



SHOP APOTHEKE  
EUROPE

# SHOP APOTHEKE EUROPE N.V. ANNUAL GENERAL MEETING.

VENLO, 26 APRIL 2018



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# TODAY'S AGENDA

1. Opening
2. Annual Report for the financial year 2017 (discussion item)
3. Reservation and dividend policy (discussion item)
4. Adoption of the annual accounts for the financial year 2017 (voting item)
5. Proposal to allocate the results of the financial year 2017 (voting item)
6. Adoption and implementation of the remuneration policy and ESOP (voting item)
7. Discharge from liability of the members of the managing board (voting item)
8. Discharge from liability of the members of the supervisory board (voting item)
9. Re-appointment of BDO as external auditor for the financial year 2018 (voting item)
10. Revocation of the current designation of the managing board as the corporate body authorized to issue shares and/or grant rights to acquire shares, and to restrict or exclude pre-emptive rights upon the issue of such shares and/or the granting of rights to acquire such shares (voting item)
11. Designation of the managing board as the corporate body authorized to issue shares and/or grant rights to acquire shares, and to restrict or exclude pre-emptive rights upon the issue of such shares and/or the granting of rights to acquire such shares (voting item)
12. Prolongation of the authorization of the managing board to acquire shares in the Company's own share capital (voting item)
13. Questions and any other business
14. Closing

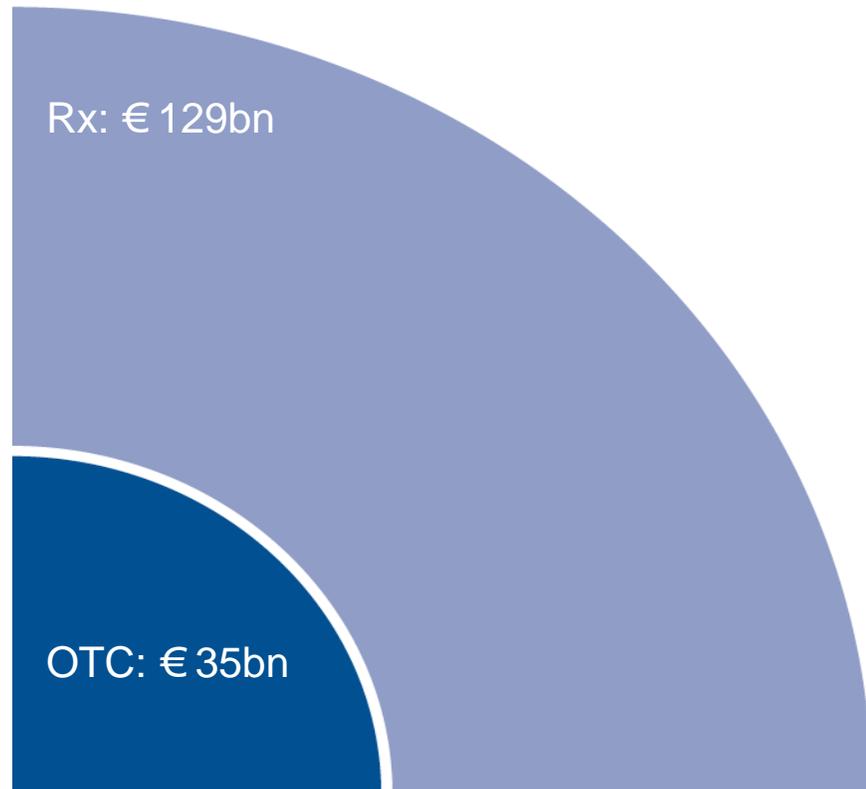
# 1. OPENING.

