Company: **Shop Apotheke Europe Event**

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Moderator: **Kim Sek Chan**

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Operator: Okay and welcome to the Shop Apotheke Q1/2022 Earnings Release Presentation. This conference is being recorded. At this time I would like to turn the conference over to [inaudible] please go ahead.

Moderator: Thanks very much operator and good morning to everybody and we welcome you to Shop Apotheke's Q1 2022 Earnings Release Call. Before we get into the details, we want to take a moment to recognize and to remember that while we are having the earnings call, a little bit further east, a terrible war is continuing to ravage Ukraine at this point of time. Our thoughts and prayers with all the people that are suffering from this terrible war. Well, what are we going to share with you today? [inaudible] and I are going to start with an overview of our financial performance, operational performance, over the first three months of this year then just on a couple of strategic topics we're going to give you an update and at the end [inaudible] is going to talk about the outlook for the remainder of the year. I can already tell you that we are going to confirm the guidance that we just provided a couple of months ago to you. At the end of our presentation or after our presentation rest assured, we're going to have enough time for your questions. Well, what were some of the highlights of the first quarter, our non-RX growth amounted to 15% and this needs to be seen in comparison or on top of the strong growth in Q1 2021, when our top line expanded by 22%. In all of our markets, at least in the market for which we have reliable and valid market data, we are seeing a notable increase of Shop Apotheke market shares. Our rate sales have stabilized or as we sometimes refer to it, they have bottomed out at around 10 million per quarter. In terms of our bottom line, our adjusted operating results came in at minus €4 million or minus 1.4% of net sales. This is an improvement versus Q4 last year, but it's a little bit of deterioration compared to a year ago and [inaudible] is going to talk more about this. Most importantly, our Q1, EBITDA is fully in line with our guidance for the full year. Our operating cash flow added up to a positive €24 million driven by continued favorable developments in our working capital, most notably a reduction of our inventory levels and an increase of our payables combined with a bit of seasonality. The highlight of the first quarter was a record customer satisfaction level, with an NPS of 73. This speaks well or reflects well on the smooth operation in our new pharmacy and distribution facility here in seven. By the way, in the first quarter, we also set another record in the number of customer orders processed in a single day, which exceeded 110,000. In terms of our customers, our active customer count went up in the first quarter by around 400,000 to 8.3 million. You're of course all following the ER rates, test phase in Germany, we have all seen an acceleration in the number of [inaudible] and we are happy [inaudible] targets which had been set out as one of the success criteria by the shareholders of the key markets. Last but certainly not least, we had an important acquisition with acquiring First A one of the leading ecommerce players in the pharmacy space. First A will be an important cornerstone for us to ensure that we will continue to be able to address all of the relevant use cases, current use cases and future use cases of our customers of course, especially in the context of the introduction of electronic prescriptions.

Well let's take a closer look at our sales development. You're looking here at both of our reporting segments, our total sales ran up by 7.3%, reaching €305 million. When we look at the two reporting segments, the data segment went up by 2%. This is of course a blend of a solid non-RX growth of 10% and a decline of our RX business of around 33%, even though the RX bonus came into effect on the 15th of December 2020, we all remember that we didn't see the full effects of the RX bonus band until later in 2021. So again, the RX bonus band is the driver behind the drop of our RX decline of around 33%. Looking at our international segments International, is comprised of Italy, France, Belgium and the Netherlands, continue to grow at a rapid pace of 31% and also here let's keep in mind that this comes on top of a 71% growth in Q1 last year. So, quarterly sales of our international segments are now around €70 million. Looking at some of our KPIs, I already mentioned, the active customer base went up compared to a year ago by 1.5 million. So, there's, of course, purely organic growth 1.5 million or 22%. I think I already referred to the highlight of the first quarter. It was a record, an all-time high customer satisfaction level with an NPS of 73. We all understand the most important driver behind the NPS, are the customer delivery times that meet or exceed our customers' expectations. This was certainly the case in the first quarter and as I already mentioned, the pharmacy and the distribution facility is now really working smoothly here in [inaudible]. A high IPS or a high NPS, of course translates right into our P&L. Happy customers are returning customers, resulting in a more efficient use of our company and marketing resources. Looking at our average basket value, the average basket value dropped from around €63½ a year ago to around €57. The main driver, not the only driver, but the main driver behind the reduction of our AOV was the decline of our RX business and the RX basket is significantly higher than an average non-RX basket, beyond the [inaudible] in most, not in all, but in most of our other markets. We also saw a little bit of a decline of our non-RX baskets that points to a little bit of a softening of customer demand and probably some limitations of discretionary spending that is available to some of our customers.

