effectiveness of the risk management processes and compliance with the relevant standards, policies and norms within our company:

EXTERNAL CERTIFICATIONS.

SHOP APOTHEKE EUROPE being a pharmacy maintains strict pharmaceutical controls monitored by the Dutch Ministry of Health, as well as a number of certifications of which examples are: ISO 9001 certified by TÜV and Trusted Shops. The effectiveness of the Quality and Health, Safety and Environment (HSE) management systems is regularly audited internally and externally in addition to the continuous improvement process installed for ongoing optimization of the pharmacy and administrative processes.

EXTERNAL AUDITOR.

The company's independent external auditor Mazars Accountants N.V. in Rotterdam provides an independent opinion on the financial results of the Group. The auditor has unrestricted access to the Group's sites and documentation, and communicates regularly with the Managing Board and the Supervisory Board. The Supervisory Board assesses the work of the external auditor at least once a year.

● OVERVIEW OF RISKS AND OPPORTUNITIES.

This chapter provides an overview of the most important risks that SHOP APOTHEKE EUROPE identifies at the moment.

STRATEGIC RISKS.

Risk - acquisition of businesses.

Risk description and its possible impact - Since our founding, we have grown both organically and through acquisitions. During 2021 we did two acquisitions, SmartPatient and MedApp. Furthermore, as part of our business strategy to further expand our offering across continental Europe, it is possible that we engage in strategic and opportunistic acquisitions of other companies, businesses or assets. Acquisitions involve numerous risks such as unanticipated difficulties associated with higher than expected costs for integrating the technologies, operations, existing contracts and personnel of acquired businesses or difficulties associated with higher than expected costs for integrating and coordinating sales and marketing functions and other administrative functions.

Risk Mitigation Approach - Careful planning of the acquisition and integration including proper due diligence. The management bodies of the acquired business are part of our existing management structure and are integrated in our periodic internal management review process and planning processes.

Risk - Adverse judgments or settlements resulting from legal proceedings.

Risk description and its possible impact - We are or may become involved from time to time in private actions, investigations and various other legal proceedings by employees, suppliers, competitors, government agencies or others.

SHOP APOTHEKE EUROPE is subject of some procedures, mainly in the field of unlawful competition. Hereafter, the more interesting ones are mentioned. Before the Federal Supreme Court (BGH) in Karlsruhe a case is pending against SHOP APOTHEKE EUROPE regarding the question whether it can advertise with the so-called Webshop Awards in view of alleged objections against the role of the contest organizer in the nominating process. SHOP APOTHEKE EUROPE is also subject of a procedure before the second instance civil court of Cologne (OLG) regarding advertisements for its cooperation with online doctor service Zava.

In Germany, Europa Apotheek is currently still subject to one first instance social court (Sozialgericht) proceeding regarding the so-called manufacturer rebates that pharmaceutical producers reimburse to pharmacies. Several other cases regarding this issue were amicably settled.

Risk Mitigation Approach - Carefully review and monitoring of applicable law and regulations. In case of legal proceedings, we have our own legal experts and we consult external specialised lawyers.

REGULATORY RISKS.

Risk - Change in legislation for E-commerce pharmacies.

Risk description and its possible impact - The pharmacy business is highly regulated. Failure to comply with laws and regulations can damage our reputation and have negative financial and operational consequences. From a compliance perspective, we are allowed to sell both Rx and OTC medicinal products via mail to our customers.

Furthermore, a change in legislation of pharmaceutical e-commerce deliveries can have a big impact on business models of online pharmacies. In Germany, the so called "Vor-Ort Apotheken Stärkungsgesetz" came into force at the end of 2020. Among other things, this legislation prohibits offering RX discounts in the future. This applies equally to on-site and mail-order pharmacies. We believe that by doing so, German lawmakers are circumventing a 2016 supreme court ruling by the ECJ (AZ C-148/15), in which the Court ruled that pharmacies from other EU countries are not bound by regulated prices in Germany for prescription drugs and may grant their customers discounts to compensate for a competitive disadvantage.

Risk Mitigation Approach - Our Legal and Public Affairs department are closely monitoring all the international legislative developments. Next to that, we try to cooperate with other companies in the online pharmaceutical industry in order to bundle our interest and we invest significantly in networking with relevant stakeholders.

Risk - Continuation of our pharmacy license(s).

Risk description and its possible impact - 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 licenses could be withdrawn and we would not be allowed to continue our current business and our reputation would be significantly harmed. Potential changes of government regulations of the

health care and pharmacy industries expose us to risks that we may be fined or exposed to civil or criminal charges, receive negative publicity or be prevented from shipping products into one or of our markets. This could have a material adverse effect on our business, financial condition and results of operations.

Risk Mitigation Approach - Our Quality department is closely monitoring and reviewing all the applicable legislation and performing internal audits to assess compliance with law and regulation and needs for improvement.

OPERATING RISKS.

Risk - Dependency on people.

Risk description and its possible impact - SHOP APOTHEKE EUROPE is proud of all their employees. Without enough qualified staff our business will be disrupted and our strategic development will be hindered as well. As an online pharmacy we are highly dependent on IT, pharmaceutical and operational colleagues. Next to that, we have a duty to deliver our parcels in time to our customers. When we do not have sufficient and qualified employees, this might also be a risk for the quality of the care that we can deliver. Furthermore, our future success is heavily depending on the continued service of our key members on management levels. A lack of qualified and motivated personnel could impair our development and growth, increase our costs and harm our reputation.

Risk Mitigation Approach - For SHOP APOTHEKE EUROPE it is important to be an attractive employer for both current and new employees. In 2021, the results of our employee satisfaction survey were analysed, discussed with our employees, and improvement actions were implemented to increase the employee satisfaction though the average score was generally well compared to benchmarks. Furthermore, learning and development is an important topic for us as company, that will be further professionalised in order to provide an attractive training offer to our employees for their personnel development. Next to that, we learn from exit interviews with colleagues who decided to leave the company. Also the company regularly reviews the compensation and benefits compared to the market and has taken actions in areas where we deemed this necessary.

Risk - Impact of Covid-19 pandemic.

Risk description and its possible impact - Although the Covid-19 crisis helped our sales as we were able to continue to safeguard the supply of medicines to our customers across our geographies also in times of social distancing measures, it also created considerable risks to our operational continuity due to potential unavailability of employees as a consequence of governmental measures illness and/or necessary quarantine.

Risk Mitigation Approach - Since the start of the Covid-19 crisis in Europe early 2020 we established a dedicated crisis-team. Our crisis staff is continuously monitoring, addressing and mitigating the risks that come with this crisis situation. The measures that have been taken to prevent an outbreak under our personnel and ensure continuity of our logistic and office processes have proven to be effective so far.

Risk - High dependency on automation and IT systems.

Risk description and its possible impact - As an E-commerce pharmacy platform we are highly dependent on our webshops both on the front and back-end. Furthermore, we are highly dependent on automated systems and their related software in our warehouse. Failures or bugs in IT systems can have a major impact on our business continuity.

Risk Mitigation Approach - Changes in our web shops or IT environment are thoroughly tested prior to implementation. An emergency power generator is installed as fall back scenario for IT systems by power outage situations. Next to that we have a team of technical engineers, that is responsible for maintaining all the automated systems and fix technical issues.

Risk – Data security risks and unauthorised use of one or more systems.

Risk description and its possible impact – In our company personal data is processed to ensure that the right parcels are sent to the right customer. In order to deliver high quality of pharmaceutical care, sensitive health data of our customers' needs to be analysed by our pharmaceutical staff as well. Threats in information security, intentional misuse of confidential data or breaches in one of our systems are therefore risks that needs to be mitigated. Finally, due to the Covid-19 crisis many people had to work in home office, which also increases the risk of data security issues.

Risk Mitigation Approach – In order to control all the threats of data security within our company, an information security management system is implemented in which the procedures for mitigating risks regarding data security issues are integrated. Penetration testing, access management and 2-factor authentication are some examples of data security measures. Furthermore, a new and mandatory data security training was developed and implemented in 2021.

Risk – Management of our inventory levels.

Risk description and its possible impact – We must maintain sufficient inventory levels to operate our business through our online webshops successfully. However, many of our products have limited shelf lives and we seek to avoid accumulation of excess inventory while at the same time seeking 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 appropriate and this 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 typically need to be disposed, especially in the light of e-Rx with its regulatory requirements.

Risk Mitigation Approach – We have specialised people and departments working on this. In addition, we have an automated purchase tool in place that calculates the required purchase volumes for the right inventory levels. Furthermore, we monitor via various dashboards information on stock levels per country and specific article information for articles with a potential future inventory risk.

FINANCIAL RISKS.**Risk – Ability to grow and operate our business successfully and achieve profitability in the future.**

Risk description and its possible impact – In order to compete in our market environment, we may be forced to react to a general decline in prices by decreasing our selling prices, which would negatively impact our profit margin. Failure to successfully compete against current or future competitors could negatively impact 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.

Risk Mitigation Approach – via our annual operating plans we ensure to follow and implement new products in line with our multi-year strategy. We continuous monitor the developments in the relevant market and from competitors.

Risk – Financial consequences due to environmental pollution.

Risk description and its possible impact – We are aware of negative environmental impacts that occur across our supply chain. We are aware of the environmental impact of our business model and want to reduce our carbon footprint extensively in the upcoming years. As an e-commerce player, we have large volume of parcels being sent out to various customers with different carriers on a daily basis. Because of costs arising from extended carbon taxation, we run the risk that the transportation cost for our parcels rise in the future. Early 2022 we were upgraded by the renowned ESG institution MSCI to an AA which means we are considered an industry leader as to our ESG efforts.

Risk Mitigation Approach - We are working hard to eliminate waste, are replacing plastic with recyclable materials in our operations and reduce our carbon emissions. Furthermore, our new warehouse in Sevenum is equipped with solar panels which is a sustainable way to generate energy and the facility does not use gas. Also, most of our offices use green electricity only now. We are continuously investigating with the expert help of our Sustainability department where we can make next improvements.

Risk - Dependency on advertising partners.

Risk description and its possible impact - A significant part of our marketing and advertising activities is conducted via online advertising platforms, such as Google AdWords. In the past, Google stipulated country-specific rules regarding the possibility 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 increase similar 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 enter in the future. Furthermore, it cannot be ruled out that Google or other advertising platforms are unable to adapt their terms and conditions for advertisement to ongoing factual changes in regard to 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.

Risk Mitigation Approach - Continue to monitor the rules stipulated by Google and build our brand value and loyalty of our customers.

● OPPORTUNITIES.

MACRO-ECONOMIC AND MARKET CONDITIONS.

According to a market information, the market for medications and pharmacy-related beauty and personal care products is expected to grow. As a first mover and one of the leading pharmacies in Europe, SHOP APOTHEKE EUROPE has good opportunities to benefit disproportionately from this general growth opportunity.

TREND TOWARDS E-COMMERCE FURTHER ACCELERATED BY THE COVID-19 SITUATION.

While many retail stores were temporarily closed, e-commerce recorded significant growth in certain areas. E-commerce has become a sustainable additional supply infrastructure and the trend toward e-commerce has even been accelerated by the corona situation.

We believe that the e-commerce market in most of the countries we currently operate in will continue to grow by a double-digit percentage the coming years and we should continue to benefit disproportionately from this development because of our market-leading position in continental Europe. Also mobile devices have contributed to the strong growth of online retail. This also applies to the sale of medications and pharmacy-related beauty and personal care products because customers have convenient access to the products anywhere and anytime.

SUBSEQUENT EVENTS.

RENTAL COMMITMENTS BUILDING.

The Group has entered contractual obligations for the lease of property of the new distribution center in Italy in January 2022. This lease will commence per 1 February 2022 and has a duration of 6 years. The estimated total future payments per year amounts approx. EUR 1.0 million. Since the company does not have the right of use of the property as per 31 December 2021 the lease contract has not been accounted for in accordance with IFRS 16.

OUTLOOK.

● GDP GROWTH EXPECTED TO CONTINUE.

According to the European Central Bank, economic growth in the euro area is projected to remain strong over the next three years despite some headwinds in the near term. Sharply rising rates of coronavirus (COVID-19) infections in several euro area countries have led to a renewal of restrictions and heightened uncertainty about the duration of the pandemic. The emergence of the Omicron variant has added to this uncertainty. In addition, supply bottlenecks have intensified and are now expected to last longer, only gradually dissipating from the second quarter of 2022 and fully unwinding by 2023.

Real GDP is now expected to exceed its pre-crisis level in the first quarter of 2022, which is one quarter later than foreseen in the September 2021 projections. Nevertheless, as global supply constraints ease, the pandemic-related restrictions and associated uncertainty decrease and inflation abates from high levels, growth is expected to regain momentum from mid-2022, notwithstanding a less supportive fiscal stance and higher market interest rate expectations.

Private consumption will remain the key driver of economic growth, benefiting from a rebound in real disposable income, some unwinding of the accumulated savings and a robust labour market, with the unemployment rate at the end of the projection horizon lower than observed at any time since the euro area was established in 1999.

Inflation in the euro area is expected to be higher for longer but should fall slightly below 2% by the end of 2022 and stand at 1.8% in 2023 and 2024. Price pressures have increased significantly over recent months and inflation is expected to have peaked in the fourth quarter of 2021.

● DEVELOPMENT OF THE ONLINE PHARMACY MARKET LOOKS PROMISING.

The global e-pharmacy market is expected to grow from USD 48.9 billion in 2020 to USD 153.79 billion by 2028, at a CAGR of 15.4% during the forecast period 2021-2028, according to a study of FIORMARKETS. During the period 2020-2025, the online pharmacy market in Europe is expected to grow at a CAGR of over 14% (source: ResearchAndMarkets, "Online Pharmacy Market in Europe 2021-2025").

The e-commerce penetration for Rx medications and OTC and BPC products is still relatively low in the core European markets. According to Bank of America, the total pharmacy market in Western Europe (ex U.K.) was worth EUR 193 billion in 2020, and is growing at a 2.5% CAGR. Online penetration is low, at only 6%, far behind other categories such as apparel, electronics and contact lenses, a recent note said. Electronic prescriptions are expected

to boost the online pharmacy industry as they will allow easy exchange and upload of prescriptions without having patients to scan the prescription to upload it. For E-Prescriptions in Europe, Bank of America estimates a volume of EUR 47 billion by 2030, from EUR 11 billion in 2020, which is a 10-year annual compound growth rate (CAGR) of 16%.⁴²

● OPERATIONAL OUTLOOK FOR THE SHOP APOTHEKE EUROPE GROUP.

In the last quarter of 2021, new sales record were achieved with all orders being processed at the new next-generation fulfillment center in Sevenum, the Netherlands. Start-up complexity and a shortage of logistics workers in a tight labor market in the middle of the year were overcome. With the new and robust capacity available, SHOP APOTHEKE EUROPE entered 2022. A negative impact on the sales of prescription medicines (Rx) after a ban on the bonus to customers in December 2020 will probably continue to a certain extent, but the ongoing roll-out of the introduction of e-Rx is expected to continue and to improve the customer journey of ordering Rx online significantly and could lead to fast growth of Rx again. Non-Rx was in 2021 90% of SHOP APOTHEKE's total sales and 100% of the sales outside of Germany, here a continuation of dynamic growth is anticipated due to a likely ongoing shift of customers for pharmacy and related products from off to online across Europe, an overall growing pharmacy market, and the strength of SHOP APOTHEKE's proposition in its markets. In key functions of SHOP APOTHEKE EUROPE, of which examples are IT, pharmacy and quality specialists, commercial experts and logistics' employees the number of employees will grow substantially to enable the fast-growth strategy.

In parallel to investing in fast growth, Shop Apotheke will continue to focus on the underlying unit economics by aiming to improve gross margins, higher efficiencies, scale, and new income sources. Investments will continue to grow in IT and also Shop Apotheke will open its second distribution center besides its central hub in the Netherlands, namely in Italy. These investments in 2022 can be paid from existing cash balances.

Strategically, we will continue to develop SHOP APOTHEKE EUROPE into a technology driven, customer-centric e-pharmacy platform. With the vision to enable everybody to live their healthiest life possible. We have high customer satisfaction centrally in our strategy. We will sell our broad range of own products and offer our own medication management and pharmacy expert services, but also offer our customers access to services and assortment of health-care partners, local pharmacy partners, and third-party merchants to improve both our customer satisfaction and our business model.

CORPORATE GOVERNANCE.

The Managing 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 recognizes 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 Sevenum, 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).

⁴² Source: <https://www.researchandmarkets.com/online-pharmacy-market-in-europe>

● 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 to also 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 Managing Board consisting of executive directors acting under the supervision of a Supervisory Board (consisting of non-executive directors).

Principally, our corporate governance practices are derived from the provisions of the Dutch Civil Code and the Dutch Corporate Governance Code.

The Managing Board is entrusted with the management of the company and is responsible for achieving the company’s aims, the development and implementation of its strategy and associated risk profile, the achievement of results and the adherence to corporate social responsibility/sustainability principles. The members of the Managing Board are appointed by the General Meeting of shareholders. The full procedure for appointment and dismissal of members of the Managing Board is explained in article 14 of the company’s Articles of Association. The Managing Board currently consists of Stefan Feltens (CEO), Jasper Eenhorst (CFO), Stephan Weber (CCO and deputy CEO), Theresa Holler (COO) and Marc Fischer (CIO).

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 Supervisory Board 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 Managing Board and the general course of business of the company. The Supervisory Board members shall assist the Managing 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.

The Supervisory Board has established an Audit Committee on 27 December 2018. The committee’s role is to act on behalf of the supervisory board and oversee all material aspects of the organization’s financial reporting, internal control and audit functions. The audit committee of SHOP APOTHEKE EUROPE N.V. consists of two members, Frank Köhler and Henriette Peucker who report their findings to the 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. In 2021, there were no transactions that led to a conflict of interest.