# COMPANY OVERVIEW.

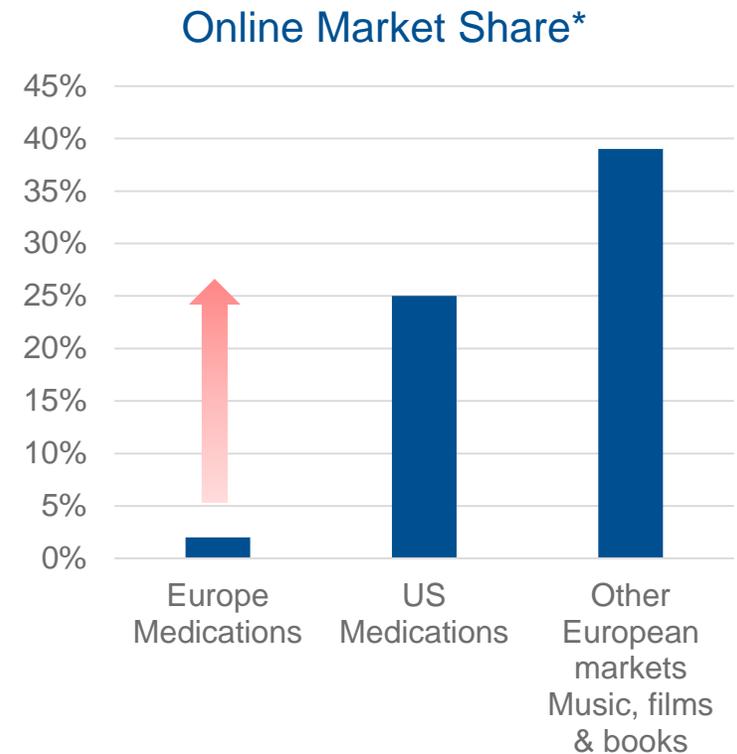
MICHAEL KÖHLER, CHIEF EXECUTIVE OFFICER

# THE SHIFT FROM OFFLINE TO ONLINE. CONTINUOUSLY BOOSTING OUR EUROPEAN GROWTH STORY.

Huge adressable medication market € 164bn ...  
focus on continental Europe



...with a current online penetration  
close to zero!

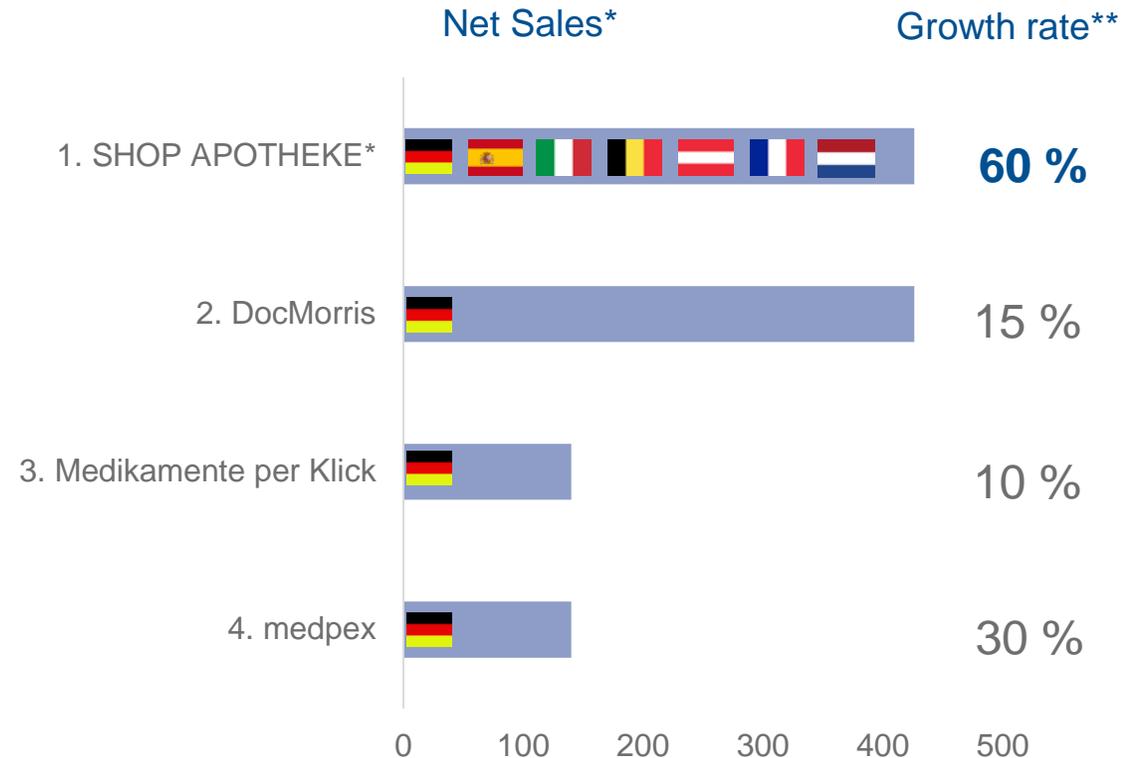
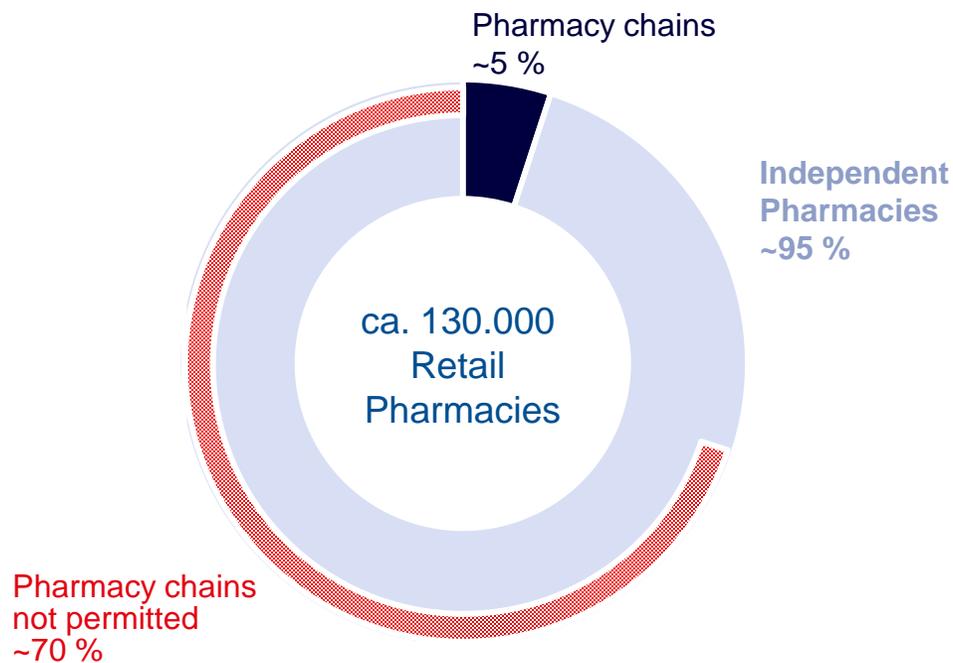