Web traffic, the green line shows the consolidated web traffic, all the visits to Shop Apotheke's website in Germany and all of the other markets, you see here with the green line on the right hand side, throughout Q1, it was between seven and 8 million visitors or visits. That is a notable increase compared to even Q4 last year, which was already a strong quarter in terms of our web traffic, when you look at this year over year growth, in comparison to the exact same week a year ago, here indicated with the blue bars, you saw that throughout Q1, our growth, year over year growth was at or above 30%. According to Similar Web, in March, Shop Apotheke's website in Germany was the most frequently visited e-pharmacy website. That is probably not a surprise. We have mentioned this before, but more important, when you look at all the health care related websites in Germany, Shop Apotheke was the third most frequently visited health care related website in all of Germany. Well, and with this, [inaudible] let's have a closer look at the numbers.

Speaker: Yes [inaudible] thank you very much and good morning to everybody. Before I start about the site just to avoid any confusion, the highlights you mentioned, RX stabilized for 10 million per month – but I think the audience have a sense of any misunderstanding. Okay. Yes, this slide, yes, we did it. We had an internal plan to try to exceed more than 6 million orders for the first time in the past quarter and we achieved a 6.155, so, around the 6.2 million orders in the past quarter. If you look at this slide, then you see that in 2019, we were the first time that you 3 million orders per quarter in 2020, 4 million. Last year it was around the 5 million orders and then this quarter, we crossed the 6 million custom orders for the first time and you mentioned already [inaudible] that we achieved a lot of new customers in total, 0.4 million in quarter one alone, but still, and that's something that we're very happy with, more than 80% of all the orders as you'll see here came from returning customers. Next slide, please [inaudible] thank you and then once financials [inaudible] with 6 million orders, on this slide the customary P&L financials on one page, from sales up to and including the EBITDA, the sales [inaudible] 5 million and adjusted EBITDA margin, plus and minus 1.4. If I start with top line sales, they increased by 21 million to 305, which was a 7.3% increase, but also compared to quarter four, we increased by 5.8% and that absorbs the impact. For example, this February has fewer days than an average month, because profit margin and SMD. In a minute, I will show you in variety, the year over year change, but now already on a high level, on the total company perspective; the gross profit margin was 26.6 in the first quarter. There was an improvement of one full percentage point compared to the same quarter last year and it was an improvement of two percentage points compared to the most recent past quarter, Quarter four 2021. SMD as a percentage of sales was 25%. There's not a significant increase compared to last year. Please remember that last year was the full lockdown quarter and also included significantly more, RX sales that we had this year. If you look at it compared to past quarter we actually improved slightly, so, stabilized, improved slightly from 25.1% to 25% in the current quarter. Administrative expenses as a percentage of sales at 2.9% were stable year over a year and slightly improved compared to the past quarter and if you add up all the numbers I just quoted, then the adjusted EBITDA and absolute millions of euros was -4 million. That was 10 million over the last year and it was an increase, an improvement of 6 million compared to quarter four margin minus 1.4, as for the EBITDA, as a percentage of sales.