Generally, the company is aware of the fact that all of the members of its Managing Board as well as that some members of the Supervisory Board hold shares in the company. One member of the Supervisory Board (Frank Köhler) is part of a voting pool agreement with his brother Michael Köhler, the largest shareholder and former CEO, and other shareholders, in total representing around 26.4% of the actual outstanding voting rights of SHOP APOTHEKE EUROPE. Furthermore, Stephan Weber (CCO) and Marc Fischer (CIO) are brothers-in-law.

● 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 Managing 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 Managing 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.⁴³

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 have been actualised recently, and can be found on the company's website.

● DIVERSITY.

We aim for diversity across all management levels. Last year, several key management positions were filled with female candidates in order to enhance the management's gender diversity. 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 will focus on further enhancing diversity across all management levels, including future appointments to its Supervisory Board and Managing Board diversity, but without compromising our commitment to hiring the best individuals for positions without any discrimination. 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 in serving a highly diverse society and our diverse stakeholders.

⁴³ GRI 2-26

● 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.

As per the date of this report, the following substantial shareholdings were recorded in this register:

Date of notification	Shareholder	Share in company's share capital
06.04.2020	ETHENEA Independent Investors SA	4.12%
04.06.2020	Sylebra Capital Limited	3.02%
28.01.2021	A. Köhler	26.44%
28.01.2021	C. Laubmann	4.63%
28.01.2021	H. R. Hess	3.70%
24.02.2021	Fundamental Investors	5.39%
06.08.2021	Smallcap World Fund, Inc.	4.81%
21.12.2021	T. Rowe Price Group, Inc.	10.07%
23.12.2021	T. Rowe Price International Funds, Inc.	5.26%

● 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 (Inlandsemitter) 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 MANAGING BOARD (DUTCH CORPORATE GOVERNANCE CODE).

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

- 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 2021;
- 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 2021, 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, the centralized set-up of main processes, the presence of internal quality and control processes, enhanced by the during the 2021 financial year implemented more extensive Enterprise Risk Management System, no internal audit function has been established. An implementation may be considered in the future according to the organizational needs of SHOP APOTHEKE EUROPE N.V.

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 Managing 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 allows them to properly and effectively carry out their duties. Our focus for new Board members is on experience and education but gender, age or nationality diversity targets will be a consideration in the future as well.

2.1.8 Independence of Supervisory Board members.

The company knows that all members of the Supervisory Board, except Henriette Peucker, hold shares in the company. All hold their shares for long-term investment purposes.

2.2.4 Succession.

The company does not comply with this recommendation as SHOP APOTHEKE EUROPE N.V. is only listed as of 2016 and the Supervisory Board has only recently been re-appointed and a retirement schedule is therefore not needed at this point of time. It is, however, envisioned to provide such a plan 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 company intends to establish a remuneration committee following the appointment of one or two additional Supervisory Board Members. As the Supervisory Board has just four members, the number of committees is currently reduced to the minimum required.

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 Managing 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 Managing 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 Managing Board members. However, in its new Remuneration Policy which will be proposed as a voting item at the Annual General Meeting on 14 April 2022, the Company will limit all board severance payments based on contract concluded after 1st January 2022 to one year's base salary.

3.4.1 Remuneration report.

A new remuneration policy has been put on the agenda of the General Meeting of 2022. Each year, a remuneration report is also presented to the General Meeting and published on the company website.

3.4.2 Agreement of Managing Board member.

The existing contracts with the Managing Board members do not contain any extraordinary elements; the remuneration essentially consists of a fixed remuneration and stock options. A variable component was originally added to the remuneration of the company's new CFO, Mr. J. F. P. Eenhorst, but has been changed into a fixed component. However, the new Remuneration Policy which will be presented to the AGM on 14 April 2022 provides for a possibility to award variable short-term incentives to Managing Board Members.

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 Dutch 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 Managing 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 2021, SHOP APOTHEKE EUROPE had a total of 18,095,121 ordinary bearer shares with voting rights. Each share has a nominal value of EUR 0.02. The total share capital amounts to EUR 361,902.42. The company does not hold treasury shares. There are no share types other than the ordinary bearer shares.

● AUTHORIZATION FOR THE MANAGING BOARD TO REPURCHASE SHARES.

The general meeting held on 21 April 2021, authorised the Managing 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 20 October 2022), up to a maximum of 10% of the total number of issued shares outstanding on the date of the meeting (i.e. up to a maximum of 10% of 17,935,121 shares), 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.

● AUTHORIZATION OF THE MANAGING BOARD TO ISSUE SHARES.

The General Meeting held on 21 April 2021 appointed the Managing Board for a period of five years from the date of the meeting (i.e. up to and including 20 April 2026), 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 on the date of the meeting (i.e. up to a maximum of 20% of 17,935,121 shares).

This authorisation was granted to the Managing 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 prevents employees from directly exercising 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 - in its capacity as a so-called domestic issuer (Inlandsemittent) under the German Securities Trading Act - additionally has to publish any shareholding notification 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 on the website of the AFM. The Dutch Authority for the Financial Markets.

● 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.

● APPOINTMENT AND DISMISSAL OF MEMBERS OF THE MANAGING BOARD.

The members of the Managing 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 Managing 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 Managing Board member by the Supervisory Board, the resolution of the General Meeting to appoint such a Managing 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 Managing Board shall be appointed for a maximum period of four years, provided that unless a Managing 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 Managing Board member at any time. The General Meeting may suspend and dismiss a Managing Board member at any time. A Managing 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 Managing 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.

● RULES GOVERNING AMENDMENTS TO THE ARTICLES OF ASSOCIATION.

On a proposal of the Managing Board which has been approved by the Supervisory Board the General Meeting is authorised to resolve to amend the articles of association, to dissolve the company or to conclude a legal merger (juridische fusie) or a demerger (splittings) as referred to in title 7 of book 2 DCC, unless the company acts as acquiring company.

A resolution of the General Meeting referred to before which has not been taken on proposal of the Managing Board and prior approval of the Supervisory Board should be taken by a majority of at least two thirds of the votes cast in a meeting in which at least fifty per cent (50%) of the issued capital is represented.

A resolution of the General Meeting to conclude a legal merger or a demerger as referred to in title 7 of book 2 DCC which has been taken on proposal of the Managing Board and with the prior approval of the Supervisory Board should be taken by a majority of two thirds of the votes cast if less than fifty per cent (50%) of the issued capital is represented.

In the event in a meeting not at least fifty per cent (50%) of the issued share capital is represented, a second meeting shall be convened, to be held no later than six weeks after the first meeting. In the second meeting valid resolutions can be adopted with respect to the proposals placed on the agenda for the first meeting, regardless the share capital represented in the second meeting, provided with a majority of at least two thirds of the votes cast. The notice convening the second meeting shall indicate and set forth the reasons why at such second meeting a resolution may be adopted irrespective of the share capital represented at the meeting.

06

CONSOLIDATED
FINANCIAL
STATEMENTS.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS.

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Period ended 31.12.2021	Period ended 31.12.2020
		EUR 1,000	EUR 1,000
Revenue	5	1,060,321	968,062
Cost of sales		-793,793	-748,534
Gross profit		266,528	219,528
Other income	6	160	65
Selling and distribution	7	-264,301	-185,596
Administrative expenses	8	-68,085	-34,863
Operating result		-65,698	-866
Finance income	10	1,519	93
Finance expenses	10	-13,278	-15,204
Share of profit of associates and joint ventures	16	-427	45
Result before tax		-77,884	-15,932
Income tax	11	3,699	-839
Result after tax		-74,185	-16,771
Attributable to:			
Owners of the company		-74,185	-16,771
Earnings per share	12		
Basic and diluted earnings per share		-4.15	-1.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Period ended 31.12.2021	Period ended 31.12.2020
		EUR 1,000	EUR 1,000
Loss for the period		-74,185	-16,771
Other comprehensive income/loss		0	0
Total comprehensive loss		-74,185	-16,771
Attributable to:			
Owners of the company		-74,185	-16,771

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	31. 12. 2021	31. 12. 2020
		EUR 1,000	EUR 1,000
Assets			
Non-current assets			
Property, plant and equipment	13	78,261	74,545
Intangible assets	14	257,476	204,661
Deferred tax assets	11	0	120
Other financial assets	19	13,109	1,730
Investments in joint ventures	16	1,154	1,151
Investments in associates		305	605
Investments in equity-instruments		10	10
		350,315	282,822
Current assets			
Inventories	17	96,624	81,240
Trade and other receivables	18	52,310	44,591
Other financial assets	19	36,415	37,771
Cash and cash equivalents	20	247,413	90,485
		432,762	254,087
Total assets		783,077	536,909
Equity and liabilities			
Shareholders' equity			
Issued capital and share premium	21	566,898	552,019
Reserves/accumulated losses		-151,485	-126,881
		415,413	425,138
Non-current liabilities			
Loans and Borrowings	22	230,028	32,810
Deferred tax liability	11	13,552	4,347
		243,580	37,157
Current liabilities			
Trade and other payables	23	80,523	53,147
Loans and Borrowings	23	6,368	5,384
Amounts due to banks	24	38	39
Other liabilities	23	37,156	16,044
		124,085	74,614
Total equity and liabilities		783,077	536,909

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY.

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Issued and paid-up share capital	Share premium	Accumulated losses	Equity part on convertible bonds	Reserve for stock option plan	Undistributed results	Equity
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Equity as of 1 January 2021		354	551,663	-116,950	0	6,842	-16,771	425,138
Transfer to accumulated losses		0	0	-16,771	0	0	16,771	0
Capital increase	21	0	0	0	0	0	0	0
Issue of convertible bond	22	0	0	0	31,698	0	0	31,698
Share-based payment charge for the period	27	0	0	0	0	20,542	0	20,542
Capital increase due to exercised options	21	7	14,874	124	0	-2,785	0	12,220
Loss for the period		0	0	0	0	0	-74,185	-74,185
Balance as at 31 December 2021		361	566,537	-133,597	31,698	24,599	-74,185	415,413

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Issued and paid-up share capital	Share premium	Accumulated losses	Equity part on convertible bonds	Reserve for stock option plan	Undistributed results	Equity
		EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Equity as of 1 January 2020		269	340,923	-83,960	7,384	4,417	-36,270	232,763
Transfer to accumulated losses		0	0	-36,270	0	0	36,270	0
Capital increase	21	23	63,357	0	0	0	0	63,381
Conversion of convertible bond	22	58	136,331	0	-7,384	0	0	129,004
Share-based payment charge for the period	27	0	0	0	0	4,405	0	4,405
Capital increase due to exercised options	21	4	11,053	3,280	0	-1,980	0	12,357
Loss for the period		0	0	0	0	0	-16,771	-16,771
Balance as at 31 December 2020		354	551,663	-116,950	0	6,842	-16,771	425,138

CONSOLIDATED STATEMENT OF CASH FLOWS.

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Period ended 31.12.2021	Period ended 31.12.2020
		EUR 1,000	EUR 1,000
Cash flow from operating activities			
Operating result		-65,698	-866
Adjustments for:			
- Depreciation and amortisation of non-current assets	9	26,964	16,064
- Net foreign exchange differences	10	1,488	-234
- Share-based payment charge for the period	27	20,542	4,405
Corporate income tax paid	11	-179	-329
Operating result adjusted for depreciation and amortisation and taxes		-16,883	19,040
Movements in			
- (Increase)/decrease in trade and other receivables	18	-6,581	-3,697
- (Increase)/decrease in inventory	17	-15,375	-24,552
- Increase/(decrease) in trade payables	23	26,507	21,076
- Increase/(decrease) in other payables and other liabilities	23	23,967	5,936
Net cash (used in)/generated by operating activities		11,635	17,802
Cash flow from investing activities			
Investment for property, plant and equipment	13	-13,818	-38,235
Investment for intangible assets	14	-29,341	-15,100
Investment in escrow account	19	-12,704	0
Disposal of other financial assets	19	2,413	13,078
Repayment of loan to associates		303	0
Acquisition of subsidiary, net of cash acquired	28	-31,181	0
Interest received	10	31	93*
Net cash (used in)/generated by investing activities		-84,297	-40,164
Cash flow from financing activities			
Interest paid	10	-6,377	-7,241
Interest paid convertible bond	10	0	-5,776
Capital increase	21	0	63,381
Capital increase exercised options	21	12,219	12,357
Issue convertible bond, net of expenses	22	222,197	0
Repayment of other long-term loans	22	-5,663	-37
Proceeds from other long-term loans	22	13,000	0
Movement in bank overdraft		-1	-10,128
Cash-out lease payments	30	-5,784	-2,362
Net cash (used in)/generated by financing activities		229,590	50,193
Net increase/(decrease) in cash and cash equivalents		156,928	27,831
Cash and cash equivalents at the beginning of the period	20	90,485	62,653
Net foreign exchange difference		0	0
Cash and cash equivalents at the end	20	247,413	90,485

* The comparative figures of the cash flow statement for the financial year 2020 have been adjusted. Last year's cash flow statement showed the interest received of EUR 93 thousand as part of the cash flow from financing activities. This position has been reclassified into the category cash flow from investing activities as of financial year 2021. The figures 2020 and 2021 have been presented accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

1. CORPORATE INFORMATION.

The consolidated financial statements of SHOP APOTHEKE EUROPE N.V. (or the "Company") and its subsidiaries (collectively, the Group) for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Management Board on 1 March 2022, SHOP APOTHEKE EUROPE N.V. is a limited liability company incorporated in the Netherlands on 30 September 2015 and is legally domiciled in Sevenum, the Netherlands. SHOP APOTHEKE EUROPE N.V. is listed on the regulated market of the Frankfurt Stock Exchange.

SHOP APOTHEKE EUROPE N.V. is an online pharmacy business primarily for prescription and non-prescription ("over-the-counter" or "OTC") pharmaceuticals, beauty and personal care products (BPC) and food supplements.

2. GROUP INFORMATION.

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., Sevenum, The Netherlands, with its 100% subsidiaries:

- Shop-Apotheke B.V., Sevenum, The Netherlands
- Shop-Apotheke Service B.V., Sevenum, The Netherlands
- EuroService Venlo B.V., The Netherlands
- VitaZita B.V., Sevenum, The Netherlands
- Fastnet BVBA, Tongeren, Belgium
- nu3 GmbH, Berlin, Germany
- Shop Apotheke Service GmbH, Köln, Germany (previously: RedTecLab GmbH)
- Hyg e Sant  S.A.R.L., Pont-A-Marcq, France
- Pharma Doc srl., Milan, Italy
- nu3 Schweiz GmbH, Lachen, Switzerland
- SmartPatient GmbH, Munich, Germany
- SmartPatient Business Services Sp. z.o.o., Warschau, Poland
- MedApp Holding B.V., Eindhoven, Netherlands
- MedApp Nederland B.V., Eindhoven, Netherlands
- MedApp Apotheek B.V., Eindhoven, Netherlands

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

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

During the year the company has divested its subsidiary in Farmanatur Productes S.L., Sant Cugat del Vall s (Barcelona), Spain. The figures have been included in the consolidation until June 2021.

The following owned associates and joint ventures are accounted for using the equity method in these consolidated financial statements:

Associates: The Group has a 37.5% interest in DatamedIQ GmbH (2020: 37.5%) incorporated and located in Germany.

Joint arrangements in which the Group is a joint venturer: The Group has a 50% interest in K nig IDV GmbH (2020: 50%) and K nig IT Systeme GmbH (2020: 50%), both incorporated and located in Germany.

Equity-instruments: The Group has a 5% interest in Verkstedt GmbH (2020: 5%), incorporated and located in Germany.

3. SIGNIFICANT ACCOUNTING POLICIES.

● 3.1 BASIS OF PREPARATION.

The Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) as issued by International Accounting Standards Board (IASB) and in accordance with the Dutch Civil Code, Book 2, Title 9.

The consolidated financial statements have been prepared on a historical cost basis, except when otherwise indicated. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand (EUR 000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

GOING CONCERN.

In 2021, the Group incurred losses before tax of EUR 77.9 m (2020: EUR 15.9 m). The working capital at the end of 2021 was positive at EUR 24.9 m. Development of the working capital is in line with expectations.

	31.12.2021	31.12.2020
	EUR 1,000	EUR 1,000
Trade and other receivables	52,310	44,591
Inventory	96,624	81,240
Trade and other payables	-80,523	-53,147
Loans and Borrowings (short-term)	-6,368	-5,384
Other liabilities (short-term)	-37,156	-16,044
Working capital	24,887	51,256
% Revenue	2.35%	5.29%
Working capital incl. cash and short term securities	307,265	179,473

On 14 January 2021, SHOP APOTHEKE EUROPE successfully placed senior unsecured convertible bonds with a zero (0.0%) coupon in an aggregate principal amount of EUR 225 million and a maturity of seven years with a put option for the investors after five years.

The Company is closely monitoring its cash position and has taken the necessary measures to ensure future growth financing and financial robustness. The underlying unit economics in its larger markets are cash flow positive but the company is executing a fast growth strategy to build market share and increase its base of active customers. In parallel to the focus on growth, the company is driving gross profit margin improvements, efficiencies and scale. Liquidity is secured for at least the next 12 months.

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

● 3.2 BASIS OF CONSOLIDATION.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

● 3.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.

3.3.1 CURRENT VERSUS NON-CURRENT CLASSIFICATION.

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
 - Held primarily for the purpose of trading;
 - Expected to be realised within twelve months after the reporting period;
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle;
 - It is held primarily for the purpose of trading;
 - It is due to be settled within twelve months after the reporting period;
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.3.2 FAIR VALUE MEASUREMENT.

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.

3.3.3 REVENUE FROM CONTRACTS WITH CUSTOMERS.

The Group is in the business of providing pharmaceuticals, food supplements and beauty and personal care products. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

Revenue is measured as the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount 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. In this case, the transfer of economic title is attached to the transfer of legal title. Revenue is recorded net of sales deductions.

Loyalty points programme.

The Group has a loyalty points programme, "RedPoints", which allows customers to accumulate points that can be redeemed for free products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability, under current liabilities, until the points are redeemed. Revenue is recognised upon redemption of products by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a yearly basis and any adjustments to the contract liability balance are charged against revenue.