\* IMS PharmaScope, 2017, Sempora market study, 2017, Euromonitor (as of 03-Apr-2017), online penetration calculated by dividing the internet retailing market size across Europe by the total market size for each vertical, DE and US 2015, other European markets including France, Germany, Italy, Spain, United Kingdom, Switzerland, 2016

# PENETRATING A HIGHLY FRAGMENTED MARKET WITH NO OFFLINE BRANDS.

No significant offline player...

...and no online player with a multi country approach



\* SHOP APOTHEKE Including EHS full year 2017, DocMorris management estimates GER RX, OTC, eurapon and vitalsana. Others management estimates.

\*\* Public sources / management estimates

# FULLY ON TARGET: THE SEAMLESS INTEGRATION OF EUROPA APOTHEEK.

Combining the OTC and Rx offering



Serving the whole family



Creating leadership position in Europe



# “THE AQUISITION OF EUROPA APOTHEEK IS THE UNIQUE OPPORTUNITY TO CREATE EUROPE’S LARGEST ONLINE PHARMACY...”



Theresa Holler,  
COO and Chief Pharmacist  
SHOP APOTHEKE EUROPE



# “...WITH A COMPREHENSIVE OFFERING FOR THE WHOLE FAMILY.”



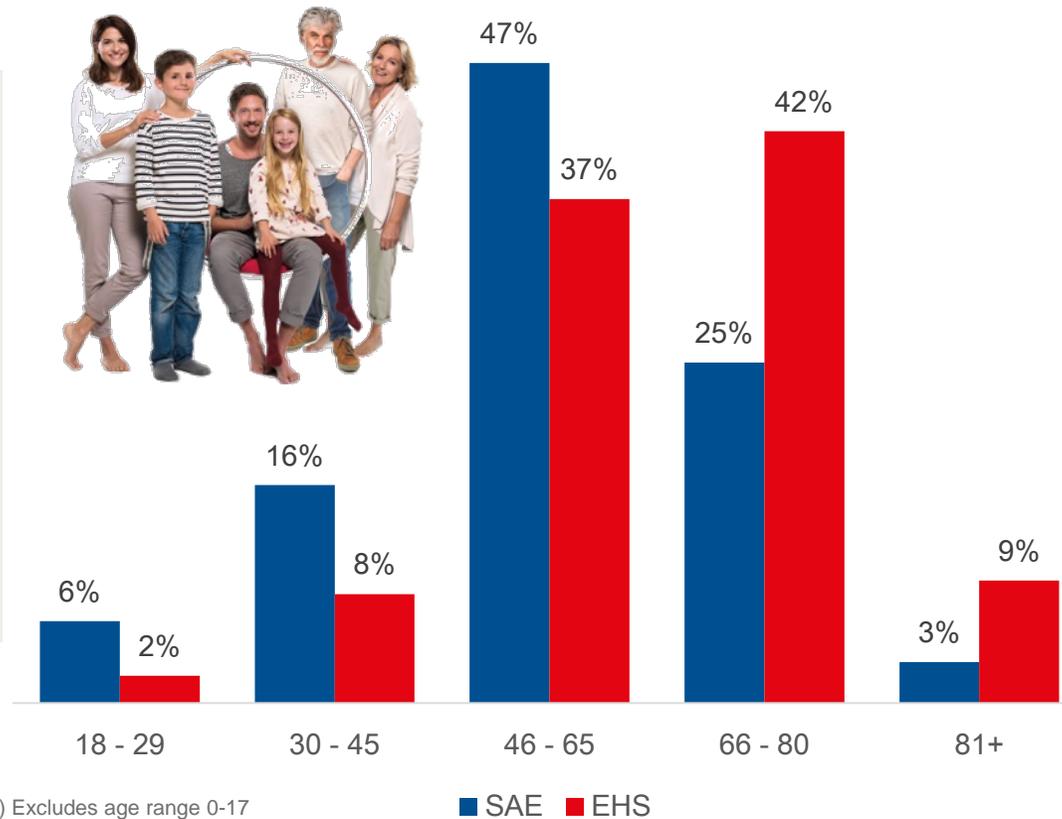
## SAE's Customer Age Profile



- Targets relatively younger population (OTC / BPC shoppers)
- <30% of active customers above 65 years old
- 63% of active customers between 30-65 years old

## Combined Entity's Customer Age Profile<sup>(1)</sup>

% of Total Active Customer



## EHS's Customer Age Profile



- Targets relatively older population (Rx consumers)
- 50%+ of active customers above 65 years old
- 45% of active customers between 30-65 years old

Source: SAE company information, EHS company information. (1) Excludes age range 0-17

# STRONG PUBLIC RESISTANCE AGAINST POTENTIAL RX BAN THAT WOULD CONFLICT WITH GERMAN AND EUROPEAN LAW.

## Selected press view on potential Rx ban

*"No fear of new laws" (1)*

Börsen-Zeitung, 13 March 2018

**Börsen-Zeitung**

*"Analysts and experts think a ban is unlikely" (2)*

Börse Online, 15 – 21 February 2018

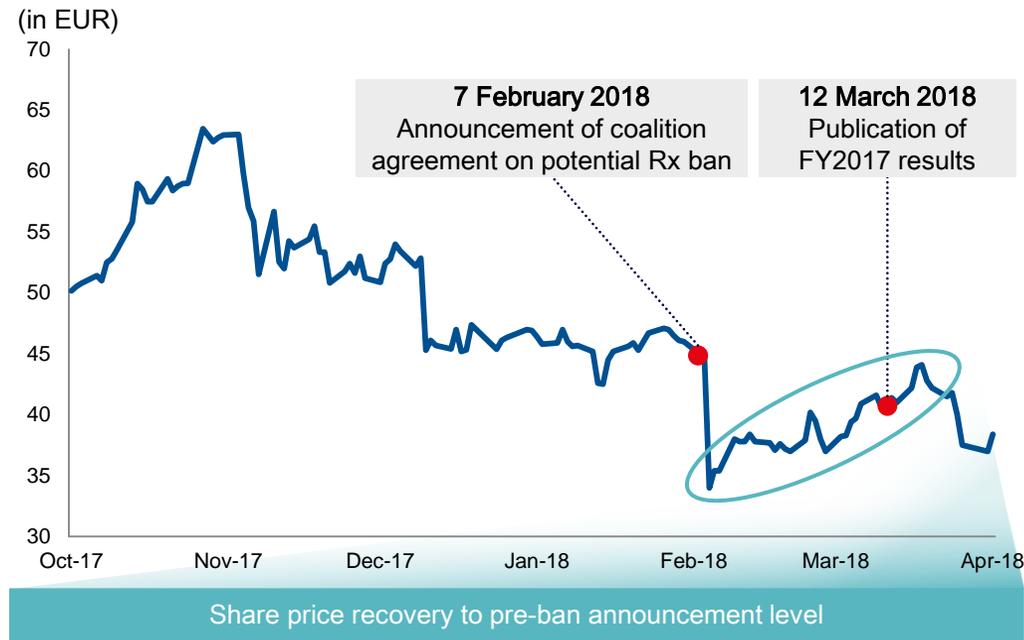
**BÖRSE  
ONLINE**

*"Chances are high that the government will get a bloody nose from courts after a ban" (3)*