If you look at the adjustments, the adjusted EBITDA last year was 6 million and EBITDA was 3 million, so adjustments were 3 million. This year from -4 to -11 it’s 7 million and this is not an increase because we want to show a nice adjusted EBITDA number. No, we continue to be very conservative in the use of adjustments. The only reason for the increase, the 4 million increase is the IFRS accounting for business commendations of the 2021 business acquisitions. This is a non-cash item, just like every stock option is a cost that are also in if it's also non-cash and that's why we adjust for it on an underlying base in both years, around 3 million more than 90% of that only related to the employee stock option program. With this set of numbers in total, we are fully on track for our full year guidance. Because profit margin improved by 1% compared to last year is the second building block, you see that in total there was a lowering impact from the nest pricing of our assortment including the mix of our assortment, but this lowering impact of 1.1% was more than offset by specifically better sourcing conditions that you're seeing here, direct better sourcing conditions, more direct deliveries, and there was an important element in others where we see a continuation of our success with media info, the data and media and monetization, increasing not only in millions, but also as a percentage of sales. All in all, 26.6%, or one percentage point improvement. SND as a percentage of sales was 25%. Again, as I said, already, the number of last year, that was the full lockdown quarter in Germany, which is impacting the numbers. If we start with marketing this year, we decided to continue our momentum and we had successfully so with the numbers reported and we decided to use more marketing. There's more [inaudible] looking at the minus 2.4%. That is of course, the impact of having lost [inaudible] RX sales, but this is also, that’s number three, the total company perspective and international is growing even faster at 30%. Then that [inaudible] is growing and in the mix in total, you also see because of an increase of all the costs as a percentage of sales. If you take the [inaudible] here, explaining the rest, then there is an impact of the statement also just mentioned a lower average order value in [inaudible] less RX, but also some softness in customer spending in the majority of our countries, that's impacting shipping, packaging, payments, marketing, operational labor, as a percentage of sales. In shipping; there is also some inflation of energy costs that you see, you don't see, but we have been able to get also better contracts. So, in our case, there is an offset largely from inflationary energy prices in our last mile and overall better conditions in shipping. Labor as a percentage of sales, we had an increase of the minimum wage rates, [inaudible] September last year, and we are here comparing year over year to the past quarter. All in all, SMD as a percentage of sales 25%, the slight improvement versus the prior quarter and with that, we go to the next slide because what is this doing to our cash position. We started quarter one with 282 million of cash and cash equivalents, and ended the quarter at the 9 million, higher level of 291 million of cash and cash equivalents. Then there's the operating cash flow, investing cash flow and [inaudible] cash flow. Operating cash flow from [inaudible] plus or minus six, working capital, seasonality, but also underlying improvements in inventories and payables resulted in an increase of 30 million, the net of the two operating cash flow, the positive 24 million. Investments in quarter one amounted to 12 million, mainly in IT and the remainder was in our logistics facility here at [inaudible], but also the start in Milan, in Italy and the financing cash flows of 3 million also includes our lease payments, all in all, slight increase of our already reduced cash position in the quarter. Thank you [inaudible].

Moderator: Great, thank you [inaudible]. So, let's just briefly look at a couple of key strategic topics. Top of mind, of course, for all of us, is the progress of the TRX headspace in Germany, but see, before we go there, please let me take the opportunity to remind ourselves of the big opportunity that lies ahead of us. Of course, I'm referring to the introduction of e-prescription. You'll see this here on the lower right hand side, the total RX market in Germany amounts to around €50 billion. Right now, the online share, and I'm not just referring to Shop Apotheke, but to all our direct competitors, amounts to less than 1%, to be precise 0.7% of the 50 billion RX market is currently served by e-pharmacies. When you refer to independent market observers, everybody agrees even after the introduction of e-prescriptions, the vast majority of prescriptions will continue to be filled by local pharmacies, but everybody also seems to agree, we're going to see a multiple of the online share that we have today. Your product date as mentioned before is a good reference market because the market characteristics are not too different from Germany. At this point of time, the online share in Sweden stands at 11 to 12%. With the red dots on the chart, you also see the non-RX market in Germany, in the non-RX segment, the online share has exceeded 20%, but again, we don't want to imply that this is a good reference point for the RX segment; we're dealing with very different dynamics. So, getting back to the ERX test phase, over the last few weeks, we've all seen that the number of daily and weekly prescriptions e-prescriptions that have gone through this telematics infrastructure has steadily increased at this point of time, based on everything that we are seeing. We are assuming that the ERX test phase will be concluded sometime in the third quarter. Probably in July, we're going to reach the 30,000 e-prescription mark in terms of e-prescriptions having been dispensed by pharmacists. A few weeks later, these e-prescriptions will have been reimbursed by the health insurance again, that leads us to the conclusion that sometime in the third quarter, the ERX test phase will be concluded successfully. The next obvious question, of course is okay, once the test phase has been concluded, what is the rollout going to look like, and at this point of time, the best witness or the best source that we can point to is the German health minister, who over the last couple of weeks and as recently as yesterday mentioned that the ERX introduction is going to start, is going to commence right after the successful conclusion of the ERX pilot and yesterday he mentioned that the nationwide rollout of e-prescriptions is going to happen in 2022. As far as Shop Apotheke is concerned, we have been and we are ready; all of our systems and processes are working smoothly. We continue to stress test our systems and processes. We are very eager for e-prescription to start and we can't wait to receive a much higher number of electronic prescriptions after the conclusion of the ERX test phase. So, again, putting everything together, referring to the Health Minister, but also to everything that we are seeing as Shop Apotheke, we remain confident that e-prescriptions in Germany are going to start in earnest in 2022. An important step of course, along our strategic journey was the acquisition of a leading quick commerce player in the German pharmacy space. We concluded the deal in early April, both sides, we, but also the management team and the founder of [inaudible] we're really excited, we're really happy about the marriage of these two organizations. First A is now going to have the backing to realize their ambitions and we as Shop Apotheke, we have added another important component to make sure that our ambition will come through, that we'll be able to continue to address all of the current and future relevant use cases in the German e-pharmacy market. The acquisition of First A is, of course directly linked to our preparation for the introduction of e-prescriptions in Germany. First A will continue to operate separately and under their own brand, but in parallel of course we have already and will continue to identify opportunities where it makes sense to cooperate to make sure that one plus one equals three or more. And in April, we did not just conclude or close the deal with First A, but we also launched a brand new TV campaign in Germany with the aim to further increase the trust that our existing and future customers have in Shop Apotheke proposition. If you live in Germany, you've probably already seen the TV spot, if you haven't, or if you don't live in Germany, let's have a look. Well, I hope you liked the spot as much as we all do. Of course, they're probably not a surprise. Ideally, at least some of you are already using the Shop Apotheke app to place your next order with Shop Apotheke; by the way, it's time to order some sunscreen. [Inaudible] well, what about the outlook for the year?

