

Redcare Pharmacy NV
Q4 and FY 2023 Earnings Release
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Transcript

Speakers:

Olaf Heinrich

Jasper Eenhorst

Operator

Ladies and gentlemen, welcome to the Full Year 2023 Earnings Release of Redcare Pharmacy, Analyst and Investor Conference. I'm Vicky, the Chorus Call operator. I would like to remind you that all participants will be in listen only mode, and the conference is being recorded.

The presentation will be followed by a Q&A session. You can register for questions at any time by pressing star and one on your telephone. For operator assistance, please press star and zero. The conference must not be recorded for publication or broadcast. At this time, it's my pleasure to hand over to Olaf Heinrich, CEO. Please go ahead, sir.

Olaf Heinrich

Thank you very much, and also a very warm welcome from my side. We are happy to have you today with us and to present the 2023 Redcare numbers. 2023 has been a great year for Redcare. Let's have a quick look into the agenda.

First of all, we would like to look into some highlights of 2023, then looking into the business performance of 2023, and afterwards, strategic update and outlook 2024, and then financial outlook and guidance of 2024. Can you please go to the next slide?

So I think we need to start with the guidance. You know it has already been a revised guidance, and we fully achieved the guidance across all elements, with record sales and major margin improvements. So we're really happy about that.

We also surpassed the 10 million active customers. This doesn't come by surprise, because we already saw it throughout the entire year. But nevertheless, I think it was worth mentioning it. More than 10 million active customers. And to me, it's really a result of putting the customer first always and having a great product available, including our marketplace and NOW! offering.

We also successfully launched the new corporate brand. And the vision of this was to reflect a more holistic view on healthcare and also a more international view. At the same time, we also relaunched the shop in Germany, Austria, France and Switzerland, and we even changed the main name in France and Switzerland. And I don't know if you remember, already in 2022, we did the same thing in Italy. So as a result of that, our brand now looks much broader and more consistent. Next page, please.

Sustainable development is an integral part of the Redcare strategy, and it's reflected in our organisational structure, and even more important, our processes. We have identified 12 topics as being relevant for us to track. One of them is

circular packaging. And we are happy to report that our share of recycled packaging now has reached 93%.

As a result of all of our efforts, we have been upgraded by two ESG rating agencies. We received an AAA rating from MSCI in mid of last year. And beginning of this year, from Sustainalytics, we became upgraded from medium risk to low risk, putting us in the upper quartile of all companies being covered.

We also entered into the strategic partnership with Galenica. And this is really bringing together the best of both worlds, on the one hand, the specialty Rx knowhow of Galenica and MediService, and on the other hand, the online expertise of Redcare.

And then, of course, e-Rx. Also already 2023 has been a great year for e-Rx. We saw the introduction of the mandatory e-script beginning of 2024. But already in Q3 and Q4 of last year, we saw a ramp-up of number of e-scripts being issued. And in December, we reached a milestone when gematik announced that they will release specifications for an eGK NFC product which allows fully digital access for our customers to online pharmacy. Can you please go to the next slide?

Let's look into the business performance of 2023. Again, let's start with the guidance. We fully met the guidance. We had great sales, organic and non-organic. Total sales were up 49% on a full year basis and 62% in Q4. And even if we take MediService out, it means we had a 24% growth on a full year basis and 23% in Q4. Non-Rx even a little bit more successful, showing 23% in Q4 and 25% on a full year basis. But at the same time, Jasper, we also had a great, great record EBITDA.

Jasper Eenhorst

Yes.

Olaf Heinrich

Yes. So it's not only about the sales. It's also about the EBITDA. We are really proud to report a 3.0 EBITDA ratio for the full year, and showing even 3.1% in Q4. And that is 3.7 percentage points better than previous year. And I think Jasper will later talk a little bit about that. And those achievements really are based on an improvement across all components of the P&L, and all four quarters of 2023 had a positive contribution.

Full year free cash flow was positive, €8 million, and we ended up on a solid cash balance, around €200 million, by the end of last year. Next slide, please.

If we look more in detail into the sales, we can see that it happened across all of our reporting segments. So if we look

into the DACH region, we see a 54.6% increase. But even if you take MediService out, you can see, on the non-Rx, a 23% growth. And the non-Rx number on international is even higher, with almost 31% in growth. Combined, on the non-Rx, it's clearly above 20%. It's a great success for 2023. Next slide, please.