3.3.4 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 extent to which goods can still be sold.

3.3.5 MARKETING EXPENSES.

Marketing expenses, which include the development and production of advertising materials and the communication of these materials through various forms of media, are expensed over the period that these expenses relate to. Marketing expense is recognised in selling and distribution in the Consolidated Statement of Profit and Loss.

3.3.6 PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS.

The Group maintains three pension plans covering pharmacy personnel:

- Pharmacists of the Group participate in the occupational pension plan 'SPOA'. This pension plan is a collective defined contribution plan with direct conversion into pension entitlements. The pension plan is based on a predetermined premium that the participants transfer to the fund. Although this pension plan is based on the 'average pay system', this pension scheme is based on a predetermined premium. Therefore, the participants are entitled to a pension to the extent that the previously determined premium is sufficient. During 2021 the employer contribution amounted to 19.1 % (2020: 17.8 %) of the pensionable base.
- Eligible employees of the Group participate in the multi-employer pension plan (PMA) determined in accordance with the collective bargaining agreements effective for the industry in which the Group operates. 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 a collective defined contribution plan based on the the "average pay system", During 2021 the employer contribution amounted to 18.9 % (2020: 17.64 %) of the pensionable base.
- As of January 1st, 2021 eligible employees of the Group participate in the pension scheme (BrandNewDay). The BND pension plan is a defined contribution plan. During 2021 the employer contribution amounted to 12 % (2020: not yet applicable) 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 2021 amounts to 104.1% (31 December 2020: 97.1 %). (Source: website SPOA)

The coverage ratio of the PMA pension fund as per 31 December 2021 amounts to 99.5% (31 December 2020: 92.6 %). (Source: website PMA)

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.

The group has no further payment obligations once the predetermined contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.3.7 SHARE-BASED PAYMENTS.

Selected employees, including senior executives, of the Group have received remuneration in the form of share-based payments.

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied.

3.3.8 TAXES.

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 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 statement of financial position. 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 assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets and liabilities are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets and deferred tax liabilities 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.

Value added taxes

Expenses and assets are recognised net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable;

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.3.9 FOREIGN CURRENCIES.

The Group's consolidated financial statements are presented in euros, which is also the parent company's functional currency. In preparing the Consolidated Financial Statements of the Group, transactions in currencies other than euros, being the functional currency of each entity in the group, are recognised at the rates of exchange prevailing at the dates the transactions first qualify for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

3.3.10 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS.

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
 - Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
- Or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

3.3.11 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.

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.

3.3.12 LEASES.

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy in 3.3.15 Impairment of tangible and intangible assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. This change is also recorded for in the right of use asset. The Group's lease liabilities are included in loans and borrowings.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.3.13 BUSINESS COMBINATIONS AND GOODWILL.

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.

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.

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.

3.3.14 INTANGIBLE ASSETS.

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

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.

Intangible assets: Brands

Brands (Farmaline domains and trademarks, nu3 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

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.

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.

3.3.15 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 cost 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, investments in associates 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. This impairment review is prepared by comparing the carrying values of the cash-generating units 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, expected improvements as result of economics of scale, 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.

3.3.16 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 recognizing 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.

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.

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.

3.3.17 INVENTORIES.

Inventory contains raw materials, consumables and finished goods and is valued at the lower of cost and net realisable value. Costs are determined by:

- for raw materials, consumables and third party finished goods: the average purchase price method and include direct product purchasing rebates.
- for finished goods from own manufacturing: integral manufacturing cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. 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.

3.3.18 CASH AND CASH EQUIVALENTS.

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, as defined above. The bank overdrafts are not included since they are not considered being an integral part of the Group's cash management. Short-term securities are shown in Other Financial Assets according to IAS 7.

3.3.19 CASH FLOW STATEMENT

The Company has chosen to prepare the statement of cash flows using the indirect method, which presents cash flows from operating activities as the operating result adjusted for non-cash transactions, working capital movement, corporate income tax paid, and items of income or expense associated with investing or financing cash flows. Cash flows in foreign currencies have been translated using weighted average periodic exchange rates. Interest paid on loans is presented as a financing activity, while interest received is presented as an investing activity. Acquisitions and divestments of businesses are presented net of cash and cash equivalents acquired or disposed of, respectively. In the cash flow statement, the Company has classified the principal portion of lease payments, as well as the interest portion, within financing activities. Lease payments are not split between interest and principal portions but are shown as one line, "Cash-out lease payments," in the cash flow statement. Lease payments for short-term leases, lease payments for leases of low-value assets are not included in the measurement of the lease liability are classified as cash flows from operating activities.

3.3.20 PROVISIONS.

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

3.3.21 FINANCIAL INSTRUMENTS - INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT.

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price as disclosed in note 3.3.3 revenue from contracts with customers.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

Subsequent measurement

For purposes of subsequent measurement, the Group classified the financial assets in the following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forwardlooking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The financial assets 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.

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; Or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Further disclosures relating to impairment of financial assets is also provided in note 4.2.

Financial liabilities.

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (hereafter: EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

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.

Convertible debt

Proceeds received on issuance of Group's convertible debt are allocated into their liability and equity components. The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that does not include an option to convert. Subsequently, the debt component is accounted for as a financial liability measured at amortised cost until extinguished on conversion or maturity of the bond. The remainder of the proceeds is allocated to the conversion option and is recognised in the "Equity part on convertible bonds" within shareholders' equity, net of income tax effects.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

● 3.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES.

New and amended standards and interpretations

In the current year, the Group has applied a number of amendments to IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2021. In 2021, the Group has not early adopted any new standards, interpretations or amendments that have been issued but are not yet effective.

COVID-19-Related Rent Concessions (Amendments to IFRS 16)

Since the Group did not experience any adjustments to its existing lease contracts as a result of COVID-19 the Group is not affected by this amendment.

The Group is not affected by the Amendments to IFRS 4: Insurance contracts and Changes in IFRS related to IBOR reform.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS.

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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. Other disclosures relating to the Group's exposure to risks and uncertainties includes:

- Capital management (note 25)
- Financial instruments (note 25)

● 4.1 JUDGEMENTS.

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

DETERMINING THE LEASE TERM OF CONTRACTS WITH RENEWAL AND TERMINATION OPTIONS - GROUP AS LESSEE

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

CAPITALIZATION OF DEVELOPMENT EXPENSES.

The Group capitalises costs for development projects. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

In particular, we have capitalized development work for our websites and for the ERP system that runs our business operations.

● 4.2 ESTIMATES AND ASSUMPTIONS.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

EVALUATION OF NON-CURRENT ASSETS FOR IMPAIRMENT.

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

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.

The key assumptions used, including a sensitivity analysis, are disclosed and further explained in note 3.3.14 and 15.

LEASES - ESTIMATING THE INCREMENTAL BORROWING RATE.

The Group cannot readily determine the market rate in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease.

The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

CONVERTIBLE BONDS - ESTIMATING THE EFFECTIVE INTEREST RATE.

The Group measures the convertible bonds, net of directly attributable transaction costs, at amortized costs.

The effective interest rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain a convertible bonds in a similar economic environment. The Group estimates the effective interest rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

TAXES.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Under consideration of IAS 12, no deferred tax assets have been recognized in excess of existing deferred tax liabilities, since no positive fiscal results have been reported yet.

PROVISION FOR EXPECTED CREDIT LOSSES OF TRADE RECEIVABLES.

Almost all accounts receivable are derived from sales to customers and receivables from vendors. In order to monitor potential credit losses, the Group performs ongoing credit evaluations of its customers' financial condition. Respective allowances for expected 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.

PROVISION FOR NET REALIZABLE VALUE OF INVENTORIES.

The assessment of a risk for a lower net realizable value of the inventories is done on periodically basis. Based on trends in sales quantities and prices as well as other market developments we review if the net realizable value is lower when measured at cost. The net realizable value is equal to the amount for which we expect the product can be sold, after deduction of costs still to be incurred. In making this assessment the Group takes into consideration any circumstances of which it is aware regarding a potential decrease in current purchase and sales prices or sales demand.

SHARE-BASED PAYMENTS.

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them.

For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses the Black-Scholes valuation method for initial plans 1 until 6, for new plans during financial year 2020 the Monte-Carlo valuation method has been applied. The assumptions and method used for estimating fair value for share-based payment transactions are disclosed in note 27.

5. REVENUE FROM CONTRACTS WITH CUSTOMERS AND SEGMENT INFORMATION.

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 and make strategic decisions.

Segment Information

For the year ended 31 December 2021	DACH	International	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	847,171	213,150	1,060,321
Cost of sales	-638,702	-155,091	-793,793
Gross profit	208,469	58,059	266,528
% of revenue	24.6%	27.3%	25.2%
Other income	128	32	160
Selling & distribution	-177,307	-64,075	-241,382
Segment EBITDA	31,290	-5,984	25,306
Administrative expenses	-47,977	-16,063	-64,040
EBITDA	-16,687	-22,047	-38,734
Depreciation	-16,550	-10,414	-26,964
EBIT	-33,237	-32,461	-65,698
Net finance cost and income tax			-8,487
Net loss			-74,185

For the year ended 31 December 2020	DACH	International	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	815,400	152,662	968,062
Cost of sales	-635,756	-112,778	-748,534
Gross profit	179,644	39,884	219,528
% of revenue	22.0%	26.1%	22.7%
Other income	55	10	65
Selling & distribution	-130,299	-41,642	-171,941
Segment EBITDA	49,400	-1,748	47,652
Administrative expenses	-20,622	-11,832	-32,454
EBITDA	28,778	-13,580	15,198
Depreciation	-10,208	-5,856	-16,064
EBIT	18,570	-19,436	-866
Net finance cost and income tax			-15,905
Net loss			-16,771

Within the context of IFRS 8, we consider two business segments for external reporting purposes: our "DACH" segment which includes medications and pharmacy-related BPC products sold to customers in Germany, Austria and Switzerland, and our "International" segment which includes OTC medications and pharmacy-related BPC products only, sold to customers in Belgium, The Netherlands, France and Italy.

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 3.

The Group allocates all costs (excluding net finance cost and income tax) to the segments. The result by segment is shown in the line EBITDA including all costs directly related to the revenue of the segments (marketing, operations) and administrative expenses, EBITDA means earnings before tax, interest, depreciation and amortisation.

REVENUE FROM TYPE OF PRODUCTS AND SERVICES.

The revenue from type of products and services is the following:

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Prescription (Rx)	143,483	219,332
Over-the-counter (OTC) & beauty and personal care (BPC)	916,204	748,730
Other services	634	0
	1,060,321	968,062

2021 revenue from the country of domicile amounts to EUR 1,020.1 m (2020: EUR 993.2 m). The Group has no revenues from transactions with a single external customer amounting to 10% or more of the revenues.

Revenue from the sale of major products and services comprise the amount of the consideration SHOP APOTHEKE expects to or has already received in exchange for transferring the promised goods to our customers.

The concentration of credit risk with respect to receivables is limited, as the Company's customer base and vendor base are large and unrelated. No customer individually represents more than 10% of the total balance of trade receivables.

OTHER GEOGRAPHICAL INFORMATION

The Group's information about its non-current assets (property, plant and equipment and intangible assets) based on geographic location of the assets are as follows (all amounts in thousands of Euro):

Other geographical information - location of non-current assets	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Netherlands	317,724	273,330
Germany	16,545	4,285
Belgium	1,202	1,013
Spain	0	118
France	163	319
Italy	103	141
	335,737	279,206

Other geographical information - additions to non-current assets	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Netherlands	39,435	80,902
Germany	3,573	977
Belgium	492	391
Spain	0	0
France	5	5
Italy	6	17
	43,511	82,292
Additions and acquisitions		
Property, plant and equipment	14,108	67,192
Intangible assets	29,403	15,100
	43,511	82,292

6. OTHER INCOME.

For 2021 and 2020, the other income relates to other transactions such as result from disposal of sale of fixed assets.

7. SELLING & DISTRIBUTION.

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Other selling & distribution expenses	175,634	125,846
Employee benefit expenses	65,746	46,096
Depreciation and amortisation expenses	22,921	13,654
Total selling & distribution expenses	264,301	185,596

The main categories within Selling & Distribution are fulfillment, last mile and marketing, and also cost related to online payment methods. As percentage of sales, Selling & Distribution expenses increased versus last year. This is largely due to increased marketing expenses. These were lower in 2020 due to high demand related to Europe's Covid-19 outbreak. This year, SHOP APOTHEKE EUROPE is once again investing in higher growth to further boost sales after overcoming the capacity constraints during mid of the year.

8. ADMINISTRATIVE EXPENSE.

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Other administrative expenses	21,250	19,391
Employee benefit expenses	42,833	13,062
Depreciation and amortisation expenses	4,002	2,410
Total administrative expenses	68,085	34,863

Main categories within Administrative expenses are personnel expenses e.g. for management, finance, HR and Legal. As well as other IT related non-labour cost, operations overhead cost and facility expenses.

The employee benefit increased significantly versus last year, this is impacted by EUR 22,450 thousand costs related to contingent consideration payments related to the acquisitions of SMARTPATIENT and MEDAPP.

Reconciliation Employee benefit to selling & distribution, administrative expenses and cost of sales	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Included in Selling & distribution	65,746	46,096
Included in Administrative expenses	42,833	13,062
Included in Cost of sales	11,052	7,766
	119,631	66,924

Reconciliation Employee benefit to various categories	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Wages & salaries	84,755	58,444
Social securities	10,164	7,936
Pension contributions	2,262	544
Contingent consideration	22,450	0
	119,631	66,924

The expenses as mentioned above include expenses of own employees (including expenses for the employee share option plans) and costs of contingent workers.

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

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
FTE's (Full Time Equivalents) as at 31 December	1,569	1,220

These full-time equivalents are divided over the various departments as follows:

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Cost of sales	178	158
Selling & distribution	1,225	947
Admin	166	114
	1,569	1,220

All employees are involved in providing the Group's services relating to its online pharmacy and e-commerce activities. As of 31 December 2021, 469 out of the 1,569 FTE's were working outside the Netherlands (31 December 2020: 323 out of 1,220).

TOTAL EXPENSES DEFINED CONTRIBUTION PENSION PLANS.

The total expenses of EUR 2.2 m (2020: EUR 0.5 m) recognised in profit or loss represents contributions payable to the plan by the Group.

As at 31 December 2021, contributions of EUR 137 k (2020: EUR 190 k) due in respect of the reporting period had not been paid over to the plan.

9. TOTAL DEPRECIATION AND AMORTIZATION EXPENSES.

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Depreciation of property, plant and equipment	11,380	5,822
Amortisation of intangible assets	15,543	10,242
	26,923	16,064

10. FINANCE INCOME AND EXPENSES.

Finance income	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Net foreign exchange differences	1,491	-
Other finance income	28	93
	1,519	93

Finance expenses	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Interest and other expenses convertible bonds	5,652	9,082
Expenses for online payment methods	4,532	3,784
Interest expenses credit institutions	1,824	526
Interest costs related to leasing	1,090	1,152
Losses from other financial assets	156	398
Net foreign exchange differences	3	234
Other finance expense	21	28
	13,278	15,204

Part of the fees paid to companies for financing by online payment methods, such as credit card companies and Paypal, that relates to the financing (prepayment) element has been reported as finance expenses. The remainder as selling and distribution cost.

11. INCOME TAX EXPENSES.

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

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Result before tax	-77,884	-15,932
Temporary difference capitalization developed software	-679	-419
Temporary difference intangible assets from business combination	6,739	4,089
Temporary difference leases	-393	-618
Permanent difference provision business combinations	-4,897	0
Permanent difference contingent consideration business combinations	22,450	0
Permanent difference convertible bonds	0	490
Permanent difference share option plan	6,819	4,392
Permanent difference result joint ventures	-4	-45
Limited deductible costs	0	0
Taxable result before tax	-47,848	-8,043
Fiscal result other countries	-13,680	-399
Taxable result before tax Netherlands	-34,168	-7,644
Income tax expense:		
Income tax rate Netherlands	25.0%	25.0%
Effect of tax during the year Netherlands	-8,542	-1,911
No deferred tax due to uncertainty	8,542	1,911
Effect of tax loss carry forward Netherlands	0	0
Effect of current taxes in other countries	467	317
Effect of tax loss carry forward Germany	0	0
Effect of current taxes prior years	96	80
Effect from movement deferred taxes	-4,262	442
Tax expense in profit and loss	-3,699	839

The effective tax rate deviates from the applicable tax rate as a result of corporate income tax rates being different in certain jurisdictions and due to loss generating subsidiaries. The company has not recognized deferred tax assets for all losses carried forward.