Speaker: Yeah, thank you. Well, on one slide, in a world where clearly several ecommerce or in general digital companies have some challenges to continue to grow in a positive dynamic time and also facing the peaks of quarter one that last year, on top of that, and overall declining customer confidence, more insecurity in the world and in addition, inflation up to significant levels. I think that our Q1 results actually show according to me that we, as a leading e-pharmacy in Europe have been able to continue our growth, that we on all levels increased also versus the peaks we had in quarter one last year. We increased our active customer base in the quarter significantly to 0.4 and perhaps even more important is the fact that we record levels of customer satisfaction at a 73 across all our seven countries and also in Germany specifically. And with this set of results in our pockets of quarter one, we feel comfortable in reiterating our full year guidance for 2022 in all elements and that means that we expect a continuation of our many years consecutive track record of growing everything, but RX double digit, so that's in the range of 15 to 25% in our case. On our patients’ total, we cannot give guidance. It's too much depending on news that we will receive from the government, but on paper RX we were aiming for a stabilization of the paper RX volumes and we’ve achieved that fully. We have an stable volume in quarter one, the same level as we had in quarter three and quarter four 2021. [inaudible] for the sales the adjusted EBITDA margin in a range from minus to plus 1.5% and I would say, of course, the mid to long term guidance, as we explained in more detail, just the copper which has not been a full year results unchanged with an ambition of an adjusted EBITDA margin in excess of 8%. Our guidance reconfirmed with that we have more sufficient time for questions. So, operator, can we please move to the page with all the details here and may I remind those who want to ask a question, please mute your webcast when you're [inaudible]. So, operator, would you have the first question please?

Operator: Thank you. If you'd like to ask a question, please press star one on your telephone keypad. If you find that your question has already been answered you may remove yourself from the queue by pressing star two. Once again, please press star one to ask a question. This is the first question from C [inaudible] from HSBC.

C: Yes, thanks for taking my questions. Three, please and I would like to ask them one by one if possible. So, first on First A, so the guidance wasn't touched. I think the guidance was set when before First A was acquired; the asset is probably burning some cash. Maybe you can give us a couple of numbers on the assets, maybe the consolidation impact for 2022 or sort of any view on the impact for 2023, basically, how much you guys want to rent this up, when international expansion is likely next year, all those things that would help us model this a little bit better?