Frankfurter Rundschau, 13 March 2018

**Frankfurter Rundschau**

## SHOP APOTHEKE share price development (4)



## SHOP APOTHEKE's revenue split (5)



Analyst forecast  
2018E: EUR 560m



Strategic M&A to  
further increase the  
share of OTC & BPC

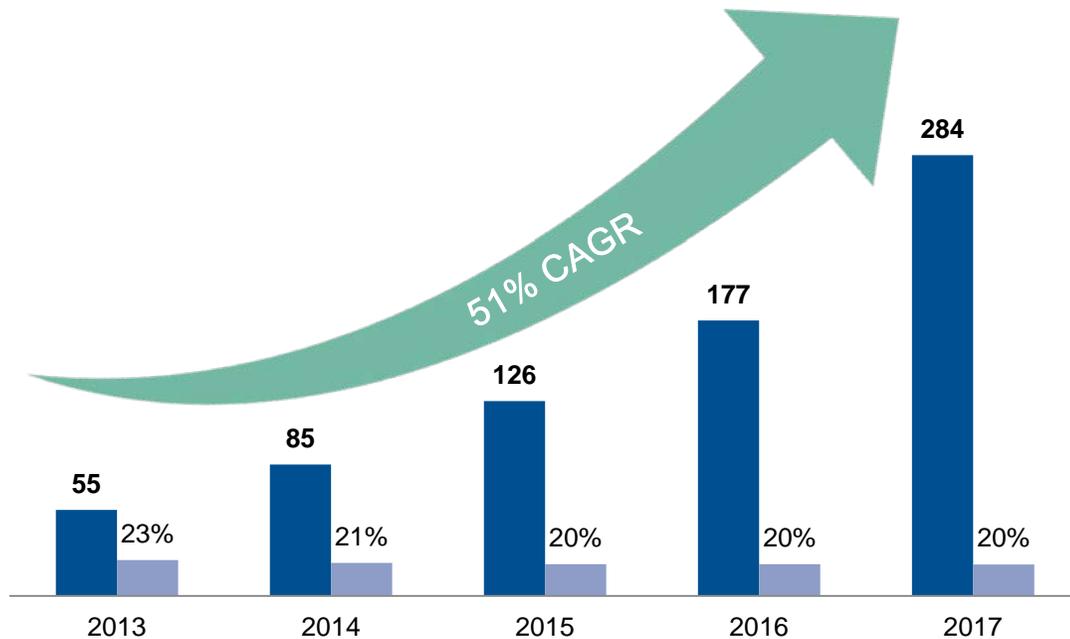


- The Minister of Health was not appointed when the coalition agreement was signed
- The new German Minister of Health, Mr Spahn, is an advocate of digitalization in the health sector

# SUCCESSFUL CONVERTIBLE BOND PLACEMENT ON 12 APRIL 2018: EUR 75M FOR ACQUISITIONS IN OTC/BPC TO ACCELERATE GROWTH.

## Sales growth<sup>(1)</sup>

(in EURm) ■ Sales ■ Gross profit margin



## OTC is a “winner takes it all” market

### Key facts

- One-stop-shop online pharmacy
- Broad product offering in OTC, BPC and Rx<sup>(2)</sup>
- Core market in Germany, active in 7 European countries
- High-quality customer base with large basket sizes and high share of repeat orders

SHOP APOTHEKE is well positioned to become Europe’s leading online pharmacy.

- 1 Growth: average sales growth >50% since 2013
- 2 Outperformance: growth 4x average of the German core online market<sup>(3)</sup>
- 3 Liquidity: c. EUR 30m of current cash; additional funds needed to finance M&A
- 4 M&A: accelerated sales growth and economies of scale through M&A mainly in German OTC

Source: (1) Company information

Note: (2) OTC: Prescription-free medication sold; Rx: Pharmaceuticals that require a prescription; BPC: Beauty and personal care products (3) Sales growing +44 % YoY, while market increased by 11.8 % according to the German E-Commerce Trade Association (bevh)

# HIGHLY EXPERIENCED MANAGEMENT WITH A >25% STAKE AND A STRONG COMMITMENT TO PROFITABLE GROWTH.



**Michael Köhler, CEO & Founder**

>20 years of experience in the pharmaceutical industry (Hoechst, Aventis)



**Stephan Weber, CMO & Founder**

>15 years of pharmaceutical and online experience; led the business since 2001



**Dr. Ulrich Wandel, CFO**

>20 years of experience in the pharmaceutical industry



**Theresa Holler, COO**

>15 years of experience in leading mail-order pharmacies (incl. DocMorris)



**Marc Fischer, CTO & Founder**

>20 years of experience in the IT industry (incl. Credit Suisse, Bechtle)