And this is also reflected in the number of active customers. As mentioned earlier, we've surpassed the 10 million now, ending up on 10.8 million by the end of last year. And as you can see, we added, quarter after quarter, more active customers to it.

And at the same time, we were able to keep the NPS above 70, which we are very proud of, because it shows we clearly are in command of all of our processes and are able to deliver that high net promoter score even if the volume goes up. Additionally, we also saw a slight increase in our average shopping basket value. Next slide, please.

And the sales of course also, and the number of customers, is reflected in the number of orders, more than 29 million orders in 2023. And on average, 85% of those orders were repeat orders, which shows clearly how healthy the customer file is. And I think it also shows that the new customers we acquired in previous years, they have converted really into existing customers, showing that the business model works. And that's pretty much from my side, and I would like to hand it over to Jasper.

Jasper Eenhorst

Thanks a lot, Olaf, and I'm happy to do so. So all those orders and customers, to what numbers did this lead? Well, here, it's on one page. First, to start with the sales line. So the sales in quarter four really increased from €328 million last year to €531 million sales this quarter four, and which was an increase of 62.1%. And on the full year basis, we expanded our sales from €1.2 billion to €1.8 billion, an increase of 49.4%.

And actually, this also allows me to also actually thank all the colleagues who have been able to achieve those great results. And that's both if you look at the 62% from those that work on making the sales, like marketing or category management, but also all the people that work in quality control, last-mile operations, in finance, paying the importers, enabling the company to really grow by 62%.

If you look at the full year number of 49%, actually, a little bit less than half of that came from the inclusion of our strategic partnership with MediService. And it's also great to work together with the people of Galenica and the people of MediService in Zuchwil, as Olaf mentioned already, also an

achievement we were very proud of last year.

So with this €1.8 billion of sales, let's immediately go to the adjusted EBITDA margin line, because actually, the lines in between are impacted by mix impact of the inclusion of MediService. And the gross margin is lower, but that's fully offset by the lower, better S&D as a percentage of sales, and on the adjusted EBITDA, there's virtually no impact of the inclusion of MediService.

So the line, adjusted EBITDA. Last year, in quarter four, it was a slightly positive 0.3%, this year, the 3.1% that Olaf mentioned already, so an increase of 2.8 percentage points. And on the full year last year, the fully loaded adjusted EBITDA was at minus 0.7%, and we increased it to three percentage points, with the already mentioned positive adjusted EBITDA across each of the four quarters of the past year, an increase of 3.7 percentage points.

And later, on the next slides, I will shed a little bit of light. But I can already reconfirm the conclusion that you stated in the highlights that it is coming from a lot of elements across our P&L. The sales increase, together with the margin expansion, leads to the line adjusted EBITDA in euros. So for the full year last year, it was a minus €8 million, and this year, we achieved a positive €53 million. That's an increase of €61 million of adjusted EBITDA year over year.

And for reference on this slide, also the fully loaded straightforward P&L EBITDA. And that one even increased by €70 million. And the difference is explained by the significant reduction of adjustments. And already making a forward-looking statement, it's likely that our adjustments this year will be again lower than last year, because some of the adjustments related to past acquisitions have faded out. So all in all, sales growth in euros, better margin, leading to significantly more adjusted EBITDA.

If we then go into the segments. So on the left side, we see a 3.7% increase for the total group. It's very important from our perspective to emphasise that this was actually driven by all countries and driven by two reporting segments. So in DACH, also last year, we were positive 1.9%. But this year, we expanded to above 5% positive adjusted EBITDA while growing very fast. And the international segment had a similar improvement of almost four points, from minus 10% to minus 6%.

Then the bridges explaining why we increased our adjusted EBITDA margin by close to four percentage points. First, you see the 27.5% that's going to 24.5%, including everything, including MediService. But what is relevant is if

we take the apple-and-apple comparison, then we see that in the comparable base, in the three building blocks, we increased in total by 0.6%.

And block number two and number three basically show we are in control. There is no big mix impact. There are no other relevant items, and it's illustrating the core of our improvement, and that is an increase of the margin we achieve on the products that we are selling. And there are many reasons for that when we make improvements, whether it is sourcing, whether it's assortment optimisation and so on. So the total gross profit margin improved fundamentally with 0.6%.

And then the next one. Thank you. So the selling and distribution even improved by three percentage points. And here, if I immediately go to the bridge, which is also made on a comparable base, then actually I would like to start with the blocks two, three and four that you're seeing there.