Moderator: Perfect. Yeah, indeed we get the guidance before the acquisition occurs for on-going business. So, it's not that suddenly we're going to deliver our non-RX sales growth just because of the acquisition, it is the guidance before and that's for both bottom and top line, but we don't give any specifics on the First A transaction. It is all levels, albeit, whether it is sales or adjusted EBITDA or EBITDA or cash. It is not relevant in 2021 from a total company perspective, and we report the two segments as international conduct and First A is despite of that. First A is not big enough at this moment to have a significant impact on total [inaudible] data. So, there's everything there. Then you were asking something about the future, international expansion, 2023, yeah, it depends on how big the use case is, how fast ERX is going, but it's absolutely our idea where we now focus with First A on Germany as we announced already, actually for the reason that we expect ERX to happen very soon, but very quickly after that we [inaudible] very well that First A is a very good addition to our propositions in the other countries where we are actors. In modelling at the moment yeah, we don't give any guidance there at the moment. We have, of course, our several scenarios for the coming years, but it will all depend on how big this opportunity and the relevance for those specific customers is. I don't know if you have anything to add on the output?

Speaker: No, I think you've covered it all.

C: Okay. Perfect. That's helpful. Then second question on ERX, you chose not to disclose the number of scripts that you processed this quarter? I think that was deliberate, I would assume, why is that the case? I hope it's not because the percentage of scripts processed was lower than at your main competitor. I would assume.

Moderator: I can quickly answer that, Chris. The reason why we disclosed it in the past, I think we did it twice was simply to indicate that all of our systems and processes are working. We are continuing to receive e-prescriptions through the [inaudible] ERX test phase. It's not a significant number, but we're also not out promoting anything. So, I know there is a tendency to take the number of e-scripts that we have received and to divide this by the total number of e-scripts to draw some conclusions in terms of market share. The sample base is simply too small and again, we are not out talking actively about e-prescriptions, but what I can tell you is today, the number of e-prescriptions that we have received is significantly higher than what we reported the last time, but we want to leave it at, again, it's not relevant. If the key is that our systems and processes are working smoothly, we are ready and we are eager for the test phase to be concluded and to get started.

C: Okay, that's clear. And the last question on to the current quarter, April's over, first week of May almost as well. Is there any sort of comment, color you can give on the current quarter please?

Moderator: I think the past many years Shop Apotheke has actually proven that mostly, there is happening dynamics of a full year in a quarter already. So it's too volatile for us and it's also, not how we look at our company that we can discuss quarterly guidance. So, I refer to our full year guidance and overall we see the continuation. That's the only thing I can say with all the color we gave already in quarter one. We see some impact on the lower average baskets, which is not likely probably related to some customer confidence a decline this year across the markets, that we see all kinds of dynamics continuing to the same extent as the positive ones also the same extent as we saw in quarter one. I think that that's what we want to see on quarter two. So, it's is in line with our full year guidance.

C: Got it. Thank you.

Operator: As a reminder to ask a question, please press star one. We now take the next question from A and team from Jefferies.

A: Yeah, hi, good morning, gentlemen. Good start to the year and some weak [inaudible] upcoming, three questions from my side I would also like to take them one by one. First, a high level question on your average market value and I assume we all understand the negative correlation between high RX AOV and lower gross margin, but first, could you give us an indication on the current paper RX AOV and how stable this has been over the last quarters?

Moderator: Yeah, Alex so we have seen a really a marginal decline of the paper, of the average paper RX basket, nothing of any significance, but again, we are not using the paper RX basket to project the future ERX basket so it's too early for this but again, no drastic change in terms of the average paper RX basket value.

A: Because on a group level [inaudible] account for the shift in sales and expect 4% Less RX in Q1, the average implied OTC and AOV excluding the VAT is actually increasing, so I was just wondering what was the driver behind that as the gross margin of international was actually slightly declined? So, can you confirm that the OTC basket is actually slightly increasing or it is not the case?

Moderator: We will go in also a little deeper than we normally do. In most of our countries, we select [inaudible] and in majority of our countries, we saw in Q1 that the average basket was lower than it was in Q1 last year, not in all of our countries. So, as I just said, that could be an indication that in discretionary spend, there is some slowdown for our customers. In fact, that also relates to our success of acquiring a lot of new customers and we have a lot of ways how we can always impact, that's one of the fun things we do in our business that we try to, of course, it's helping a lot to increase the average basket by getting good customer baskets, but just to be sure that I understand what you are saying, let's say for my sake and I will say in prior quarters we said that was only because of RX, in this case, we say it's NRH and non-RX. I know we also have positive exceptions for certain countries, but that's why I just said, it's [inaudible] in this call, is that what you were looking for Alex?