The tax expense in profit and loss can be divided into deferred and current taxes as follows:

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Current taxes	-563	-397
Deferred taxes	4,262	-442
	3,699	-839

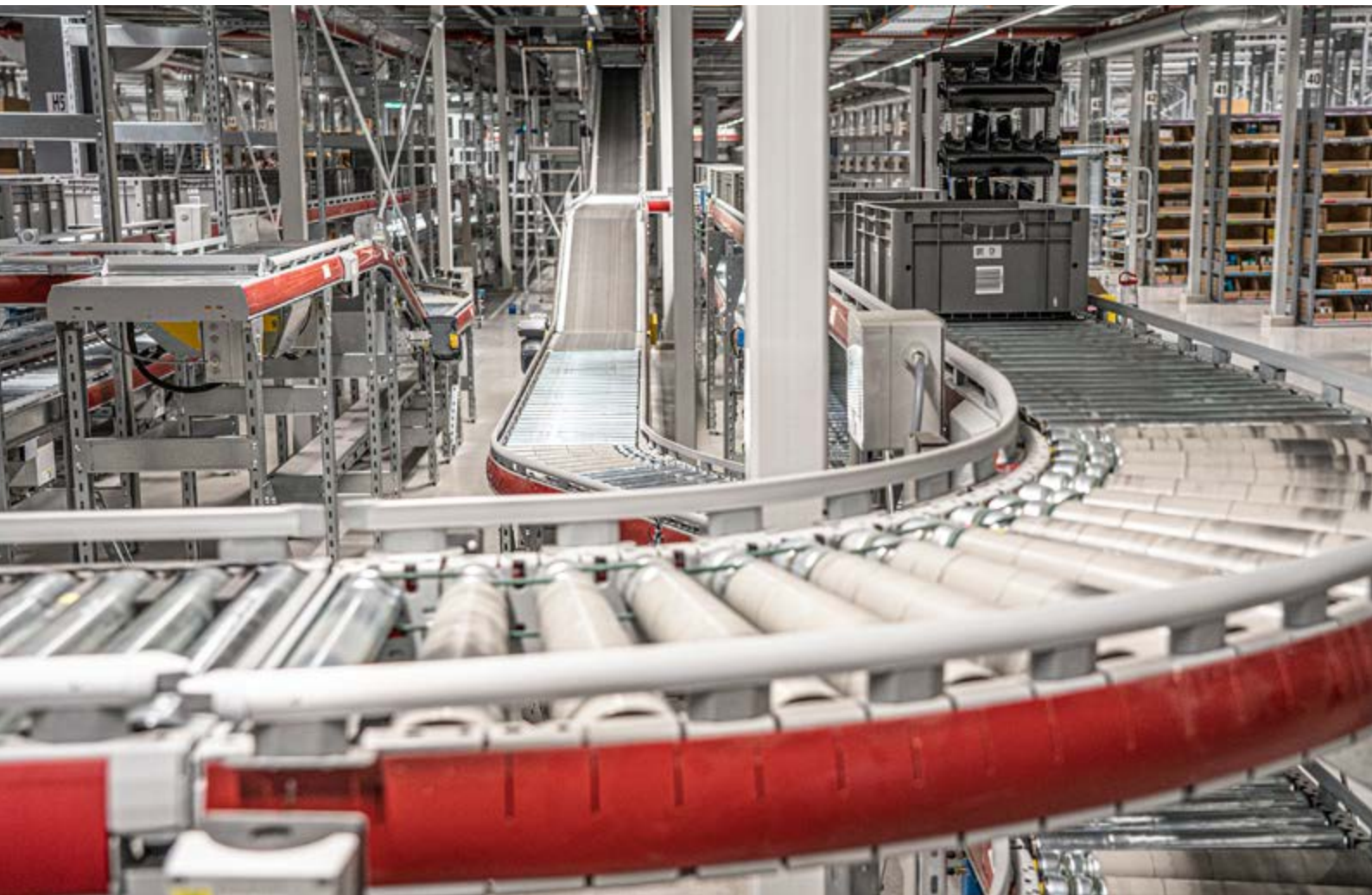
DEFERRED TAX BALANCES.

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25.0% in the Netherlands and 34% in Germany (2020: 25% and 34% respectively).

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

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Balance 1 January	-4,227	-3,785
Recognized in profit and loss	4,262	-442
Arising on equity component of convertible bond	-10,566	0
Arising on business combinations	-3,021	0
Balance 31 December	-13,552	-4,227

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where management 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 2021	Liability 2021	Net 2021	(Charged)/ credited to profit & loss 2021	(Charged)/ credited to equity 2021	Arising on business combination 2021
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Available losses	9,648	0	9,648	987	0	1,543
Temporary difference fiscal amortisation goodwill	0	-1,142	-1,142	0	0	0
Temporary difference intangible fixed assets from business combinations	0	-12,905	-12,905	1,862	0	-4,564
Temporary difference on convertible bond	0	-9,153	-9,153	1,413	-10,566	0
Tax assets/(liabilities)	9,648	-23,200	-13,552	4,262	-10,566	-3,021
Set off of tax	-9,648	9,648	0	0	0	0
Net tax assets (liabilities)	0	-13,552	-13,552	4,262	-10,566	-3,021

	Asset 2020	Liability 2020	Net 2020	(Charged)/ credited to profit & loss 2020	(Charged)/ credited to equity 2020	Arising on business combination 2020
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Available losses	7,118	0	7,118	648	0	0
Temporary difference fiscal amortisation goodwill	0	-1,142	-1,142	-151	0	0
Temporary difference intangible fixed assets from business combinations	0	-10,203	-10,203	-939	0	0
Tax assets/(liabilities)	7,118	-11,345	-4,227	-442	0	0
Set off of tax	-6,998	6,998	0	0	0	0
Net tax assets (liabilities)	120	-4,347	-4,227	-442	0	0

The Company has carry-forward losses in The Netherlands for an amount of EUR 210.3 m at the end of 2021 and EUR 172.0 m at the end of 2020. The anticipated applicable tax rate is the Dutch corporate tax rate of 25 % payable by corporate entities in The Netherlands and the corporate tax rate of 34 % payable by corporate entities in Germany on taxable profits.

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

	2021	2020
	EUR m	EUR m
Unused tax losses	174.8	142.0
The expiry date of the unused tax losses is as follows:		
31 December 2025	0	52.1
31 December 2026	0	25.5
31 December 2027	0	21.7
No expiry date	174.8	42.8

On 4 June 2021 a Royal Decree was published on the earlier announced modification to the Dutch Net Operating Loss (NOL) carryforwards. Currently, Dutch tax law states that tax losses can be carried back 1 year and carried forward 6 years. Under the new tax law, effective as per 1 January 2022, the NOL carryback period will remain 1 year and the carryforward period will be unlimited for all taxable losses as of the fiscal year 2013. However, the amount of the NOL utilization will be limited to 50 per cent of taxable income (in excess of EUR 1 million). As a result of the change in tax law the overview with unused tax losses presents a change from tax losses with expiry date to tax losses with no expiry date.

DEFERRED TAX LIABILITIES.

As per 31 December 2021, the deferred tax liability for intangible assets 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: an amount of EUR 1,142 k (2020: EUR 1,142 k);
- to the intangible assets identified in the purchase price allocation to the acquisition of EHS Europe Health Services B.V. in 2017: an amount of EUR 7,570 k (2020: EUR 8,326 k);
- to the intangible assets identified in the purchase price allocation to the acquisition of nu3 in 2018: an amount of EUR 1,592 k (2020: EUR 1,878 k).
- to the intangible assets identified in the purchase price allocation to the acquisition of Smartpatient GmbH in 2021: an amount of EUR 2,993 k (2020: EUR 0 k);
- to the intangible assets identified in the purchase price allocation to the acquisition of MedApp in 2021: an amount of EUR 749 k (2020: EUR 0 k).

As per 31 December 2021, a deferred tax liabilities of EUR 9,153 k (2020: EUR 0 k) has been recorded which is related to a temporary difference in the convertible bond arising from the initial recognition of the equity component separately from the liability component.

DEFERRED TAX ASSETS.

For fiscal entity Nu3 GmbH, MedApp, Shop Group and respectively EHSC B.V., deferred tax assets related to losses carried forward are recognised only as far as they can be offset against deferred tax liabilities for the same fiscal entity.

12. EARNINGS PER SHARE.

Basic and diluted earnings	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Result for the year attributable to owners of the Company	- 74,185	- 16,771
Earnings used in the calculation of basic and diluted earnings per share	- 74,185	- 16,771
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	- 74,185	- 16,771
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	17,883,173	14,379,411

Basic and diluted earnings per share	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
From continuing operations	- 4.15	- 1.17
From discontinued operations	0.00	0.00
Total basic and diluted earnings	- 4.15	- 1.17

SHOP APOTHEKE EUROPE N.V. has not calculated diluted earnings per share since conversion of potential ordinary shares would decrease loss per share from continuing operations.

The group has the following (contingent) issuable shares outstanding, whereby the exercise of these shares depends on the circumstances:

- employee share options: assuming full execution of the total outstanding options per 31 December 2021, an additional 665,047 new shares would be issued in the future, of which already 137,512 have been issued and are held in treasury. This relates to stock option plans 6a up to and including 10c. We refer to note 27 for an explanation regarding the vesting and expiry dates.
- convertible bonds: as outlined in note 33, the Group issued a EUR 225 million convertible bond on January 14, 2021. Assuming full conversion of the total convertible bond 962,238 new shares would be issued in the future. The maturity of the convertible bond is seven years, with an investor put option after five years.
- payment related to acquisitions: the contingent obligation exists to issue 261,631 shares in the next three years related to the acquisition of SmartPatient during the year 2021. The contingently issued shares must be issued except when the contractual conditions are not met.

The number of outstanding shares is 18,095,121 as of 31 December 2021. In case all mentioned potentially issuable shares will be issued then the number of outstanding shares would increase to 19,846,525.

13. PROPERTY, PLANT AND EQUIPMENT.

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

	Land & Buildings	Machinery	Other	Under construction	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Cost					
Balance 1 January 2020	13,167	181	7,656	2,164	23,167
Reclassification	0	2,000	0	-2,000	0
Additions	28,615	10,109	6,341	22,127	67,192
Acquisitions	0	0	0	0	0
Disposals	-830	0	-681	0	-1,511
Balance 31 December 2020	40,952	12,290	13,316	22,291	88,847
Reclassification	1,729	22,302	1,549	-25,580	0
Additions	720	726	3,458	9,204	14,108
Acquisitions	1,032	0	215	0	1,247
Disposals	-6,556	-70	-1,337	0	-7,962
Balance 31 December 2021	37,877	35,249	17,201	5,915	96,241
Accumulated amortisation and impairment					
Balance 1 January 2020	6,379	72	3,539	0	9,990
Reclassification	0	0	0	0	0
Depreciation	3,146	332	2,350	0	5,828
Impairment	0	0	0	0	0
Disposals	-850	0	-666	0	-1,516
Balance 31 December 2020	8,675	404	5,223	0	14,302
Reclassification	0	0	0	0	0
Depreciation	5,517	3,088	2,775	0	11,380
Impairment	0	0	0	0	0
Disposals	-6,359	-70	-1,274	0	-7,703
Balance 31 December 2021	7,834	3,423	6,723	0	17,980
Carry value					
Balance 31 December 2020	32,277	11,886	8,093	22,291	74,545
Balance 31 December 2021	30,043	31,826	10,478	5,915	78,261

In the calculation of depreciation, the following useful lives are used:

- Machinery, leasehold improvements, furniture, office equipment: 10 years
- IT- and communication equipment, other: 3-5 years
- Right of use assets (according to IFRS16, refer to note 30): 2-10 years depending on underlying contracts

The adjustments during the financial year mainly relate to the investments in mechanization and IT equipment in the logistics center in the Netherlands. The pre-payments/under construction assets mainly relate to the automation of the new logistics center in the Netherlands.

14. INTANGIBLE ASSETS.

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

	Software, technology & contracts	Brand	Customer Database	Goodwill	Under construction	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Cost						
Balance 1 January 2020	34,139	14,286	40,858	131,166	10,533	230,982
Reclassification	5,406	0	0	0	-5,406	0
Additions	3,495	87	0	0	11,518	15,100
Acquisitions	0	0	0	0	0	0
Disposals	-4,416	-3	0	0	0	-4,418
Balance 31 December 2020	38,624	14,370	40,858	131,166	16,645	241,664
Reclassification	27,238	0	0	0	-27,238	0
Additions	4,141	21	0	0	25,241	29,403
Acquisitions	13,705	1,305	0	24,006	0	39,016
Disposals	0	0	0	0	-62	-62
Balance 31 December 2021	83,708	15,696	40,858	155,172	14,586	310,021
Accumulated amortisation and impairment						
Balance 1 January 2020	15,423	7,420	6,245	2,045	0	31,133
Reclassification	0	0	0	0	0	0
Amortisation	6,292	929	3,021	0	0	10,242
Disposals	-4,373	0	0	0	0	-4,373
Balance 31 December 2020	17,342	8,349	9,266	2,045	0	37,002
Reclassification	0	0	0	0	0	0
Amortisation	11,341	1,190	3,013	0	0	15,543
Disposals	0	0	0	0	0	0
Balance 31 December 2021	28,683	9,539	12,279	2,045	0	52,545
Carry value						
Balance 31 December 2020	21,282	6,021	31,592	129,121	16,645	204,661
Balance 31 December 2021	55,026	6,157	28,579	153,127	14,586	257,476

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

- Software licenses: 2-5 years, depending on the license contract
- ERP-software: 3-7 years
- Smart Technology (included in software category): 15 years
- Customer database: 7-17 years, depending on the nature
- Brand name: 2-10 years, depending on the brand
- Favorable contracts/agreements: 8 years
- Goodwill: indefinite life subject to impairment

Assets under construction mainly relates to capitalized costs for development projects. These costs are activated at the moment the project is ready for use.

15. IMPAIRMENT TESTS FOR GOODWILL.

● 15.1 DESCRIPTION OF THE IMPAIRMENT TEST PROCESS.

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 used for impairment analysis are assessed by existing customer development and acquisition of new customers based on our customer data model as well as external market research to estimate future market size and online penetration. Furthermore, all variable cost like marketing budgets, delivery cost and operations expenses for impairment analysis are planned performance-based. Non performance based cost like finance, management and facility etc. are planned according to business growth including economies of scale.

Taking into account the requirements of IAS 36.49, the company has identified the main drivers for future cash-flows. Specifically, the announcement of the German health minister to introduce electronic prescriptions in 2021 and his statement to support an eRx share of 5 % has as an external source confirmed a huge sales upside potential for the served German market. In order to come up with best estimates for total cash-flows, respective customer acquisition and order processing costs were applied respectively.

● 15.2 DETERMINATION OF CASH GENERATING UNITS (CGU'S).

In order to perform impairment tests, the Group defined the cash generating units (CGU's) from which the cash-flows needed to assess the valuation of the respective goodwill was derived. The following CGU's were determined:

- CGU Shop-Apotheke Germany
- CGU Farmaline
- CGU Hygee Sante
- CGU nu3
- CGU MedApp

Following the definition of CGU's the following analyses were performed:

- Hygee Santé was acquired in 2017. As the respective goodwill of the CGU Hygee Santé is not material, no specific impairment test was carried out for this CGU.
- SmartPatient was acquired in 2021 and has been added to the Shop Apotheke Germany CGU. The acquisition of Smartpatient is part of our Medication Management strategy via which we anticipate to improve our Prescription-based sales in Germany. The cash-generation of the Smartpatient investment will be visible in the Prescription-based sales as part of the Shop Apotheke Germany CGU.
- MedApp was acquired in 2021 and the value of the goodwill is determined as part of the purchase price allocation in 2021. This CGU will be tested for impairment for the first time in 2022.

● 15.3 OVERVIEW GOODWILL.

As a result, the following table shows the goodwill existing in the GROUP as at 31 December 2021:

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Shop Apotheke	121,962	121,962
Farmaline	4,179	4,179
Hygee Sante	5	5
nu3	2,975	2,975
Smartpatient	22,753	0
MedApp	1,253	0
	153,127	129,121

The goodwill reflects the value of the Group overall market and competitive positioning, which is described in the following strategic information:

STRATEGIC INFORMATION.

The Group is a fast-growing online pharmacy in Continental Europe. With the acquisition of Europa Apotheek Venlo in November 2017, the Group significantly enhanced its position in Germany and in prescription medicines. The product range of OTC, beauty and personal care products as well as prescription drugs segments is supplemented by high quality natural food and health products, low carb products and sports nutrition following the acquisition of nu3 GmbH in July 2018. In 2021 the Group did acquisitions of Smartpatient, a digital medication management expert and MedApp, a drug business in the Dutch market.

The Group operates online pharmacies in Germany, Austria, Switzerland, France, Belgium, Italy and The Netherlands.

The Group delivers a broad range of more than 200.000 original products to over 7.8 million active customers (number of active customers at year-end 2021) and at attractive prices. In addition, The Group provides comprehensive pharmaceutical consulting services. Shop Apotheke has a single face to customers in Germany and is transitioning from a pure e-pharmacy retailer to a customer-centric e-pharmacy platform. Shop Apotheke's goal is to gain a relevant share of the online prescription market growth that is expected from the introduction of electronic prescriptions in Germany in 2022.

In order to assess the potential impairments on the listed goodwill, the Group follows an 8-year forecasting process:

INTERNAL PROCESS FOR PREPARING THE 8-YEAR FORECAST TO PERFORM IMPAIRMENT TESTS.

The forecasting process is based on internal data, in particular a detailed customer data model working with customer acquisition costs from previous periods and expected customer activation rates as well as external market research forecasting future market size and online penetration rates in advanced online markets e.g. in the United States or Sweden. Assumptions on sales growth and profitability were checked against third-party reports and tested with sensitivity analyses in order to make the test robust.

HISTORICAL FINANCIAL INFORMATION.

The health sector is driven by regulations that result in barriers of entry and loyal, long-term customers with high customer lifetime values. As the online market is expected to stay in a growth mode for a number of years due to an expected continuation from off-to online in the continental European markets, the length of the forecasting period needs to reflect this. An 8-years forecast period is considered appropriate to reflect this adequately with robust assumption due to the nature of the industry, the long-term growth phase expected from the introduction of electronic prescriptions in Germany, and the gradual shift of consumer preferences from off- to online.

In the past, Shop-Apotheke has shown c. 35% sales growth p.a. in the German OTC/BPC online markets but calculates with c. 15% sales growth p.a. going forward for the impairment testing purposes. The growth of the prescription medication (Rx) sales were 11 - 18% p.a. until 2020. In 2021 we saw a strong decrease of Rx sales as a result of not being allowed anymore to grant a Rx Bonus to our customers. From 2022 onwards it is expected that Rx sales will grow again at a rapid pace following the nation wide obligation to use the electronic prescriptions in the German market in the second half of 2022.

2021 was an important year both in terms of completing the move to the new logistics center which enables us to meet the higher future demand expected due to the ongoing shift of customers from off- to online and the expected introduction of e-scripts, as well as the preparations to have the structures and processes in place to get started with e-scripts. We have further increased our revenue after a significant increase in the previous year. We are prepared to profit from opportunities resulting from a nationwide introduction of e-scripts in Germany in 2022. In addition, with the implementation of our key strategic initiatives Shop-Apotheke is focusing on our customers' needs to increase customer loyalty and profitability.