Because shipping and packaging, so last mile and packaging, and operational labour, despite the inflationary environment we are all in, we were actually able to improve those costs as a percentage of sales. And that's clearly reflective of skill, of efficiency, and also with a little bit of help from an increased average basket, which is important for our business model.

If we go to the first block, marketing as a percentage of sales benefited from the strength of our builds that we are having. It's not harming our growth, as you will see in the numbers that we published already, and adding this all up, just leading to a 3% increase of our selling and distribution as a percentage of sales.

And on the next slide, what this means for our cash. We were very happy with the free cash flow of a positive €8 million, and we started the year with €180 million. And for clarity's sake, I always repeat, this, what we are showing here is the cash balances and what we call the short-term financial assets there, when we have some cash and we put it on fixed deposit to earn some interest income. So those two together were €180 million, and we ended the year slightly above €200 million.

From left to right. So we start with the operating result, close to the EBITDA of some €50 million. We had €48 million of operating income cash. Then the positive impact from working capital movements. Investments of around €50 million. And then the financing. Actually, some finance and lease expenses were more than offset by a €29 million capital raise, leading to an end balance above €200 million.

And I think this is for now the last financial slide, so back to you, Olaf. Yes. Thank you very much.

Olaf Heinrich

Yes. Thank you very much, yes. Okay, strategy update. So I think, in a nutshell, it's pretty easy. We would like to strengthen our European online pharmacy leadership in 2024. How do we want to do it?

First of all, also important to say we want to continue to grow our strong core business. This is the OTC, the BPC and own brand business. We want to do this across all countries, because we still have a huge market ahead of us in all of those countries.

At the same time, we want to continue our success on the platform business, the platform business for marketplace and NOW! And you know we successfully introduced this in Germany and in Austria, and we would like to continue in those two countries but also to roll it out on an international level.

At the same time, we would like to realise the strategic rationale of our Swiss partnership. You know in 2023, we had a very smooth transition into the new set-up. And now, it's really about unlocking it. And here, we can bring to the table our online pharmacy expertise, especially when it comes down to growth and customer centricity. And on the other hand, we want to use the access to Swiss product, which we then can sell in our webstores and shops.

At the same time, you saw earlier the 29 million orders we processed last years, so we have to maximise also our capacity and distribution at the same time. So we will work in Italy and also in Sevenum on our capacity.

In Italy, we will simply add more warehouse space, but not really increasing the degree of automation, so more of the same, whereas in Sevenum, for the first time, we will install AI-based robots in our picking area, so 24 robots. And the overall idea is to, of course, increase the outcome per hour and to decrease the cost per order. And at the same time, we want to become the leading online player in the German e-Rx market. Can we please go to the next slide?

Let's talk a little bit about e-Rx. This slide you're familiar with. We presented this already in Q3 of last year. And the story is also pretty easy. The e-script finally has arrived in Germany. More than 70% of the national health insurance scripts in Germany are e-scripts at this point in time, and more than 75% of all doctors are issuing e-scripts.

So it's a great success, and the introduction of the mandatory e-scripts, beginning of January of this year, and

we have by far exceeded what most of the experts and also analysts have expected. Nevertheless, it looks great, and I think the e-script will continue to be a success in Germany.

If we can now please go to the next slide. You are also familiar with this slide, at least to some extent, because we also presented it in Q3. We want to show how we are positioned as an online pharmacy to participate in that market.

And the good news is, already today, we have two ways which our customers can use to redeem e-scripts. First of all, the gematik app, and then secondly, it's the paper print-out. The gematik app, as you know, as a customer, you need the eGK card, so that's the German healthcare card, plus the pin. And on the paper print systems, you need a paper print-out from the doctor, which is a very low barrier. And our customers are currently using both ways.

And you know there is the eGK plug-in solution, which does not work for online pharmacies, because you physically have to present your card in the brick-and-mortar pharmacy. And therefore, we are really happy that gematik announced in December, as I mentioned earlier, to launch the eHealth-CardLink product.

And with this product, we have a level playing field with brick-and-mortar pharmacies. So that means customers can decide to use their eGK card without a pin either in a brick-and-mortar pharmacy or they can use that to do business with online pharmacies.

If we look into the status on the eHealth-CardLink, I think that is pretty easy to explain. gematik decided that this becomes a product of gematik, and because of that, they have initiated a standard process. And the standard process is releasing specs. They did this the first time in December. They also did a release of specs in January. And then they will eventually end up with final specs. They will release the final specs.

And then at the same time, we are building our product against those specs. We have started to do that already in 2023, and we are constantly adjusting our product base on new and updated releases of the specs. So that is actually the process.