A: Yeah, I think we can take this offline. Maybe my second question is more a suggestion as I would like to see a pure German reporting in the future right, to calculate the future customer conversion from the existing OTC customer base to ERX in the future. I think we are now at some point where this is definitely very good for analysts to have a better visibility for the future to make some very good estimates going forward and my last question would be on your marketing spending. You commented on a very difficult market in Germany, could you provide a ball-park figure for Q1 and break it out of the SGNA?

Moderator: Your first remark on reporting Germany separately, that's not possible. We see our business on a data and international level and our requirements and that's why we report the external segments the way how we see our business. On the marketing spending, can you be a little bit more specific what your question is exactly?

A: Could you break it out of the SGNA, what you roughly spend on marketing for Q1?

Moderator: Now we had SMB and roughly, 1/3 of SMB is our internal pharmacy and fulfilment activities. Roughly, 1/3 is our last mile and roughly, 1/3 is our marketing that has always been the case. That's also no3 the case, but if you compare it to last year, you see that our marketing as a percentage of sales increased compared to quarter one last year. So, it is somewhat higher than the 1/3, which is normal yes.

A: Okay, thank you.

Moderator: And please, it's very important, if you look at those numbers, that there is actually, that mathematically quite some mix there which is just the result of success, and the success is that we're growing very fast in the international and those numbers are because of lower scales, slightly higher than they are in the dust region and impact in the total [inaudible] company, yeah, also for marketing purposes. Okay, I think he was already – operator do we have another question?

Operator: There's no further questions at this time, but again, ladies and gentleman to ask a question, please press star one. We'll take the next question from Michael [inaudible] from Warburg research.

M: Yes, hi and good morning. I have a follow up question on marketing spending. You have this TV campaign that you have shown us in Germany, can you give us an indication if the main cost for this TV campaign has already been booked in Q1 or is it rather a continuous booking of the cost? So, can we expect the marketing costs to come down somewhat going forward? Thanks.

Moderator: Nothing on the campaign with books in quarter one because we started the campaign in April and April is quarter two, so that's definitely in the upcoming quarters. Michael?

M: Yeah. Okay. Thank you. Maybe the cost of the production phase might be higher than first when you actually show it on TV, but okay you made it quite clear.

Moderator: I understand your question, but that is insignificant from the total level of our costs. Yeah.

M: Okay, thanks.

Operator: Again, ladies and gentlemen, as a final reminder to ask a question, please press star one. We now have a follow up question from C [inaudible] from HSBC, please go ahead.

C: Yes, I figure if nobody asks once I'll come back with another one. Maybe you could give us an update on Italy. That'd be interesting to see if you saw any sort of positive impact in the first quarter.

Moderator: Well, again, we are not disclosing the country specific numbers, but we are very happy with the development of our business in Italy. We are on track to open our second distribution hub beyond the one of course that we are in right now here in [inaudible] in Milan in the third quarter. Again, we're on track with this and we have very high expectations, looking further into the future for Italy. It's a very promising market and we're very excited about the opportunity that it presents for Shop Apotheke.

C: Understood thank you.

Moderator: Growth in Italy is of course one of the key drivers behind the significant growth of our international segments that's probably not a surprise to you.

C: Got it. Thanks.

Operator: We will now take the next question from [inaudible] from JMS. Please go ahead.

Speaker: Yes, good morning gentlemen. I'm from Zurich. Just one question regarding the costs in general; I acknowledge the excellent gross profit margin that you provided. Now, if I look at the rest of the P&L, like selling distribution costs in percent of sales, which was up significantly, can you please explain again how much of this is like related to the mix effect, how much of that is related to cost increases, which couldn't have been passed over, but which you will be able to pass over? And if you look at it, like from a normalized basis or an underlying basis, how this compares to your [inaudible] that you have going forward? Will this come down again or do you expect this to be a kind of new flight level at this point in time like the 25% of sales? Thank you.