For the most important goodwill, i.e. Shop-Apotheke, nu3 and Farmaline, long-term forecasts were produced to perform respective impairment tests.

SUPPORT FOR MAIN ASSUMPTIONS.

Future revenue growth is planned in a two-step approach: First, based on customer data and future expectations on sales growth rates and market shares are calculated. The result of these calculations are partially then compared with organic growth rates and market shares realized historically. In a second step, the outcome is compared with the total market size and based on the calculations in step one what the total market share would be. In addition, specifically for the prescription-based market an online mail order penetration of 10% is assumed to be reached in 5 years supported by market research.

Target EBIT profitability is based on the benchmark of local German pharmacies showing a 6% EBIT margin in a steady-state/limited growth mode, as published by the ABDA German pharmacists' association in 2018.

COGS are based on historic information plus annual improvements expected from economies of scale in purchasing and manufacturer discounts.

Operations personnel is calculated on the number of parcels taking into account, realized and expected efficiency gains from the new site based on calculations from an external general planner.

Marketing personnel is calculated on a country basis, variable marketing expenses are based on sales growth and the respective number of new customers with their respective acquisition costs.

Administrative personnel and IT infrastructure personnel is calculated taking into account economies of scale and typical efficiency gains. Internal and external IT personnel is calculated for the first year based on the required man days for the IT projects that are planned to be delivered, for future years it is based on a percentage of sales and these costs and demands are expected to increase together with our sales growth.

CAPEX is calculated based on the capacity required to enable future sales. Finally, the business plan is on a high level compared to patterns experienced by peers.

UPSIDES AND DOWNSIDES.

The downside risk of the impairment test for the CGU Shop-Apotheke would be a significant (years) delay in the implementation of the electronic script in Germany. But also a continuing negative impact from a ban in Germany as of December 2020 on bonuses to Customers for prescription medicines. Finally, a potential, but very unlikely (as in conflict with European law) ban on mail order for prescription medications in Germany or Belgium.

The upside potential is a stronger adaptation of the electronic script in 2022 and onwards. A broader overview of the risks and opportunities of the company is described in the Risk Report part of the Annual report.

WACC.

The calculation of the WACC follows the Capital Asset Pricing Model applying current interest rates, market premiums and Beta's, benchmarked by a peer-group analysis performed by independent experts, resulting in a 5.1% WACC for the Group. 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". The respective pre-tax WACC was 6.6% for the Shop Apotheke impairment test, 8.3% for the nu3 impairment test and 6.5% for the Farmaline impairment test.

● 15.4 IMPAIRMENT TEST.

Impairment tests on goodwill in line with IAS 36 have been made for the goodwill related to

- CGU Shop-Apotheke Germany;
- CGU Farmaline;
- CGU Nu3.

For Hygee Sante and MedApp no impairment tests were performed as explained in note 15.2.

As the Shop-Apotheke goodwill is only related to the German business the respective CGU only relates to the "DACH" segment. The main assumption for the related impairment test is the sales growth expected from the start with electronic prescriptions in 2022, the total number of annual prescriptions in Germany as well as c. 10% online penetration rates of electronic prescriptions in markets such as Switzerland, Sweden and the United States. The related cash-flow projections include projected investment in capacity expansion as well as increased personnel cost and working capital needs in line with the expected sales growth. Due to the long-term growth perspective based on demographic factors, i.e. market studies projecting an ageing population with a respective higher need for prescription medication, the respective calculations are based on an eight-year forecasting period.

The assumptions used in the impairment test as at 31 December 2021 are summarized in the table below:

	Terminal sales growth	Revenue growth rate	EBITDA margin	Discount rate
Shop Apotheke	0%	8% - 66%	1.4% - 8.8%	6.6%
Farmaline	0%	10% - 24%	1.1% - 10.3%	6.5%
nu3	0%	7% - 24%	3.3% - 7.3%	8.3%

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 impairment.

16. ACCOUNTING FOR JOINT VENTURES.

The Company has a 50% (2020: 50%) 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.

	Country of incorporation principle place of business	Proportion of ownership interest held as at 31 December	
		2021	2020
König IDV GmbH ¹	Germany	50%	50%
König IT-Systeme GmbH ²	Germany	50%	50%

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.

König IDV GmbH had a result after taxes of EUR 148 k in financial year 2021 (2020: EUR 127 k).

König IT Systeme GmbH had a result after taxes of EUR -31k (2020: EUR 29 k).

The joint ventures are accounted for using the equity method and are not individually material. Therefore the aggregated financial information in relation to the joint ventures is presented below:

The joint ventures are accounted for using the equity method and are not individually material. Therefore the aggregated financial information in relation to the joint ventures is presented below:

Summarised statement of financial position - joint ventures	As at 31 December 2021	As at 31 December 2020
	EUR 1,000	EUR 1,000
Non-current assets	62	75
Current assets	1,194	1,144
Total assets	1,256	1,219
Equity	1,092	944
Current liabilities	164	275
Total equity and liabilities	1,256	1,219

Summarised statement of profit or loss - joint ventures	2021	2020
	EUR 1,000	EUR 1,000
Revenue from contracts with customers	1,187	1,471
Other operating income	10	36
Cost of sales	-82	-114
Operating expenses	-940	-1,231
Result before tax	175	162
Income tax expense	-58	-6
Result for the year (continuing operations)	117	156
Total comprehensive income for the year (continuing operations)	117	156
Group's share of result for the year	59	78

The operating expenses include depreciation expenses of EUR 31 k (2020: EUR 43 k).

17. INVENTORIES.

The cost of inventories recognised as an expense during the year in respect of continuing operations was EUR 793.8 million (2020: EUR 748.5 m).

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

The inventories include an amount of EUR 0.6 million (2020: EUR 6.4 million) carried at net realizable value. Such write-down was recognised as an expense during 2021. The write-downs and reversals are included in "cost of sales".

18. TRADE AND OTHER RECEIVABLES.

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Trade receivables	27,918	29,977
Prepayments	3,696	4,709
Other current assets and deferred income	12,450	9,905
VAT receivable	8,246	0
	52,310	44,591
Trade receivables	32,604	34,276
Provision for impairment	-4,686	-4,300
	27,918	29,976

The average credit period on sales of goods and services is 10 days in 2021 (2020: 11 days).

At December 31, 2021, the aging analysis of receivables was as follows:

	Total	Not past due				Past due
		0-30 days	30-60 days	61-90 days	91-120 days	121 days and older
Trade receivables	32,604	23,653	3,304	725	1,026	3,895
Provision for impairment	-4,686	-30	-25	-191	-544	-3,895
Net trade receivables	27,918	23,623	3,279	534	482	0
Expected credit loss	14%	0%	1%	26%	53%	100%

At December 31, 2020, the aging analysis of receivables was as follows:

	Total	Not past due				Past due
		0-30 days	30-60 days	61-90 days	91-120 days	121 days and older
Trade receivables	34,276	26,700	2,392	479	365	4,340
Provision for impairment	-4,300	-24	-30	-205	-205	-3,836
Net trade receivables	29,976	26,676	2,362	274	160	504
Expected credit loss	13%	0	1%	43%	56%	88%

No interest is charged on trade receivables. 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.

Movement in the provision for impairment:

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Balance beginning of the year	4,300	3,024
Provision for expected credit losses	941	2,560
Write-off	-555	-1,284
Balance end of the year	4,686	4,300

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.

19. OTHER FINANCIAL ASSETS.

The total securities amounts to EUR 36.4 m (2020: EUR 37.8 m). Of this has EUR 35.0 m been shown as short-term securities in other financial assets according to IAS 7 (2020: EUR 37.8 m).

The non-current other financial assets of EUR 13.1 m (2020: EUR 1.7 m) are related to prepaid contingent consideration related to the acquisition of SMARTPATIENT as well as to payments made regarding rent deposits, they are expected to be repaid at the end of the rental contract.

20. CASH AND CASH EQUIVALENTS.

All cash balances are at free disposal of the Group, except for a rent guarantee of EUR 371 k.

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash, as defined above. The bank overdrafts are not included since they are not considered being an integral part of the Group's cash management. Short-term securities are shown in Other Financial Assets according to IAS 7.

21. SHAREHOLDERS' EQUITY.

SHARE CAPITAL.

The share capital of the Group as at 31 December 2021 amounts to EUR 361.9 k (31 December 2020: EUR 353.6 k) divided into 18.095.121 shares (31 December 2020: 17.680.605) each with a nominal value of EUR 0.02 all of which have been issued and fully paid.

CAPITAL INCREASE.

During the financial year 227,004 employee options were exercised. Each share option gives the participant the right, to subscribe newly issued ordinary shares of the company on exercise, to a predetermined exercise price. The average exercise price amounts to EUR 43.66 per share. The exercised options have a total value of EUR 12.2 million.

22. NON-CURRENT LIABILITIES.

● LOANS AND BORROWINGS.

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Amounts due to banks	9,790	78
Lease liabilities	26,055	28,732
Convertible bond	185,586	0
Other liabilities to third parties	2,651	0
Other loans from third parties	0	4,000
Contingent consideration	5,946	0
	230,028	32,810

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. Additional information on leases is disclosed in note 29.

● CONVERTIBLE BOND.

In January 2021, the Company issued 2,250 0.0% convertible bonds with an aggregate principal amount of EUR 225.0M. Each bond entitles the holder to convert to ordinary shares at a conversion price of EUR 233.83. Given the zero coupon no interest is due on these Bonds. Conversion of the above-mentioned bonds may occur as of 3 March 2021 in the period to and including the earlier of the following days:

- the 40th business day prior to the maturity date (21 January 2028); or
- if the bonds are redeemed by the issuer, the 30th business day prior to the redemption date or if such day falls within an excluded period, the 1st business day prior to the beginning of this excluded period.

To the extent the bonds have not previously been redeemed, converted or repurchased and cancelled they will be redeemed at their principal amount on the maturity date (21 January 2028). The issuer will be entitled to fulfil its obligation to redeem the bonds in cash by redeeming all, but not some only, of the bonds, according to the share redemption option.

The Convertible Bonds contain two components: liability and equity elements. The equity element is presented in equity under the heading of "Equity part on convertible bonds".

The effective interest rate of the liability element on initial recognition is 3.05% per annum.

During the previous financial year 2020 SHOP APOTHEKE EUROPE N.V. has negotiated with the holders of the EUR 135 million Convertible Bonds due 2023, which has resulted in an incentivized conversion to convert the outstanding bonds. As per 31 December 2020 the outstanding balance of convertible bonds was zero.

INITIAL RECOGNITION CONVERTIBLE BONDS.

A summary of the initial recognition of the convertible bonds is given below:

	Issued on 14. January 2021	Issued on 17. April 2019	Issued on 19. April 2018
	EUR 1,000	EUR 1,000	EUR 1,000
Proceeds of issue principal (amount minus costs)	222,197	58,592	73,499
Liability component at date of issue	-179,933	-55,648	-69,056
Deferred tax liability on equity component	-10,566	0	0
Equity component	31,698	2,944	4,443

MOVEMENTS OF THE CONVERTIBLE BONDS.

A summary of the movements of the convertible bonds is given below:

	Issued on 14. January 2021	Issued on 17. April 2019	Issued on 19. April 2018	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Balance 1 January 2020	0	56,912	71,602	128,514
Conversion of convertible bond	0	-57,193	-71,811	-129,004
Interest charged calculated at an effective interest rate of 6.0 %	0	2,857	3,409	6,266
Interest paid	0	-2,576	-3,200	-5,776
Balance 31 December 2020	0	0	0	0
Liability component issued convertible bond	179,933	0	0	179,933
Interest charged calculated at an effective interest rate of 3.05 %	5,653	0	0	5,653
Interest paid	0	0	0	0
Balance 31 December 2021	185,586	0	0	185,586

● CURRENT VERSUS NON-CURRENT CLASSIFICATION.

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Liability component	185,586	0
- of which long-term position	185,586	0
- of which short-term position	0	0

● AMOUNT DUE TO BANKS.

In February 2021, the Company obtained a EUR 13M loan at a credit institution. This loan is secured by a pledge over the logistics automation in the Sevenum logistics centre.

The loan has a duration of 6 years, ending on 31 December 2026, repayment is done quarterly for the amount of EUR 406,250 starting at 31 March 2021.

The annually interest amounts to 3-month EURIBOR + 2.95 % of the principal amount.

● OTHER LIABILITIES TO THIRD PARTIES.

The Group has other liabilities to third parties which are resulting from the business combinations during the financial year 2021.

● OTHER LOANS FROM THIRD PARTIES.

The Group had borrowings under these loan contracts of EUR 4.0M. These loans are unsecured and have a duration time of 5 year, ending on 31 December 2024, but can be repaid earlier by Shop Apotheke if the Company wants to do this. After 5 years, both contracting parties are allowed to ask for a wholly or partially repayment of the loan. The annually interest amounts to 4.5% of the principal amount. The Group has repaid the full loan in early 2021.

23. CURRENT LIABILITIES.

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Trade and other payables	80,523	53,147
Loans and Borrowings	6,368	5,384
Other liabilities	37,156	16,044
	124,047	74,575

● TRADE AND OTHER PAYABLES.

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Trade payables	78,116	51,323
Other payables	2,407	1,824
	80,523	53,147

The average credit period on purchases is 36 days in 2021 (2020: 25 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.

● LOANS AND BORROWINGS.

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Loans to credit institutions - short term portion	1,625	0
Lease liabilities - short term position	4,743	5,384
Convertible bond - short term position	0	0
	6,368	5,384

Amounts due to banks are further disclosed in note 23.

Lease liabilities are reported under non-current and current liabilities. A further disclosure of leases can be found in note 29.

● OTHER LIABILITIES.

	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000
Corporate income tax	775	390
Wage tax & soc. security charges	2,566	1,429
VAT	11,176	1,927
Employee benefit liabilities	8,414	3,590
Liability due to customer loyalty program	6,645	4,730
Accrued expenses	7,579	3,977
	37,156	16,043

EMPLOYEE BENEFIT LIABILITIES.

The employee benefit liabilities include the accruals for bonus payments, vacation days and several other accruals, as well as the short term portion of contingent consideration payment as a result of the acquisitions of SMARTPATIENT and MEDAPP.

OTHER LIABILITIES.

No interest is charged on the other liabilities.

24. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES.

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

During financial year 2021

	31.12.2020	Cash flows	Non-cash changes			31.12.2021
			Acquisition	Addition/ Movement	Interest accretion to liability	
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Long term borrowings (incl. current)	4,078	7,337	0	0	0	11,415
Short term borrowings - bank overdraft	39	-1	0	0	0	38
Lease liabilities (non-current)	28,732	0	788	-4,559	1,095	26,055
Lease liabilities (current)	5,384	-5,784	294	4,849	0	4,743
Convertible bond	0	222,197	0	-42,264	5,653	185,586
	38,233	223,749	1,082	-41,974	6,748	227,837

During financial year 2020

	31.12.2019	Cash flows	Non-cash changes				31.12.2020
			Acquisition	Addition/ Movement	Interest accretion to liability	Lease incentive	
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Long term borrowings	4,114	-36	0	0	0	0	4,078
Short term borrowings - bank overdraft	10,167	-10,128	0	0	0	0	39
Lease liabilities (non-current)	4,148	0	0	23,420	1,164	0	28,732
Lease liabilities (current)	2,258	-2,362	0	3,186	0	2,302	5,384
Convertible bond	128,514	-5,776	0	-129,004	6,266	0	0
	149,201	-18,302	0	-102,398	7,430	2,302	38,233

For the disclosure relating to our credit facility, we refer to note 31.

The total number of addition/movement in lease liabilities relates to a movement from non-current to current and to the additions in the lease liabilities during the financial year. For further substantiation of the total amount of EUR 290 k (2020: EUR 26.606 k) please refer to note 30.

The cash flow of EUR 222.197k in the convertible bond during the year 2021 in the table relates to the newly issued convertible bond in January 2021, the addition/movement relates to the part which has been classified as equity part of the convertible bond and the corresponding deferred tax liability. During the year 2020 the cash flow of EUR -5.776k in the convertible bond in the table above relates to cash outflow for interest paid. The addition/movement of EUR -129.004k, during the year 2020, in the convertible bond in the table relates to the exercised conversion rights by the bond holders which results in a non-cash derecognition of the liability component. Additional information on convertible bonds and movements during the financial year is disclosed in note 22.

25. FINANCIAL INSTRUMENTS.

● CATEGORIES OF FINANCIAL INSTRUMENTS.

	Financial assets at fair value through profit or loss		Financial assets at amortised cost	
	Year ended 31.12.2021	Year ended 31.12.2020	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Trade and other receivables	0	0	52,310	44,591
Other financial assets	0	0	49,524	37,771
Cash and cash equivalents	0	0	247,413	90,485
Total financial assets	0	0	349,247	172,847

	Financial liabilities at fair value through profit or loss		Financial liabilities at amortised costs (debt instruments)	
	Year ended 31.12.2021	Year ended 31.12.2020	Year ended 31.12.2021	Year ended 31.12.2020
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Non-current liabilities (excluding lease)	0	0	203,973	4,078
Trade and other payables	0	0	80,523	53,147
Current loans and borrowings (excluding lease)	0	0	1,625	39
Other current liabilities	0	0	22,638	12,298
Total financial liabilities	0	0	308,759	69,562

● 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 105 thousand in 2022 on the Group profit or equity, since the credit facility is normally not used and the most other long-term liabilities have a fixed interest rate. Given the current market circumstances an interest rate risk also arises on the positive cash and cash equivalents balances whereby negative interest is due. A change in the market risk at reporting date by 20 BP, would have an effect of circa EUR 0.5 M in 2022 on the Group profit or equity.

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 18 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 e.g. on the convertible bond, 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 2022 capital expenditures.

Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency). The cost of raw materials and consumables used and other expenses are mostly denominated in euros and to a very limited extent in other currencies. Therefore, foreign currency exchange risk is considered to be not material.

Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its 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.