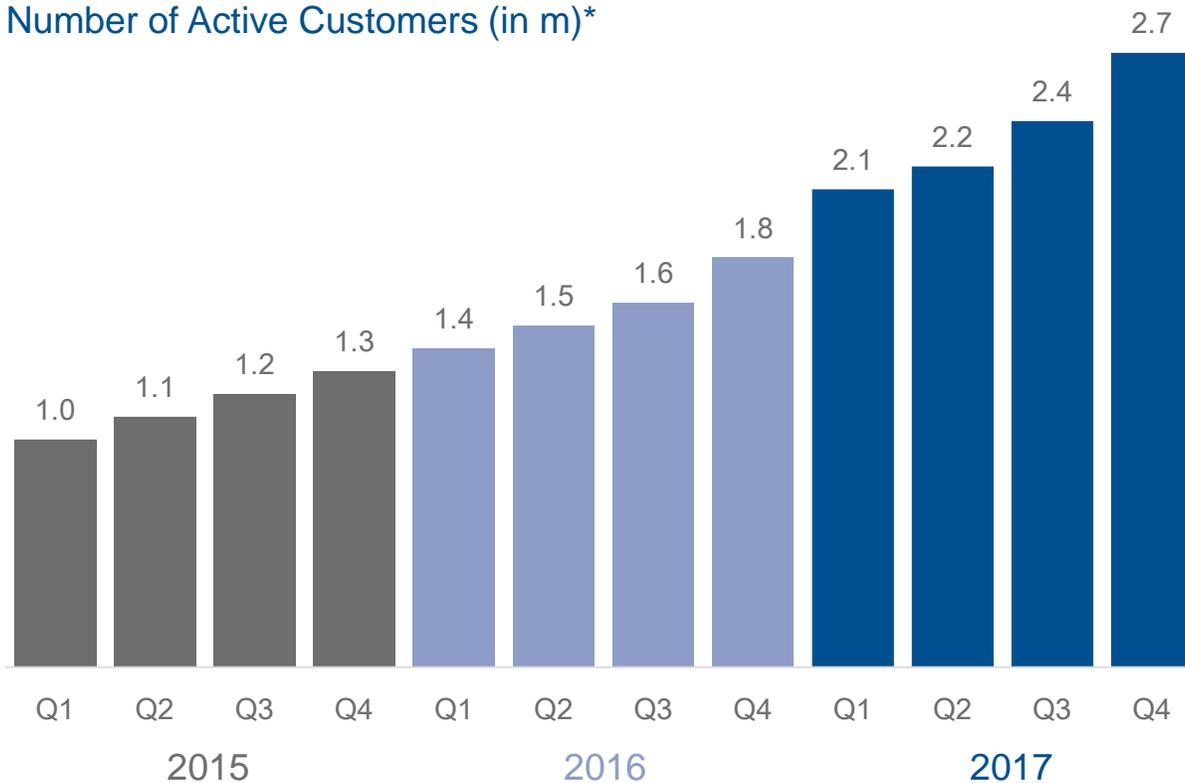
**Entrepreneurial management team with ample industry experience and drive to capture market share.**

# OPERATIONAL DEVELOPMENT AND PROSPECTS.

STEPHAN WEBER, CHIEF MARKETING OFFICER

# ACTIVE CUSTOMER BASE INCREASED TO 2.7 MILLION.

Number of Active Customers (in m)\*



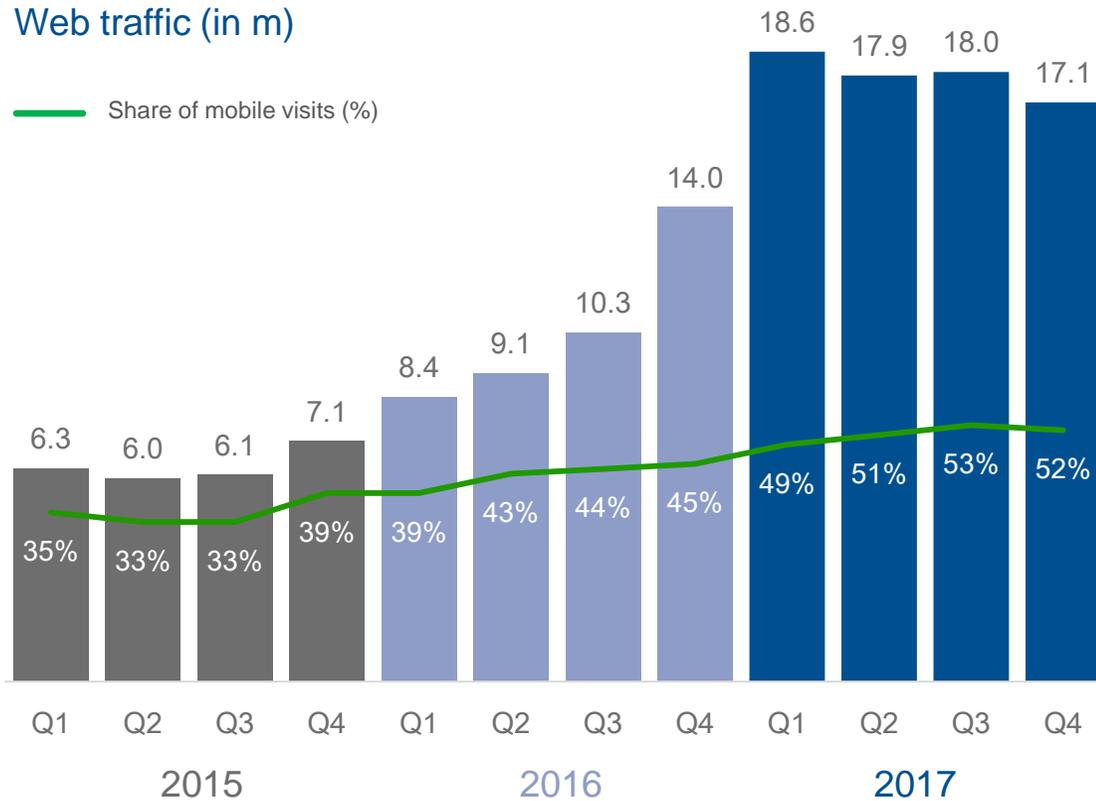
- Our customer base has increased by +50 % in 2017 versus 2016.
- 2.7 million active customers as at 31 December 2017.