Moderator: Thank you, yes, there is from our success, and also countries outside of Germany, and there is [inaudible] moment of total company level having a big impact and also, if you look at the total—

Speaker: Sorry to interrupt, but it's in both segments. So, if I look at international going from 28 to 31, on the toxic [inaudible] from 19 to 23. So, there was a mix effect, of course, but also for the for the individual segments, both were up actually.

Moderator: Yeah, actually I was just going to address that. So, there is this mix impact on the total numbers, but also in the segments. If you look at the segments, it is mainly the impact of the lower efforts basket that you see here, the impact, and the remainder, because the biggest variants that you were seeing there, and that's both the case in that and ultimately in international and a total company level, that's our choice, because that's marketing as a percentage of sales and we feel at this moment, best for our value creation, to spend the amount of money that we did in quarter one. So, that's not yet happened to us or its inflation or there is a cost increase. Now compared to last year, this was according to us the best in order to fortify our market leading positions that we have. That's the main reason why you're seeing an increase of course as a percentage of sales. And also, we mentioned that the comparison to Q1 Last year we got on quarter that automatically gives us the opportunity to reduce our marketing spending so luckily, we're not in a lockdown any longer and that is also a driver of course. Yeah, absolutely, and the only thing, I don't want to suggest what this seems to be suggesting, but I still make the remark. If you go to ESX, so before the distortion of all kinds of trends there was always a seasonal pattern that you see that will show up or take a quarter one, was the most promotional, most marketing driven quarter of the year. That suggesting that I'm saying that the other quarter was really better in a cost perspective than quarter one. That's on an underlying basis that is true, but I'm not going to make the statement because we only have full year guidance and we want to act upon the moment that we want to act in designing upon more or less marketing, and what's the best way how to have our proposition exactly at the moment. So, I'm not going to make the statement, but just in general, note that there's an underlined seasonality, where I just said, there's a lot of focus on January and February normally in our business.

Speaker: May I have a follow up question on this one; that explains a lot. If we go back into 2018, 17, 19, so before the COVID distortions, so to speak, there, we were talking about selling and distribution cost of like 20, 17.5%, 18.5%%. Now, at that point in time, your growth was around 20 to 30%, the organic growth rate. Now, at the moment you're talking about 25%, the organic growth rate was clearly lower, but that's also distorted by COVID. Of course, so let's don't focus on this quarter, but going forward, as you say it's a business decision, how much you want to grow and how much marketing dollars they want to spend on this. Do you expect that the marketing efficiency going forward is going to be much lower because of other players trying to grab the market shares now when it comes to [inaudible] and if yes, what is your estimate that the market efficiency has decreased now? How much percentage points more do you have to spend to achieve the 20% growth rates that we are talking about?

Moderator: Yeah so, we don't see that. Coincidental, we don't see that. I think there are two things important when you compare it to a couple of years ago, I think those moments, our international share was less than 10%. So, there's a big increase of our success in our other countries and there's a big impact of the fact that in those times our RX was around 25% of sales, and it's now less than 10% of sales. Our RX basket placed a very loyal customer in a very high basket and all our numbers in 2021 and also in Q1 2022 are significantly impacted by the lower share of RX and that's the apple and orange if you compare it to a couple of years ago so, one of the reasons why we have so much looking forward to the RX.

Speaker: Thank you very clear. Thanks a lot.

Moderator: All the best. Yeah, thank you. Thank you for your questions.

Operator: No, to say there are no further questions, so I want to hand the call back over to Mr. [inaudible] for any closing remarks.

Moderator: Okay. So, first of all thank you for your time, for your interest in Shop Apotheke and going back [inaudible] to what you emphasized in a very turbulent environment, I think we delivered a solid first quarter that's fully in line with our full year guidance. As a result of this, we have reiterated our guidance for the full year. We are very excited about the important step that we have taken our strategic journey with the acquisition offer. I'm sure you're going to hear more about this in the future and at least I think our next call is in early August. We're confident that they will certainly have more news about the rollout, the implementation of e-prescriptions. In Germany, I think we all have to be a little bit more patient. Most of you know that is an important [inaudible] shareholder meeting this coming Monday. Let's see whether and what we're going to hear just after this meeting. So, with this again, thank you for your time, enjoy the rest of the day and we'll be in touch. Thank you.

Operator: Thank you. That would conclude today's call, thank you for your participation ladies and gentlemen, you may now disconnect.