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	5 Years	EUR 1,000
At 31 December 2021				
Non-current liabilities (excluding lease)	0	18,387	225,000	243,387
Trade and other payables	80,523	0	0	80,523
Current loans and borrowings (excluding lease)	1,625	0	0	1,625
Other current liabilities	22,638	0	0	22,638
Total financial liabilities	104,786	18,387	225,000	348,173

	Up to 1 Year	1 - 5 Years	Over 5 Years	Total
	EUR 1,000	EUR 1,000	5 Years	EUR 1,000
At 31 December 2020				
Non-current liabilities (excluding lease)	0	4,078	0	4,078
Trade and other payables	53,147	0	0	53,147
Loans and borrowings (excluding lease)	39	0	0	39
Other current liabilities	12,298	0	0	12,298
Total financial liabilities	65,484	4,078	0	69,562

● CAPITAL MANAGEMENT.

The Group manages its equity to ensure it will be able to continue as going concern with an emphasis on capital preservation. 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 and has been listed in the MDAX of the Frankfurt Stock Exchange since 21 September 2020.

● FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES.

The Company considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values, except for the other financial liabilities, these are accounted for based on amortized costs. 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.

26. RELATED PARTY TRANSACTIONS.

● COMPENSATION OF KEY MANAGEMENT PERSONNEL.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. The Company considers the members of the Management Board and the Supervisory Board to be key management personnel.

The total compensation of key management personnel in 2021 amounted to EUR 5.121 thousand (2020: EUR 2.371 thousand).

REMUNERATION OF THE MANAGEMENT BOARD BY MEMBER.

	Base salary	STI	Other ¹	Share-based compensation ²	Pensions	Total remuneration
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
S. Feltens. CEO						
2021	250	-	5	657	-	912
2020	151	-	6	219	-	376
J. Eenhorst. CFO						
2021	420	2	-	851	25	1,297
2020	257	146	-	342	23	767
T. Holler. COO						
2021	250	-	4	657	2	913
2020	172	-	6	203	2	383
S. Weber. CCO						
2021	250	-	2	657	-	909
2020	173	-	2	203	-	379
M. Fischer. CTO						
2021	250	-	2	657	-	909
2020	172	-	2	203	-	377
Total 2021	1,420	2	13	3,478	27	4,940
Total 2020	925	146	15	1,170	25	2,281

¹ "Other" mainly includes gross allowances for fringe benefits such as compensation for car and phone.

² The fair value according to IFRS of each year's grant is determined on the grant date and expensed on a straight-line basis over the vesting period. The fair value is determined by an external agency. The expense for 2021 reflects this year's portion of share option grants which are not yet vested. For more information on the share-based compensation expenses see Note 27.

REMUNERATION OF THE MANAGEMENT BOARD.

The table below specifies the remuneration of the Management Board.

	2021	2020
	EUR 1,000	EUR 1,000
Base salary	1,420	925
Short term variable incentives (STI)	2	146
Other ¹	13	15
Share-based compensation	3,478	1,170
Pensions	27	25
Total remuneration	4,940	2,281

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD.

The table below specifies the remuneration of the members of the Supervisory Board.

	2021	2020
	EUR 1,000	EUR 1,000
Björn Söder	62	20
Frank Köhler	48	20
Jerome Cochet	34	20
Henriette Peucker	28	-
Jan Pyttel	9	30
Total	181	90

LOANS TO KEY MANAGEMENT PERSONNEL.

SHOP APOTHEKE EUROPE N.V. does not provide loans or advances to members of the Management Board or the Supervisory Board. There are no loans or advances outstanding, SHOP APOTHEKE EUROPE does not issue guarantees to the benefit of members of the Management Board or the Supervisory Board. No such guarantees are outstanding.

LOANS FROM RELATED PARTIES.

As in 2020, no loans from related parties were obtained in 2021.

OTHER TRANSACTIONS WITH RELATED PARTIES.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	Sales to related parties	Purchases from related parties	Amounts owed by related parties ⁵	Amounts owed to related parties ⁵	Other transactions
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Joint venture in which the parent is a venturer:					
2021	-	234	-	15	-
2020	-	404	-	32	-
Associates:					
2021	288	-	122	-	-
2020	395	-	129	-	-
Key management personnel:					
2021	15	-	-	-	-
2020	16 ³	-	-	-	8 ⁴

³The sales to related parties relates to an agreement regarding distribution of products with an entity in which supervisory board member F. Köhler has a significant influence.

⁴The other transaction is related to the agreement on the incentivized conversion of convertible bonds which resulted in a payment of incentive and accrued interest to two management board members (S. Weber and M. Fischer).

⁵The amounts are classified as trade receivables and trade payables, respectively (see note 18 and 22).

SHOP APOTHEKE EUROPE N.V. has entered into arrangements with a number of its subsidiaries in the course of its business. These arrangements relate to service transactions and financing agreements. Transactions were conducted at market prices.

IDENTIFIED RELATED PARTIES.

As at 28 January 2021 SHOP APOTHEKE EUROPE N.V. was informed that several shareholders have entered into a voting pool agreement through which they control a combined stake of 26.4% of the voting rights in SHOP APOTHEKE EUROPE N.V. In this regard, these shareholders have agreed to coordinate the exercise of their voting rights in advance and to exercise these rights jointly. In total, the pool comprises a group of 25 individual shareholders around and including the company's founder Michael Köhler, both directly and through his holding companies (together holding around 12% of SAE's shares), as well as other well-known long-term investors supporting SHOP APOTHEKE EUROPE. Two employees of the company are part of the Pool, this is Frank Köhler, a member of the Supervisory Board of SHOP APOTHEKE EUROPE N.V. and Dr. R. Hess.

Although a voting pool agreement with a combined stake of 26.4% exist there is no individual shareholder/entity which holds directly or indirectly 20 percent or more of the voting power of the investee. In this situation there is a clear majority share within the voting pool agreement of Michael Köhler which makes it likely that he exercises a decisive influence within the voting pool. Therefore, there seems to be good reason to identify Michael Köhler and the entities he controls as a related party of SHOP APOTHEKE EUROPE N.V. Since other shareholders have a significantly smaller share in the company and within the voting pool we consider them as not having significant influence and as such not as a related party.

During the financial year 2021 an outstanding balance to Michael Kohler and the entities he controls amounting Euro 1,045,000, which was a part of the total outstanding other long-term liabilities of Euro 4,000,000, has been fully repaid. An contract under which consulting services can be provided exists between Shop Apotheke Service B.V. and a personal holding company of Michael Kohler.

27. SHARE-BASED PAYMENTS.

As at 31 December 2021, the Group provides two share-based payment plans for a selected group of employees:

- Employee share option plan of the Group (equity-settled)
- SmartPatient plan (equity-settled)

● EMPLOYEE SHARE OPTION PLAN OF THE GROUP.

DETAILS OF THE EMPLOYEE SHARE OPTION PLAN OF THE GROUP.

The Group has a share option scheme for a selected group of employees (mostly executive management and senior management) of the Group and its subsidiaries. In accordance with the terms of the plan certain employees may be granted options to purchase ordinary shares. The number of options granted is decided by the Managing Board and approved by the Supervisory Board.

Each employee share option converts into one ordinary share of the Group on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

At the annual general meeting of April 26, 2018 shareholders granted options to purchase ordinary shares to certain employees. In addition, the annual general meetings of April 2, 2019 and April 30, 2020 approved the decision to grant additional share options.



The following share-based payment arrangements were in existence during the current year:

Options series	Quantity	Grant date	Vesting date	Expiry date	Exercise price	Fair value grant date	Balance at end of year
1a	171,000	26.04.2018	01.01.2020	01.01.2022	45.20 €	8.36 €	-
1b	171,000	26.04.2018	01.01.2021	01.01.2022	45.20 €	8.36 €	-
2	36,000	26.04.2018	01.01.2020	01.01.2022	34.81 €	12.09 €	-
3a	30,000	12.07.2018	01.01.2020	01.01.2022	45.20 €	14.58 €	-
3b	30,000	12.07.2018	01.01.2021	01.01.2022	45.20 €	14.58 €	-
4a	29,500	13.06.2018	01.01.2020	01.01.2022	45.20 €	10.06 €	-
4b	29,500	13.06.2018	01.01.2021	01.01.2022	45.20 €	10.06 €	-
5a	1,500	24.08.2018	01.01.2020	01.01.2022	45.20 €	15.16 €	-
5b	1,500	24.08.2018	01.01.2021	01.01.2022	45.20 €	15.16 €	-
6a	78,334	02.07.2019	18.06.2021	30.06.2026	35.50 €	12.72 €	45,829
6b	78,333	02.07.2019	18.06.2022	30.06.2026	35.50 €	12.72 €	68,334
6c	78,333	02.07.2019	18.06.2023	30.06.2026	35.50 €	12.72 €	68,334
7a	10,000	01.02.2020	01.02.2022	11.06.2027	46.40 €	17.06 €	10,000
7b	10,000	01.02.2020	01.02.2023	11.06.2027	46.40 €	18.18 €	10,000
7c	10,000	01.02.2020	01.02.2024	11.06.2027	46.40 €	19.13 €	10,000
8a	93,000	12.05.2020	12.05.2022	11.06.2027	81.40 €	29.59 €	80,000
8b	93,000	12.05.2020	12.05.2023	11.06.2027	81.40 €	31.47 €	80,000
8c	93,000	12.05.2020	12.05.2024	11.06.2027	81.40 €	33.05 €	80,000
9a	100,000	01.10.2020	01.10.2023	01.10.2027	149.40 €	61.14 €	100,000
9b	100,000	01.10.2020	01.10.2024	01.10.2027	149.40 €	64.46 €	100,000
10a	4,184	04.05.2021	04.05.2023	04.05.2028	160.60 €	63.94 €	4,184
10b	4,183	04.05.2021	04.05.2024	04.05.2028	160.60 €	68.45 €	4,183
10c	4,183	04.05.2021	04.05.2025	04.05.2028	160.60 €	72.33 €	4,183
	1,256,550						665,047

FAIR VALUE OF THE SHARE OPTIONS GRANTED IN THE YEAR.

The weighted average fair value of the share options granted during the year is EUR 68.24 (2020: 42.94). The actuarial valuation was performed using best estimate assumptions developed by the management of the Group.

An external expert performed the valuation of the expected fair value of the option. The Black-Scholes valuation method for option valuation was used for option plans 1 until 6, for the options plans 7 until 10 the Monte Carlo model has been used for valuation, taking into account the terms and conditions on which the share options were granted. The Monte-Carlo model allows the expected life of the option to be included in the determination of fair value.

The only vesting condition is that employees must remain in service for the period from the grant date until the vesting date of the share options. The employee stock option agreement shows that the employee preserves the right to exercise, even if the employee becomes disabled, deceased or retires.

● INPUTS TO THE MODEL.

Options series	Series 1a	Series 1b	Series 2	Series 3a	Series 3b	Series 4a
Grant date share price	39.30 €	39.30 €	39.30 €	50.20 €	50.20 €	42.80 €
Exercise price	45.20 €	45.20 €	34.81 €	45.20 €	45.20 €	45.20 €
Expected volatility	34.89%	34.89%	34.89%	34.89%	34.89%	34.89%
Option life	3 years + 8m	3 years + 8m	3 years + 8m	3 years + 6m	3 years + 6m	3 years + 6m
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	-0.19%	-0.19%	-0.19%	-0.40%	-0.40%	-0.30%
Calculation model	BS	BS	BS	BS	BS	BS

Options series	Series 4b	Series 5a	Series 5b	Series 6a	Series 6b	Series 6b
Grant date share price	42.80 €	51.20 €	51.20 €	35.80 €	35.80 €	35.80 €
Exercise price	45.20 €	45.20 €	45.20 €	35.50 €	35.50 €	35.50 €
Expected volatility	34.89%	34.89%	34.89%	36.01%	36.01%	36.01%
Option life	3 years + 6m	3 years + 4m	3 years + 4m	7 years	7 years	7 years
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	-0.30%	-0.37%	-0.37%	-0.77%	-0.77%	-0.77%
Calculation model	BS	BS	BS	BS	BS	BS

Options series	Series 7a	Series 7b	Series 7c	Series 8a	Series 8b	Series 8c
Grant date share price	46.40 €	46.40 €	46.40 €	81.40 €	81.40 €	81.40 €
Exercise price	46.40 €	46.40 €	46.40 €	81.40 €	81.40 €	81.40 €
Expected volatility	44.33%	44.33%	44.33%	44.33%	44.33%	44.33%
Option life	7 years + 4m	7 years + 4m	7 years + 4m	7 years	7 years	7 years
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	-0.549%	-0.549%	-0.549%	-0.561%	-0.561%	-0.561%
Calculation model	MC	MC	MC	MC	MC	MC

Options series	Series 9a	Series 9b	Series 10a	Series 10b	Series 10c
Grant date share price	149.40 €	149.40 €	160.60 €	160.60 €	160.60 €
Exercise price	149.40 €	149.40 €	160.60 €	160.60 €	160.60 €
Expected volatility	47.32%	47.32%	49.49%	49.49%	49.49%
Option life	7 years	7 years	7 years	7 years	7 years
Dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
Risk-free interest rate	-0.638%	-0.638%	-0.446%	-0.446%	-0.446%
Calculation model	MC	MC	MC	MC	MC

For the granted options during the year the expected stock volatility has been determined by measuring the volatility of the daily changes of the stock price of SHOP APOTHEKE EUROPE N.V. over the past three to four years.

The dividend yield is equal to 0.00%, since the Company is not expected to pay-out dividends soon.

MOVEMENTS IN SHARE OPTIONS DURING THE YEAR.

The following reconciles the share options outstanding at the beginning and end of the year:

	2021		2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Balance at beginning of the year	969,501	73.98 €	694,000	41.38 €
Granted during the year	12,550	150.60 €	509,000	106.06 €
Forfeited during the year	-40,000	58.45 €	-28,999	65.67 €
Exercised during the year	-277,004	43.66 €	-204,500	44.39 €
Expired during the year	-	-	-	-
Balance at end of year	665,047	89.17 €	969,501	73.98 €

For the dates on which the different options are exercisable please refer to the table on page 161.

SHARE OPTIONS OUTSTANDING AT THE END OF THE YEAR.

The share options outstanding at the end of the year had a weighted average exercise price of EUR 89.17 (2020: EUR 73.98) and a weighted average remaining contractual life of 1.933 days (2020: 1.774 days).

Regarding the share option plan, a total expense-amount of EUR 6.819 k was recognised in the 2021 result (2020: EUR 4.405 k).

● SMARTPATIENT PLAN

With the acquisition of SmartPatient, the Group provided a contingent consideration to the former owners of SmartPatient with the objective that the former owners continue their efforts in rolling-out our strategy. The SmartPatient plan gradually vests over a period of 3 years and include a lock-up period until 31 December 2024. The fair value of the plan at grant date amount to EUR 29.6 million and the shares to be provided are to the undiscounted value of this amount.

During 2021, the Group recognized EUR 13.7 million of expenses.

28. BUSINESS COMBINATIONS DURING THE PERIOD.

● SUBSIDIARIES ACQUIRED.

During 2021, the following entities were acquired by the Shop Apotheke Group:

- 100% of the shares of SmartPatient GmbH and its subsidiary SmartPatient Business Services sp. z o.o.
- 100% of the shares of MedApp Holding B.V., including MedApp Nederland B.V. and MedApp Apotheek B.V.

ACQUISITION OF SMARTPATIENT.

On 7 January 2021, the Shop Apotheke Group acquired 100% of the shares of SmartPatient GmbH ("SmartPatient"), a digital medication management expert, in order to accelerate the technological and digital health capabilities. SAE acquired SmartPatient for a consideration of EUR 70,545,000, by way of a combination of cash paid and a contingent consideration of SAE.

The results of SmartPatient are consolidated effective from 7 January 2021 (and directly contributed to the earnings per share).

Purchase consideration.

Details of the purchase consideration, are as follows:

	2021
Cash paid	28,231
Total purchase consideration	28,231

Up to twelve months from the effective date of the acquisition, adjustments may be made to the fair values assigned to the identifiable assets acquired and liabilities assumed as well as to the consideration transferred to reflect new information about facts and circumstances that existed as of the acquisition date. In the light of the business combination transaction the total purchase price for the shares of SmartPatient which SHOP APOTHEKE agreed upon with the selling shareholders amounts EUR 70.545 thousand. We have further detailed the accounting for this and have concluded - on the basis of an IFRIC decision on IFRS 3.B55 Business Combinations - that part of this purchase price should be accounted for as consideration for post-combination services - employee expenses.

Along with the acquisition a contingent consideration is provided to the former owners of SmartPatient which contains a service condition. Payments in the form of cash and shares under this contingent consideration forfeit if employment is terminated. The contingent consideration amounts to EUR 43.4 million. The contingent consideration gradually vests in three years and is accounted for separately from the business combination in the following manner:

- The cash component amounts to EUR 13.7 million. These expenses are charged to the profit and loss on a graded vesting basis. During 2021 EUR 6.2 million has been expensed in the result of 2021. The remainder of the total cash amount is saved at an escrow account for an amount of EUR 12.7 million.
- The share component qualifies as a share-based payment arrangement, with a fair value of EUR 29.7 million as at 7 January 2021. During 2021, the Group recognized EUR 13.7 million of expenses in 2021 result. Reference is made to note 27 share-based payments for more details.

The total impact of the recognition of the cash component and share component of the contingent consideration in the result of the year 2021 amounts to EUR 20.0 million. These costs are included in the employment expenses presented in the profit and loss statement under "administrative expenses". The total remaining contingent consideration for an amount of EUR 23.4 million will be recognized as employment expenses during the vesting period in the coming two years.

As the current accounting method leads to a non-recurring one-off impact in our financial results we adjust for these expenses in the presented adjusted EBITDA.