And now, the tricky question or the open question is on timing. And here, we can say that we assume that in March, we will see the final release of the specs by gematik. But please keep in mind, the process is not in our hand, so we cannot guarantee this.

At the same time, on the product side, we feel pretty comfortable, because we have always aligned our product development to different spec releases. But also here, we need to see what the final specs are going to look like. So we might need to do some minor adjustments, or not. And once we have done it, we will then ask for approval from gematik. That's all we can say today on the process.

If we can go to the next slide, please, we can see, once we have achieved all of this, we will have a great product available, very easy to use. You can see, on the left-hand side, you can either use the QR code, what you can already do today, or you can use CardLink, meaning you can use your eGK card you have. You simply attach this card to the smartphone, then all of the e-Rx data will be retrieved from the gematik server.

And then you're in the regular process of ordering, like OTC, BPC or own product means you can select delivery options, payment options. And that's pretty much it. So it's a great product already today with the QR code, and then once we have the CardLink solution, an even greater product. That's it from my side, and I would like to hand now over to Jasper.

Jasper Eenhorst

Yes, I'll do so. Okay, and the next one. Yes. So two slides on the guidance for the current year, the current year 2024. So basically, the header is saying Continued very fast growth expected. It could also be put as very fast growth and solid and positive margins expected.

But taking in the helicopter view, actually, we are really happy and content, I hope we were able to get that message across with you, with the results that we achieved in 2023. And actually, we basically expect to continue doing so also in the current year.

Starting with bullet number one, we see strength, we see momentum, we see, from a helicopter view, from a total company perspective, no indications of a change. There's still a great opportunity in all of the seven countries. So we see strength across all our countries, and this is pricing our sales growth at a solid margin.

And as if that's not enough already, we have also then the e-Rx opportunity on top of that. And it's the first year of the full e-Rx implementation in our DACH segment, in Germany. And now, already more than 70% of all public scripts are digital at the moment, so it's the first full year that there is this pool available of electronic scripts. But I presume that you will understand that though we are very happy with the developments, everything is too dynamic to at this moment give precise guidance on e-Rx.

Nevertheless, if we go to the following slide, there are many things where we can give you guidance on. So our guidance is always for the full year, so for the full year 2024. We expect at this moment that we are able to increase our sales to a total sales of €2.3 billion to €2.5 billion, which is a growth of 30% to 40%.

One of the drivers of the growth is non-Rx continuing to grow by a midpoint of 20% and a range of 15% to 25%, with growth in both segments. MediService, first of all, there is the full year impact, 12 months this year, seven and a half months last year, because we included it as of mid-May. But we expect that the core business of MediService will grow by mid-single digits in the current year.

And our sales growth, to achieve at solidly positive margins, between 2% and 4%. That's the same range that we gave you last year also at the start of the year. It is including several scenarios also in relation to the e-Rx opportunity there is. But in all cases, we are at a positive margin, with our expectation at the moment 2% to 4%. And this also allows me to reiterate that we are confident with a mid- to longer-term guidance of an adjusted EBITDA of our business model in excess of 8%. So that's unchanged. That's what we can say for the year.

Olaf Heinrich

Yes.

Jasper Eenhorst

And I think, operator, if you could please open it up for questions, if any.

Operator

Thank you. We will now begin the Question-and-Answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. You will hear a tone to confirm that you have entered the queue. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use only handsets while asking a question. In the interests of time, please limit yourself to two questions. Anyone who has a question may press star and one at this time. First question from CJ, HSBC. Please go ahead.

CJ

Yes. Thanks for the opportunity to ask questions. First question. Last year, you gave a free cash flow guidance, not this time around. Is there a reason for that, or is there any colour you can give? It would already be helpful, for some of the important items like capex, if there was any colour you could give us on that.

And then second question on the EBITDA guidance. The range is, I think, quite wide. Just trying to understand your thinking here. What would have to happen for you to reach

the low end of that range or the high end? Just to get a better understanding on your thinking here. Thank you.

Olaf Heinrich

Yes, I think that I...

Jasper Eenhorst

Yes, you can take over.

Olaf Heinrich

Thanks, CJ, for your interest and also thanks for your questions. Yes, I think last year, we provided for the first time in the company history a guidance on cash, which was free cash flow, and we are happy that we delivered on that guidance. Each year, we look at what are the most important indicators, but also, where do we have a large degree of certainty that we are able actually to predict upon the guidance.