Source: SHOP APOTHEKE EUROPE.

\*We define active customers as unique customers who are active in 12 months preceding a given period of time.

# CONTINUED STRONG SITE VISIT GROWTH.

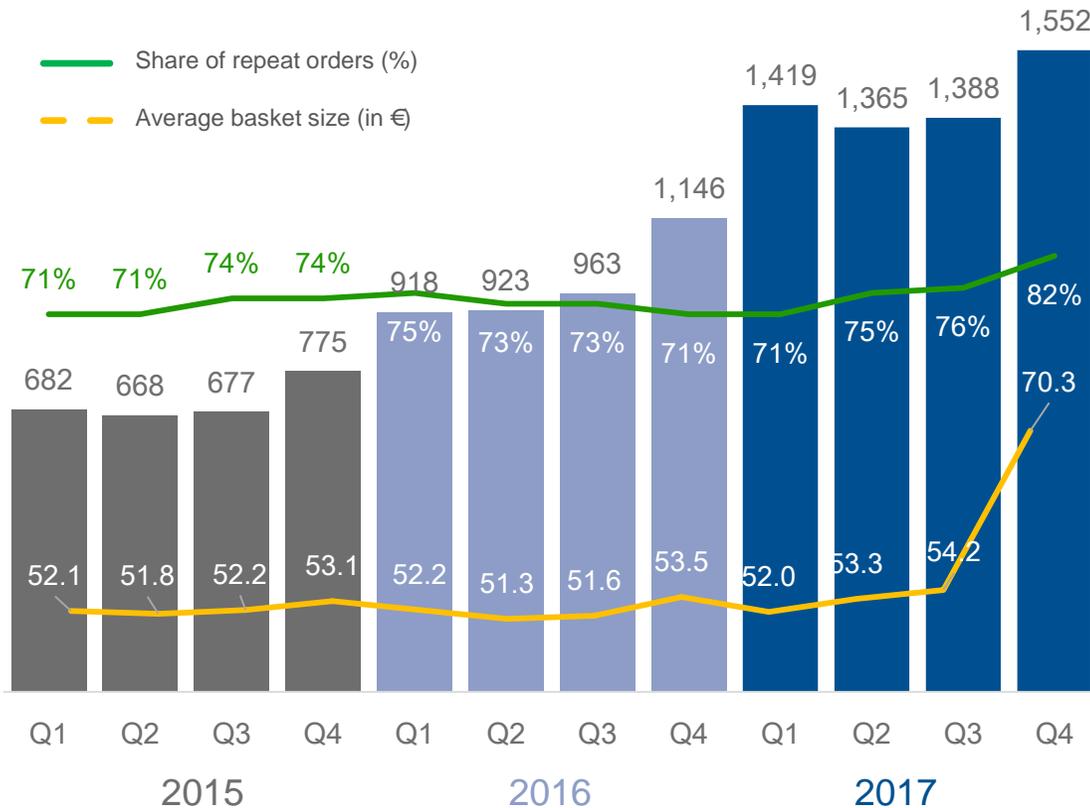
Web traffic (in m)



- Web traffic confirms strong growth.
- YoY, Site Visits grew by 71 % to 72m.
- Mobile share keeps growing.
- **SHOP APOTHEKE EUROPE** further increases its leadership as **THE EUROPEAN ONLINE PHARMACY.**