Identified assets and liabilities.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Book Value	Adjustment	Fair Value
	EUR 1,000	EUR 1,000	EUR 1,000
Tangible fixed assets	136	1,024	1,160
Intangible fixed assets	0	11,600	11,600
Financial fixed assets	3	0	3
Deferred tax assets	0	1,543	1,543
Inventory	0	0	0
Trade and other receivables	658	0	658
Cash	1,053	0	1,053
Non-current liabilities	0	-3,329	-3,329
Trade and other payables	-601	0	-601
Other current liabilities	-379	-2,518	-2,897
Goodwill on acquisition	0	22,753	22,753
Deferred tax liability	0	-3,712	-3,712
Total consideration	870	27,361	28,231

The technology, the tradename and the order backlog from SmartPatient are as part of the purchase price allocation being valued as follows:

- Technology is valued at EUR 10,300,000 and is depreciated over a period of 7 years.
- Trade name is valued at EUR 700,000 and is depreciated over a period of 4 years.
- Order backlog is valued at EUR 600,000 and is depreciated over a period of 1 year.

Deferred tax of EUR 3.712.000 has been provided in relation to these fair value adjustments.

The residual goodwill mainly accounts for the value attributable to future new app users and the assembled workforce. The goodwill arising on the SmartPatient acquisition is not deductible for tax purposes.

Impact of acquisition on the results of the Group.

Included in the Result after Tax for the year 2021 is EUR -1,9m attributable to the additional business generated by the SmartPatient acquisition. Revenue for the year 2021 includes EUR 4,6m in respect of the SmartPatient business.

ACQUISITION OF MEDAPP.

On 26 March 2021 SHOP APOTHEKE EUROPE N.V., through its subsidiary SA Europa B.V., acquired the technology-driven e-pharmacy MEDAPP via 100 percent of the shares in MEDAPP Holding B.V. including MEDAPP Nederland B.V. and MEDAPP Apotheek B.V., which is based in Eindhoven, the Netherlands. Through this acquisition, SHOP APOTHEKE EUROPE accelerates its technological and digital health capabilities even more rapidly. Furthermore, MEDAPP enables SHOP APOTHEKE EUROPE to expand into the prescription drugs business in the Dutch market.

Purchase consideration.

Details of the purchase consideration, are as follows:

	2021
Cash paid	3,556
Total purchase consideration	3,556

Up to twelve months from the effective date of the acquisition, adjustments may be made to the fair values assigned to the identifiable assets acquired and liabilities assumed as well as to the consideration transferred to reflect new information about facts and circumstances that existed as of the acquisition date. In the light of the business combination transaction the total purchase price for the shares of MedApp which SHOP APOTHEKE agreed upon with the selling shareholders amounts EUR 8.004 thousand. We have further detailed the accounting for this and have concluded - on the basis of an IFRIC decision on IFRS 3.B55 Business Combinations - that part of this purchase price should be accounted for as consideration for post-combination services - employee expenses.

Along with the acquisition a contingent consideration is provided to the former owners of MedApp which contains a service condition. Payments in the form of cash and shares under this contingent consideration automatically forfeit if the management agreement is terminated. The contingent consideration amounts to EUR 5,7 million. The contingent consideration gradually vests in three years and is accounted for separately from the business combination in the following manner:

- The cash component amounts to EUR 5.7 million. These expenses are charged to the profit and loss on a graded vesting basis. During 2021 EUR 2.5 million has been expensed in the result of 2021. These costs are included in the employment expenses presented in the profit and loss statement under "administrative expenses". The total remaining contingent consideration for an amount of EUR 3.2 million will be recognized as employment expenses during the vesting period in the coming three years.

As the current accounting method leads to a non-recurring one-off impact in our financial results we adjust for these expenses in the presented adjusted EBITDA.

Identified assets and liabilities.

The assets and liabilities recognised as a result of the acquisition are as follows:

	Book Value	Adjustment	Fair Value
	EUR 1,000	EUR 1,000	EUR 1,000
Tangible fixed assets	30	58	88
Intangible fixed assets	115	3,295	3,410
Financial fixed assets	0	0	0
Deferred tax assets	0	0	0
Inventory	9	0	9
Trade and other receivables	480	0	480
Cash	53	0	53
Non-current liabilities	0	-58	-58
Trade and other payables	-362	0	-362
Other current liabilities	0	0	0
Payable to Shop Apotheke	-464	0	-464
Goodwill on acquisition	0	1,253	1,253
Deferred tax liability	0	-853	-853
Total consideration	-139	3,695	3,556

Impact of acquisition on the results of the Group.

Included in the Result after Tax for the year 2021 is EUR -2,7m attributable to the additional business generated by the MedApp acquisition. Revenue for the year 2021 includes EUR 1,0m in respect of the MedApp business.

ACQUISITION COSTS.

In 2021, the group incurred acquisition related costs (related to both acquisitions) for an amount of EUR 0,6m. These costs have been included in Administrative expenses.

CASH FLOW STATEMENT.

The total amount of consideration paid, net of cash acquired can be reconciled with the cash flow statement as follows:

	SmartPatient	MedApp	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Cash paid	-28,231	-3,556	-31,787
Cash acquired	1,053	53	1,106
Total purchase consideration	-27,178	-3,503	-30,681

● SUBSIDIARIES DIVESTED.

In June 2021 SHOP APOTHEKE EUROPE has sold its interest in 100% subsidiary Farmanatur Productes S.L., Sant Cugat del Vallès (Barcelona), Spain.

29. BUSINESS COMBINATIONS COMPLETED IN PRIOR PERIODS.

● SUBSIDIARIES ACQUIRED.

During 2020, no new entities were acquired by the Group.

30. LEASES.

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. The operating lease contracts consist of lease of properties, therefore only one lease category is identified.

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

	Right of Use Asset	Lease Liability
	EUR 1,000	EUR 1,000
Balance 1 January 2020	5,705	6,406
Additions	28,908	28,908
Depreciation charge	-2,531	0
Interest expense	0	1,164
Cash out lease payments	0	-2,362
Balance 31 December 2020	32,082	34,116
Additions	546	546
Arising on business combination	1,082	1,082
Disposal	-198	-256
Depreciation charge	-4,969	0
Interest expense	0	1,095
Cash out lease payments	0	-5,784
Balance 31 December 2021	28,542	30,798

	31.12.2021	31.12.2020
	EUR 1,000	EUR 1,000
Lease liabilities non-current	26,055	28,732
Lease liabilities current	4,743	5,384
	30,798	34,116

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

	Up to 1 Year	1 - 5 Years	Over 5 Years	Total
	EUR 1,000	EUR 1,000	5 Years	EUR 1,000
As at 31 December 2020	5,368	14,232	15,570	35,170
Movements 2021	-1,030	-185	-3,010	-4,225
As at 31 December 2021	4,338	14,047	12,560	30,945

31. CONTINGENT LIABILITIES.

● GUARANTEES.

Guarantee obligations regarding rental contracts have been provided by the Group for EUR 371 k.

● CREDIT FACILITY.

The Deutsche Bank EUR 15 m credit facility agreement was in addition secured by a EUR 15 m pledge over assets.

● FISCAL UNITY.

For the purpose of value added tax, SHOP APOTHEKE EUROPE N.V., SA Europe B.V., Euroservice Venlo B.V., Shop Apotheke B.V., Shop Apotheke Service B.V., VitaZita B.V., EHS Europe Health Services B.V., EHSC B.V., Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V. are associated in a fiscal unity and therefore severally liable for the debts with respect to value-added taxes of the 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).

For the purpose of corporate income tax, EHS Europe Health Service B.V., EHSC B.V., Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V., are associated in a fiscal unity and therefore severally liable for the corporate income tax owed by that fiscal unity.

● 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., EuroService Venlo B.V., Europa Apotheek Venlo B.V., EHSC B.V., Europa Apotheek Service Venlo B.V. and EHS Europe Health Services B.V. according to Article 403 of the Dutch Civil Code.

As of 1 January 2019, SHOP APOTHEKE EUROPE N.V. is also liable for the Dutch Group companies Europa Apotheek Venlo B.V., EHSC B.V., Europa Apotheek Service Venlo B.V. and EHS Europe Health Services B.V. according to Article 403 of the Dutch Civil Code.

● ARTICLE 264 OF THE GERMAN CIVIL CODE.

SHOP APOTHEKE EUROPE N.V. is liable for the German group company Nu3 GmbH and Shop Apotheke Service GmbH according to Article 264.3 of the German Civil Code.

● RENTAL COMMITMENTS BUILDINGS AND OTHER (LEASE) AGREEMENTS.

The obligations for lease of property as at 31 December 2021 (except for short-term leases and leases of low value assets) have been presented as lease liabilities in the Statement of financial position.

The Group has entered various contracts with external parties on obligations for the distribution center in Sevenum and the new distribution center in Italy amongst which the agreement with the equipment manufacturer and supplier. The invoiced contract values are included in property plant and equipment (refer to note 13). The total outstanding contract value of the off-balance sheet commitments as at 31 December 2021 amounts to EUR 1,719 k which is mainly due in 2022.

● LEGAL PROCEEDINGS.

SHOP APOTHEKE EUROPE N.V. 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. STANDARDS ISSUED BUT NOT YET EFFECTIVE.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The application of new accounting standards and amendments that had already been issued by the IASB as of the time the financial statements were authorized for issue, is not expected to have any material effect on the consolidated financial statements.

The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

33. SUBSEQUENT EVENTS.

● RENTAL COMMITMENTS BUILDING.

The Group has entered contractual obligations for the lease of property of the new distribution center in Italy in January 2022. This lease will commence per 1 February 2022 and has a duration of 6 years. The estimated total future payments per year amounts approx. EUR 1.0 million. Since the company does not have the right of use of the property as per 31 December 2021 the lease contract has not been accounted for in accordance with IFRS 16.

34. OTHER INFORMATION.

● AUDITOR'S FEES.

The Company's 2020 and 2021 financial statements were audited by Mazars Accountants N.V. The following auditor's fees were expensed in the Statement of Profit and Loss in the reporting period:

	Year ended 31.12.2021		Year ended 31.12.2020	
	Mazars Accountants NV	Other network	Mazars Accountants NV	Other network
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Audit of the financial statements	400*	-*	430**	-
Total	400	-	430	-

*This amount includes 35 k relating to the audit 2020.

**This amount includes 95 k relating to the audit 2019.

● APPROVAL AND SIGNING OF THE CONSOLIDATED FINANCIAL STATEMENTS.

Venlo, 1 March 2022

Management Board Members:

Stefan Feltens, Jasper Eenhorst, Marc Fischer, Theresa Holler, Stephan Weber

Supervisory Board Members:

Björn Söder (Chairman), Jerome Cochet, Frank Köhler, Henriette Peucker



07

COMPANY
FINANCIAL
STATEMENTS.

COMPANY BALANCE SHEET.

FOR THE YEAR ENDED 31 DECEMBER 2021

before appropriation of result	Notes	31. 12. 2021	31. 12. 2020
		EUR 1,000	EUR 1,000
Assets			
Financial fixed assets			
Subsidiaries	3	154,540	157,040
Current assets			
Trade and other receivables		2,448	719
Receivables from Group Companies	4	383,337	244,581
Tax receivables		1,488	1,772
Other financial assets		35,003	37,771
Cash and cash equivalents	5	169,302	19,922
		591,579	304,765
Total assets		746,118	461,805
Equity and liabilities			
Capital and reserves			
Issued Capital		361	354
Share premium		566,537	551,665
Legal reserves		33,249	12,523
Equity part on convertible bonds		31,698	0
Reserve for stock option plan		24,600	6,842
Accumulated losses		-166,847	-129,475
Net income for the year		-74,185	-16,771
Shareholders' equity	6	415,413	425,138
Provisions for subsidiaries	3	48,720	5,256
Deferred tax liabilities	7	9,153	0
Non-current liabilities			
Loans and Borrowings	8	196,961	4,000
Current liabilities			
Trade and other payables		95	1,006
Loans and Borrowings	8	0	0
Payables to Group Companies	9	75,301	26,147
Other liabilities		475	258
		75,871	27,411
Total equity and liabilities		746,118	461,805

COMPANY STATEMENT OF PROFIT AND LOSS.

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Period ended 31.12.2021	Period ended 31.12.2020
		EUR 1,000	EUR 1,000
General & Administrative Expenses		-8,488	-5,670
Total Expenses		-8,488	-5,670
Finance income		0	0
Finance expenses		-7,422	-9,826
Result before tax		-15,910	-15,496
Income tax expenses	7	-1,413	0
Share of post-tax results of subsidiaries	3	-59,688	-1,275
Net result		-74,185	-16,771

NOTES TO THE COMPANY FINANCIAL STATEMENTS.

1. GENERAL

The Company is registered at the Sevenum 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.

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 and 4 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 recognized 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 recognized immediately in profit or loss in the period in which the investment is acquired.

Participations in consolidated entities are accounted for using the asset value method applying the same accounting policies as those used in the consolidated financial statements. If a participating interest has negative equity and the parent company is guarantor, a provision is formed for the best estimate of the liability.

Receivables are mainly receivables on Group companies. The accounting policy on trade and other receivables is included in note 18 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 BV	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Balance, 1 January 2020	0	160,116	160,116
Result 2020	1,801	-3,076	-1,275
Provision for negative equity	-1,801	0	-1,801
Balance, 31 December 2020	0	157,040	157,040
Result 2021	-43,464	-2,500	-45,964
Provision for negative equity	43,464	0	43,464
Balance, 31 December 2021	0	154,540	154,540

4. RECEIVABLES FROM GROUP COMPANIES

	31.12.2021	31.12.2020
	EUR 1,000	EUR 1,000
SA Europe BV	130,974	73,542
Euroservice Venlo B.V.	226,534	135,904
Europa Apotheek Service B.V.	21,240	27,227
Shop Apotheke B.V.	4,248	7,888
MedApp Holding B.V.	313	0
Vita Zita B.V.	30	20
Balance 31 December	383,337	244,581

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are at immediate free disposal of the company.

6. SHAREHOLDER'S EQUITY

The share capital of the Group as at 31 December 2021 amounts to EUR 361.9k (31 December 2020: EUR 353.6k) divided into 18,095,121 shares (31 December 2020: 17,680,605) each with a nominal value of EUR 0.02 all of which have been issued and fully paid.

Additional information is given in the Consolidated statement of changes in shareholder's equity and in note 21 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 2021 relate to the net balance of capitalization and amortization of software development.

	Legal reserves
	EUR 1,000
Balance, 1 January 2020	8,509
Changes	4,018
Balance, 31 December 2020	12,527
Changes	20,724
Balance, 31 December 2021	33,249

7. DEFERRED TAX LIABILITIES

The deferred tax liability relates to a temporary difference in the convertible bond arising from the initial recognition of the equity component separately from the liability component. Reference is made to note 11 of the notes to the consolidated financial statements for further details.

8. LOANS AND BORROWINGS

● CONVERTIBLE BOND

In January 2021, the Company issued 2,250 0.0% convertible bonds with an aggregate principal amount of EUR 225,0 million. Each bond entitles the holder to convert to ordinary shares at a conversion price of EUR 233.83. Given the zero coupon no interest is due on these Bonds.

Further information is given in note 22 to the Consolidated financial statements.

The short-term liability portion of the convertible bond amounts EUR 0k (31 December 2020: EUR 0k).

● AMOUNT DUE TO BANKS

In February 2021, the Company obtained a EUR 13M loan at a credit institution. This loan is secured by a pledge over the logistics automation in the Sevenum logistics centre. The loan has a duration of 6 years, ending on 31 December 2026, repayment is done quarterly for the amount of EUR 406,250 starting at 31 March 2021. The annually interest amounts to 3-month EURIBOR + 2.95% of the principal amount.

9. PAYABLES TO GROUP COMPANIES

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

	31.12.2021	31.12.2020
	EUR 1,000	EUR 1,000
Shop Apotheke Service B.V.	47,230	19,454
Shop Apotheke Service GmbH	24,124	2,866
Nu3 GmbH	2,769	2,853
Shop Apotheke B.V.	0	188
Europa Apotheek Venlo B.V.	1,179	786
Balance 31 December	75,302	26,147

10. PERSONNEL

The number of employees employed by Shop Apotheke Europe NV at 31 December 2021 was 0 (31 December 2020: 0).

11. COMMITMENTS AND CONTINGENCIES

For the purpose of value added tax, SHOP APOTHEKE EUROPE N.V., SA Europe B.V., Euroservice Venlo B.V., Shop Apotheke B.V., Shop Apotheke Service B.V., VitaZita B.V., EHS Europe Health Services B.V., EHSC B.V., Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V. are associated in a fiscal unity and therefore severally liable for the debts with respect to value-added taxes of the fiscal unity.

SHOP APOTHEKE EUROPE NV is liable for its Dutch group companies, i.e. SA Europe BV, Euroservice Venlo BV, Shop Apotheke BV, Vitazita BV, Shop Apotheke Services B.V., EHS Europe Health Services B.V., EHSC B.V., Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V. according to Article 403 of the Dutch Civil Code, the according declaration has been filed with the trade register.

Credit facility

The Deutsche Bank EUR 15 million credit facility agreement was in addition secured by a EUR 15 million pledge over assets.

12. RELATED PARTY TRANSACTIONS

In the annual report 2021 no related parties with outstanding balances are presented since outstanding balances to related parties do not exist as at 31 December 2021.

Compensation of key management personnel

The remuneration of management board and supervisory board members is disclosed in the Remuneration Report as part of the Annual Report.

Loans to key management personnel

The Group has not provided any loans to its key management in 2021.

Loans from related parties

As in 2020, no loans from related parties were obtained in 2021.

13. AUDITOR'S FEES

See note 34 of the notes to the Consolidated financial statements.

14. EVENTS AFTER THE BALANCE SHEET DATE

No subsequent events occurred.

15. APPROPRIATION OF RESULT FOR THE PERIOD 1 JANUARY 2021-31 DECEMBER 2021

The board of directors proposes that the loss for the period 1 January 2021 - 31 December 2021 amounting to EUR -74,185 thousands should be deducted from the other reserves.