As to the capex, I can already tell you, nothing peculiar there. So assume a same level or perhaps a little bit of growth in line with the sales growth there. So nothing special on the capex in 2024. So that, together with our positive EBITDA guidance, should bring you already to the area where you want to be.

The reason for us to not give guidance this year is actually just to do with the fact that there is quite some dynamics ongoing, and potentially even more dynamics also particularly related to e-Rx and that, at that moment, the guidance which includes working capital, like we had last year, or total cash change, that it just can be at certain occasions, just because of timing, an unhealthy scenario, where you would have a fast increase, for example, suddenly in quarter four.

We work on a very solid balance sheet since 2021 already, so we are ready for everything, but it will be unhealthy if we at a certain moment say, in December, actually we can grow a lot, but okay, we also have this guidance on working capital, that is just...

So we want to have some flexibility there. It's not reflective of any other change that we expect compared to last year. It's just allowing us a bit more flexibility to the positive and to the negative of working capital. So that's the only reason. Rest assured, we are fully focused on cash in all our decisions.

EBITDA guidance, yes, I don't think it's a large range, 2% to 4%, but I hear what you're saying. I think it's reflective of the stage where we are as a company. In 2022, it was still at minus 0.7, and now we're saying that the low end is 2%. Also here, there can be certain scenarios where perhaps our additional business also from Rx is immediately contributing. Perhaps, a certain occasion, there's a certain

investment. But we say it's all included in the 2% to 4%. And the midpoint of that is actually a continuation of last year. So, yes, I think that that's it. Yes.

CJ Okay. Thank you a lot.

Olaf Heinrich Yes, welcome.

Operator The next question from JK, Deutsche Bank. Please go ahead.

JK Hi, Olaf. Hi, Jasper. Thanks for taking my questions. I also have two. I would also like to start with your margin guidance. What are your assumptions on incremental marketing spending for 2024? And then I was positively surprised by the sales outlook for your non-Rx business. What gives you confidence that you can achieve such growth, despite tough comps and an online penetration rate that is already quite high in Germany?

Jasper Eenhorst I don't know if you want to do some colour on the second one. I can also do that first question.

Olaf Heinrich Yes, you can. I'd be delighted, yes.

Jasper Eenhorst Yes. The marketing expectations from us, there are several scenarios possible. At the moment, the scenarios that we clearly mentioned are all included in this guidance. I think one of the strengths, of course, of former Shop Apotheke, still our brand in certain countries and currently Redcare, is actually our ability to have very good direct communications with marketing, also to our direct customers. And at the moment, there's an opportunity, like, for example, the Rx opportunity in Germany, that will not be all on top. It will also be in part, it will be a shift.

But within this margin range, there's a lot of flexibility. The numbers of sales have become larger for us, so the percentage is leading to more flexibility in absolute euros. So I think that certain scenarios that cross your mind, we feel at this moment comfortable that this is within this range. So there's nothing peculiar for you, I would advise, to take into account as to marketing.

Olaf Heinrich Do you then want to give it a try on the second one or...?

Jasper Eenhorst Yes.

Olaf Heinrich I can add to this then, yes?

Jasper Eenhorst Yes, okay. Yes, no worries. Thanks for the implicit compliment there, JK. Yes, indeed, yes, if you look at all our countries, we don't see any indication of a slowdown of the momentum we had quarter over quarter already for many

years. We have a customer data model that we use internally. We have indicators of customer loyalty related to conversion and to returning customers, etc. And based upon all the predictions that we're having, we feel comfortable about this, indeed, continuation of strong growth of our core business. Yes.

Olaf Heinrich Yes. Maybe just adding to that but I see it the same way. We have a great product out there. We have a great product out there, and the markets are still large. I mean huge. The online penetration, yes, it is increasing, but still, there is a lot of room for an online player. And I think we are best positioned to fill that space.

Jasper Eenhorst Yes. And we're working on the product each day. So, yes, that's right. Yes.

JK Great. Very helpful. And if I may, one follow-up question. If I consider the outlook for your sub-segments, your new sales guidance implies about 90% growth in your Rx business, excluding MediService. What are your assumptions here?

Olaf Heinrich That's for you.

Jasper Eenhorst Yes, indeed, I understand the mathematical exercise that you did, and it's also a correct exercise. But it's just that we give guidance on everything where we can give guidance on. And we are happy with the Rx developments, e-Rx developments, but we don't give guidance there. So mathematically, it's correct, what you are doing, but allow us the room to not comment on that. But I understand how you do the exercise. But there are, of course, several ways to roam to get to the €2.3 billion to €2.5 billion. If you take the midpoint everywhere, I understand what you calculated, yes, but...