16. SIGNING OF THE FINANCIAL STATEMENTS

Sevensum, 1 March 2022

Signed Statutory directors:

Stefan Feltens, Jasper Eenhorst, Marc Fischer, Theresa Holler, Stephan Weber

Signed Supervisory Board members:

Björn Söder (Chairman), Jerome Cochet, Frank Köhler, Henriette Peucker

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.

Independent auditor's report

Reference is made to the auditor's report as included hereinafter.



08

INDEPENDENT
AUDITOR'S
REPORT.

INDEPENDENT AUDITOR'S REPORT

To the shareholders and supervisory board of Shop Apotheke Europe N.V.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS 2021 INCLUDED IN THE ANNUAL REPORT

OUR OPINION

We have audited the 2021 financial statements of Shop Apotheke Europe N.V. based in Sevenum. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Shop Apotheke Europe N.V. as at 31 December 2021, and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the accompanying company financial statements give a true and fair view of the financial position of Shop Apotheke Europe N.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. the consolidated statement of financial position as at 31 December 2021;
2. the following statements for 2021: the consolidated statement of profit and loss, the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows; and
3. the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. the company balance sheet as at 31 December 2021;
2. the company statement of profit and loss for 2021; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

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.

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, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INFORMATION IN SUPPORT OF OUR OPINION

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

MATERIALITY

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 14.8 million. The materiality is based on 1.4% of the total revenues. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of EUR 445 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 at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Shop Apotheke Europe N.V.

Considering our ultimate responsibility for the group audit, we are responsible for the direction, supervision and performance of the group audit. In this context we have determined the nature and extent of the audit procedures for components of the group. Determining factors are the significance and/or risk-profile of the group entities or activities. We have:

- performed audit procedures ourselves at group entities located in The Netherlands;
- performed review procedures or specific audit procedures ourselves at other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, 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.

AUDIT RESPONSE TO THE RISKS OF FRAUD AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

Our responsibility

In accordance with Dutch Standards on Auditing, we are responsible for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatements, whether due to fraud or error. Inherent to our responsibilities for the audit of the financial statements, there is an unavoidable risk that material misstatements are undetected, even though the audit is planned and performed in accordance with Dutch law. The risk of undetected material misstatements due to fraud is even higher, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Also, we are not responsible for the prevention and detection of fraud and non-compliance with all laws and regulations. Our audit procedures differ from a forensic or legal investigation, which often has a more in-depth character and conducted to resolve specific allegations.

Our fraud risk assessment

During our audit we obtained an understanding of the entity and its environment, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to the Combined Management Report for management's risk assessment and the Report of the supervisory board in which the supervisory board reflects on this risk assessment.

As in all our audits, we identified the risks of management override of controls. This risk is related to the areas of accounting estimates and manipulation of accounting records during the preparation of the financial statements.

Our response to the identified and assessed fraud risks

We performed the following specific procedures:

- we evaluated the design and implementation of relevant internal controls in the financial statement and consolidation process, such as segregation of duties and systems of authorisations;
- we used data analytics to identify and assess high risk journal entries;
- we made enquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- we selected journal entries and other adjustments made during the year and at the end of the reporting period;
- we examined the underlying audit documentation of the selected journal entries;
- for significant transactions such as the completion of the purchase price allocation for the acquisitions in 2021, we evaluated the related management judgment and assumptions;
- we reviewed the accounting estimates for potential biases and evaluated whether the circumstance causing the bias, if any, represent a risk of material misstatement due to fraud

We refer to the key audit matters, which are all subject to management estimates.

In addition, we also performed the following more general procedures:

- we assessed the whistleblowing policy of the company;
- we evaluated whether (unusual) transactions with related parties have been identified and appropriately disclosed;
- we have incorporated an element of unpredictability in the selection of the nature, timing and extent of our audit procedures. We will not disclose these audit procedures here in detail, because we do not want that individuals within the entity become familiar with these audit procedures, because they can exploit this knowledge to conceal fraudulent financial reporting in the future.

Our audit procedures, including enquiries of management and the supervisory board, and other available information did not lead to indications of fraud resulting in material misstatements.

Our response to non-compliance with laws and regulations

Resulting from our risk assessment procedures, and whilst considering that effects from non-compliance could vary considerably, we considered adherence to (corporate) tax law and financial reporting requirements with a direct impact on the financial statements as an integrated part of our audit procedures to the extent material for the related financial statements. Apart from these, the Group is subject to other laws and regulations where the consequences of non-compliance could have a material effect on amounts and/or disclosures in the financial statements, for instance through imposing fines or litigation. Examples of such other laws and regulations are those relating to anti-bribery and corruption, competition and data privacy laws. As required by auditing standards, we performed audit procedures to identify non-compliance with these laws and regulations through enquiries with management, those charged with governance and others within the group and inspection of relevant correspondence with regulatory authorities. We also inspected lawyers' letters and remained alert to indications of (suspected) non-compliance throughout the audit, held enquiries with legal counsel, and obtained a written representation from management that all known instances of (suspected) non-compliance with laws and regulations were disclosed to us.

OUR KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Business combinations

In 2021, Shop Apotheke Europe N.V. has acquired the SmartPatient GmbH and MedApp Holding B.V. businesses. The company prepared purchase price allocation reports for these acquisitions, by which the total consideration is allocated to the assets and liabilities of the acquired companies. The acquisitions and the purchase price allocations are disclosed in note 28 to the financial statements. Given the significance of the consideration paid, the management estimates that are required to prepare the purchase price allocations and the complex accounting (including disclosure of information) of the employee benefit element according to IFRS interpretation (IFRS 3 Business Combinations (January 2013) - Contingent payments to shareholders and continuing employment), we consider the business combinations to be a key audit matter.

In our audit of the accounting of the acquisitions, we assessed the share purchase agreements and verified the payments of the share purchase prices to the sellers and the contingent considerations to be paid. An important element of our audit relates to the identification of the acquired assets (e.g. valuation of tradename and technology), equity based considerations and liabilities. We tested this identification based on our understanding of the business of the acquired companies and the explanations and plans of the companies that supported the acquisitions. 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.

Observation

We believe that management's assessment of the purchase price allocation and the corresponding accounting policies including the disclosures on key information of the acquisitions are appropriate.

Valuation of Goodwill

As at 31 December 2021 goodwill amounts to EUR 153 million. Under IFRS-EU it is required to perform an impairment test annually.

The impairment tests were important for our audit as the related asset amounts are significant and the assessment process itself is complex and includes management judgement on the underlying assumptions.

Our audit procedures included amongst others the assessment of the proper allocation of the goodwill to the cash generating units, the comparison of the assumptions used in previous year compared to the outcome in the current year (so called 'backtesting'), the reasonability of the assumptions used by management, the reliability of the data used, its volatility in the sensitivity analysis and if the key elements are disclosed properly in Note 14 and 15 to the consolidated financial statements.

We have used the work of our internal valuation specialists to assist us in verifying the assumptions and methodologies used by Shop Apotheke Europe N.V.

The company's disclosures on goodwill and the impairment tests on goodwill are included in Note 14 and 15 to the consolidated financial statements.

Observation

We believe that management's assessment of the recoverability of goodwill) and the disclosures on key uncertainties and scenarios assumed in management impairment testing are appropriate.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The annual report contains other information, in addition to the financial statements and our auditor's report thereon.

The other information consists of:

- Combined Management Report;
- other information as required by Part 9 of Book 2 of the Dutch Civil Code; and
- other information included in the sections: Our Company, the Shop Apotheke Europe Share, Remuneration report, and the Report of the supervisory board.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements;
- contains all the information regarding the combined management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code and articles 2:135b and 2:145 paragraph 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the combined management report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the Remuneration Report is in accordance with the articles 2:135b and 2:145 paragraph 2 of the Dutch Civil Code, and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS AND ESEF

ENGAGEMENT

We were engaged by the supervisory board as auditor of Shop Apotheke Europe N.V. on 29 May 2019 for the audit of the year 2019 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.

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

Shop Apotheke Europe N.V. has prepared its annual report in ESEF. The requirements for this format are set out in the Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion, the annual report prepared in XHTML format, including the partially marked-up consolidated financial statements as included in the reporting package by Shop Apotheke Europe N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report including the financial statements in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package. Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies the RTS on ESEF.

Our procedures taking into account Alert 43 of NBA (the Netherlands Institute of Chartered Accountants), included amongst others:

- obtaining an understanding of the entity's financial reporting process, including the preparation of the reporting package;
- obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files are prepared in accordance with the technical specifications as included in the RTS on ESEF;
- examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF.

DESCRIPTION OF RESPONSIBILITIES REGARDING 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 IFRS-EU 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 fraud or error.

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 detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error 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 judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, 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 error, 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 a company to cease 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 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 audit committee 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 provided 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 the key audit matters: those matters that were of most significance in the audit of the financial statements. 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 communicating the matter is in the public interest.

Rotterdam, 1 March 2022

Mazars Accountants N.V.

Original has been signed by
drs. J.J.W. Galas RA

GLOSSARY.

Active Customers

Unique customers who have placed at least one order in the 12 preceding months.

Administrative Expenses

Cost of corporate overhead of which examples are IT services, Finance, HR, Facility, Legal and Executive Management.

Adjusted EBITDA

Earnings Before Interest, Tax, Depreciation and Amortization excluding Adjustments. We use this metric as we find it an important indicator of our underlying operational financial performance.

Adjustments

Items we adjust to get from EBITDA to Adjusted EBITDA. There are three categories:

(a) Expenses of the employee stock option programs, (b) Non-recurring or extraordinary expenses related to projects, (c) Any other major non-recurring (one-off) items of which we would release what it concerns in case we record it as specifically mentioned.

(Adjusted) EBITDA margin

(Adjusted) EBITDA as a percentage of sales.

Average shopping basket

The average gross value of received orders divided by the total amount of placed orders in a given time period.

BPC products

Beauty and personal care products.

CAGR

Compound annual growth rate

DACH-Segment

Segment reporting provides financial information about the individual units of the company. SHOP APOTHEKE EUROPE uses a regional approach. The DACH-Segment comprises its business activities in Germany, Austria and Switzerland.

EBIT

Earnings Before Interest and Tax.

e-RX/eScript

Computer-based electronic generation, transmission, and filling of a medical prescription.

Group

SHOP APOTHEKE EUROPE N.V., Sevenum, the Netherlands, together with its consolidated subsidiaries.

International-Segment

Segment reporting provides financial information about the individual units of the company. SHOP APOTHEKE EUROPE uses a regional approach. The International-Segment comprises its business activities in France, Italy, Belgium and the Netherlands.

Mobile visits

Site Visits originating from tablets and smartphones as well as other non-desktop computer based means.

Net working capital

The difference between the company's current assets (including: trade and other receivables and inventories) and its current liabilities (including: trade and other payables, short-term loans and borrowing and short-term other liabilities).

NPS

Net promoter score used for measuring customer satisfaction.

Number of orders

Number of customer orders containing at least one product, placed during the measurement period.

OTC products or medications

Products or 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 possessing a valid prescription.

Pharmacy-related products

Products that are almost exclusively distributed through pharmacies.

Private labels

By private labels we mean the brands owned by SHOP APOTHEKE EUROPE or its subsidiaries.

Return Rate

Percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period.

Rx products or medications

Prescription-only medicines, which are only allowed to be sold to customers possessing a valid prescription.

Rx revenues

Sales related to prescriptions.

Sales

Gross revenues minus value added taxes and discounts.

Selling & Distribution expenses

Expenses related to marketing, shipping, packaging, payments and operational labor to support our Sales.

Share of mobile visits

Mobile visits 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.

Website Visits (Web Traffic)

Unique interactions of a visitor on our website; a visit is considered terminated when the visitor leaves the browser instance or has not interacted with the page for more than 30 minutes.

GRI INDEX INCLUDING SDG REPORTING AND UN GC COP.

SAE Material Topic	GRI Indicator	Page in the report	SDG Target	UN Global Compact 10 Principles
GENERAL DISCLOSURES				
The organization and its reporting practices				
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2-2	Entities included in the organization's sustainability reporting	51	16.6	
2-3	Reporting period, frequency, and contact point	51	16.6	
2-4	Restatements of information	51	16.6	
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Activities and workers				
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2-8	Workers who are not employees	-	9.6, 16.6, 8.7	1, 2, 4, 5
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2-12	Role of the highest governance body in overseeing the management of impacts	57	9.6, 16.6	3
2-13	Delegation of responsibility for managing impacts	57	9.6, 16.6	3
2-14	Role of the highest governance body in sustainability reporting	71	9.6, 16.6	3
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2-22	Statement on sustainable development strategy	16, 17	9.6, 16.6	1, 2, 7, 8, 9
2-23	Policy commitments	82	9.6, 16.6	1, 2, 10
2-24	Embedding policy commitments	53	9.6, 16.6	2, 10
2-25	Processes to remediate negative impacts	53	9.6, 16.6	2, 10
2-26	Mechanisms for seeking advice and raising concerns	94	9.6, 16.6	3
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2-29	Approach to stakeholder engagement	71	9.6, 16.6, 8.7	
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SAE Material Topic	GRI Indicator	Page in the report	SDG Target	UN Global Compact 10 Principles
TOPIC SPECIFIC DISCLOSURES				
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Climate Protection				
302-1	Energy consumption within the organization	76	8.4, 12.2, 11.6, 13a	7, 8, 9
305-1	Direct (Scope 1) GHG emissions	74	8.4, 12.2, 11.6, 13a	7, 8, 9
305-2	Energy indirect (Scope 2) GHG emissions	74	8.4, 12.2, 11.6, 13a	7, 8, 9
305-3	Other indirect (Scope 3) GHG emissions	74	8.4, 12.2, 11.6, 13a	7, 8, 9
305-4	GHG emissions intensity	74	8.4, 12.2, 11.6, 13a	7, 8, 9
305-5	Reduction of GHG emissions	75	8.4, 12.2, 11.6, 13a	7, 8, 9
Circular Packing				
301-1	Materials used by weight or volume	75	8.4, 12.2	
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306-1	Waste generation and significant waste-related impacts	77	11.6, 12.5, 12.2	7, 8, 9
306-2	Management of significant waste-related impacts	77	11.6, 12.5, 12.2	7, 8, 9
306-4	Waste diverted from disposal	77	11.6, 12.5, 12.2	7, 8, 9
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418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	79	16.6, 9.6	
Employee Care				
Healthy Workplace				
403-1	Occupational health and safety management system	81	8.8	
403-2	Hazard identification, risk assessment, and incident investigation	81	8.8, 16.6	1, 2, 4, 5
403-3	Occupational health services	81	8.8	
403-4	Worker participation, consultation, and communication on occupational health and safety	81	8.8	6
403-5	Worker training on occupational health and safety	81	8.8, 4.7	
403-6	Promotion of worker health	81	8.8	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	81	8.8, 16.6	1, 2
403-8	Workers covered by an occupational health and safety management system	81	8.8, 16.6	

GRI INDEX INCLUDING SDG REPORTING AND UN GC COP.

SAE Material Topic	GRI Indicator	Page in the report	SDG Target	UN Global Compact 10 Principles
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Education & Development				
404-2	Programs for upgrading employee skills and transition assistance programs	82	4.4, 4.7, 5.5	6
Good Governance				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	82	8.8	6
408-1	Operations and suppliers at significant risk for incidents of child labor	82	16.2	5

GRI-INDICATOR REPORTING REQUIREMENTS.

Disclosure of the reporting requirement SHOP APOTHEKE EUROPE can not comply with

Omitted GRI indicator	Reason for omission	Required explanation	Material topic
2-7 Employees	Information unavailable/incomplete	Most information are provided, but at few detailed items on the split between permanent en temporary workers as well as non-guaranteed hours employees are not yet available. During 2023 SHOP APOTHEKE EUROPE intends to define a company-wide approach to in order to be able to collect the data.	General disclosures
2-8 Workers who are not employees	Information unavailable/incomplete	The company lacks a common definition of the various types of relationships which could occur for workers who are not employees and whose work is controlled by the organization across all regions and entities, especially with regard to the newly acquired entities. During 2023 SHOP APOTHEKE EUROPE intends to define a company-wide approach in order to be able to collect the data.	General disclosures
404-1 Average hours of training	Information unavailable/incomplete	The company did not account investments in employee training in hours. It would be possible to disclose the total amount in € spend. However, this could not be broken down to gender and employee category. Thus, a next step is to define how training output or even outcome could be measured.	Education & Development

FINANCIAL CALENDAR. EVENTS.

14 April 2022

Annual General Meeting

5 May 2022

Q1/2022 Earnings Release

3 August 2022

H1/2022 Earnings Release

31 October 2022

Q3/2022 Earnings Release

IMPRINT.

Publisher:

SHOP APOTHEKE EUROPE N.V.
Erik de Rodeweg 11/13
5975 WD Sevenum

German mailing address:

shop-apotheke.com
Postfach 410118
41241 Mönchengladbach

Management Board:

Theresa Holler, Stefan Feltens,
Marc Fischer, Stephan Weber, Jasper Eenhorst

Commercial Register:

K.v.K. (Dutch Chamber of Commerce) Venlo 63956004

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.:

0800 - 200 800 300
(toll-free for calls originating from Germany's
fixed-line of mobile networks)
Monday to Saturday from 8 am to 8 pm

Fax:

0800 - 90 70 90 20

Websites:

www.shop-apotheke.com
www.shop-apotheke.at
www.shop-pharmacie.fr
www.shop-apotheke.ch
www.farmaline.nl
www.farmaline.be
www.shop-farmacia.it

Investor Relations, contact:

Carmen Herkenrath
Carmen.Herkenrath@shop-apotheke.com

Media contact:

Sven Schirmer
+49 221 99 53 44 31
presse@shop-apotheke.com

Marketing & Cooperations, contact:

Stephan Weber
stephan.weber@shop-apotheke.com

ESG contact:

Anna Tönnessen
Anna.Toennessen@shop-apotheke.com

**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 EUROPE N.V.
Erik de Rodeweg 11 - 13, NL-5975 WD Sevenum

www.shop-apotheke.com

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