JK Okay, great. Thank you.

Jasper Eenhorst Okay. Yes.

Operator The next question from PH, Apotheke Adhoc. Please go ahead.

PH Yes, good morning. I would like to ask three questions. The first one would be if you could disclose how many e-prescriptions you received during this first quarter of this year. The second one would be if the Rx bonus, which you reintroduced the last weeks, will be a part of the strategy in the future. And the third one is about the marketplace. Could you please disclose how many cities you have in Germany where you have this NOW! concept, and how many partners you have? Thank you.

Olaf Heinrich Jasper, do you want to start with the first question? It's just a disclosure question, so it's easy to answer.

Jasper Eenhorst Yes, it is. So thanks for your question, but indeed, yes, today we discuss 2023 and our guidance for 2024. And let's say, the question around how many e-scripts we did exactly we cannot answer, we don't want to answer at the moment.

Olaf Heinrich And maybe I can add to that also on the third question. It was the question on, if I understood it right, marketplace and NOW! partners. We also don't disclose any of those numbers. First of all, it's about 2023, and secondly, we don't do that on that level. And then the second question was on the bonus, if I got the question right. So you said we reintroduced the bonus. I don't see it that way. We still have the PKV bonus on our webpage. And you know the bonus is an ongoing story. And once we have updates on that one, you will see it on our webpage.

PH Thank you.

Operator The next question from SS, Kepler Cheuvreux. Please go ahead.

SS Hello, gentlemen. Thanks for taking my questions. The first one is, am I understanding this correct, that there is no change or not an impact from the MediService to the average basket size? Is that correct? And the second question would be if you could provide some colour on the international business and the product mix, what specifically led to the decline in the gross margin in the international business. Thanks.

Olaf Heinrich Do you want to do that?

Jasper Eenhorst Yes, indeed, if we would have disclosed the average basket, including MediService, it would have been a huge increase of the average basket. We have very high Rx baskets in our MediService business. And to have an apple and an apple, indeed the number that was also presented by Olaf of an increase, I think, of 1.9%...

Olaf Heinrich Yes.

Jasper Eenhorst The total average basket is an apple to apple to last year, and it's of everything, excluding MediService. Otherwise, indeed, it would have been significantly higher, that is correct, but would then be a number that wouldn't make a lot of sense in comparison to last year.

International, yes, sometimes we have a more aggressive promotion. Sometimes, we don't need them. So there's nothing worth mentioning, I would say, also in international. There's nothing like an ongoing trend or a different business

model than we have in the other countries.

Actually, in the end, the unit economics are very comparable to each other in certain countries. But in the end, there is a different lifecycle where we are in certain countries. And indeed, from quarter one last year to quarter four, we were able to accelerate our growth in international, and we ended it also with more than 30%.

And, okay, perhaps we'll get some more promotions to also stimulate the growth there in one of the international countries or in more than one of the countries, but nothing worth mentioning there. In the total, it's mathematically true that the gross margin was somewhat down, and we had a very strong performance of S&D, but this is really not something relevant.

SS Okay, that's great. Thanks. And just one quick follow-up. Just to take another question on the balance sheet, the non-controlling interest from the MediService joint venture, it changed as of nine months from €100 million to €25 million at the end of 2023. Is there a reason for that?

Jasper Eenhorst Yes, there is a technical accounting reason for that. And of course also, it was PPA, and so purchase price accounting. So in the end, we finalised it. That was temporary accounting until the year end. Let me get back to that, to you offline, though the exact details are in our annual report also.

But it's a bit technical, how much of the intangibles you activate and then have the local-foreign interest. But there are also some other ways how to account for it. But after discussions with two expert accountants, we now have finalised the accounting of MediService at year end. And there was on the balance sheet only a slight change compared to the first six months of the year.

SS Great. Thank you.

Jasper Eenhorst Yes, okay. Thanks for catching this.

Operator Ladies and gentlemen, that was the last question. Now I would like to turn the conference back over to Mr Heinrich for any closing remarks. Thank you.

Olaf Heinrich Well, yes, thank you very much for turning this back to me. It has been a great session. Thanks for all of your questions. 2023 has been a very successful year to Redcare Pharmacy, and 2024 is going also to be a decisive year, and we are ready for this. And see you next time in the quarterly earnings call. Thank you very much.