# ATTRACTIVE BASKET SIZE SUPPORTS PROFITABILITY.

Number of Orders in '000

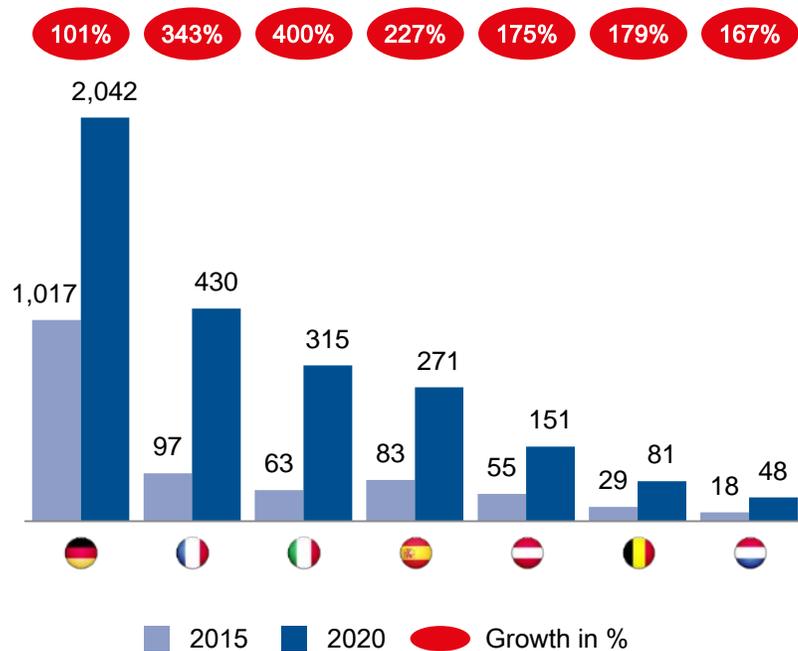


- Orders increased by 45 % to 5.7 million in 2017.
- **Basket size increased to EUR 70 in Q4 driven by the Europa Apotheek business.**
- Return rates remain close to zero.
- **Increase in repeat orders to 82 % in Q4 despite strong international new customer growth.**

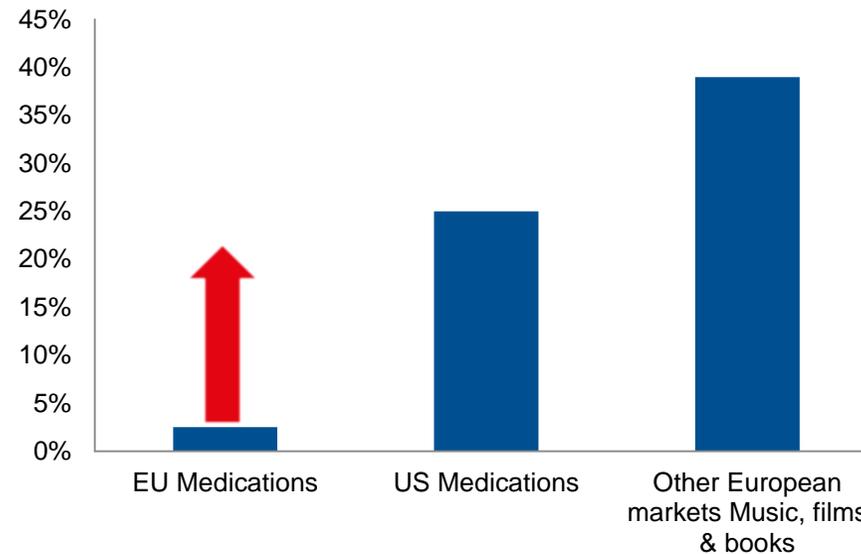
# SHOP APOTHEKE WELL-POSITIONED AND PREPARED TO GRASP THE HUGE MARKET OPPORTUNITY FOR ONLINE PHARMACIES.

## Enormous OTC online market growth in Continental European markets<sup>(1)</sup>

(in EURm)



## OTC represents a huge addressable market with a still low online penetration compared to other industries<sup>(2)</sup>



## Multiple paths to profitable growth

- Huge projected market growth across all target markets
- SHOP APOTHEKE views itself as best positioned to capture high growth rates in the OTC online market
- As a market leader, SHOP APOTHEKE will benefit from increasing online penetration<sup>(3)</sup> as winner takes it all

Source: (1) Sempora market research 2017; (2) IMS PharmaScope, 2017, Sempora market study, Euromonitor, 2017, online penetration calculated by dividing the internet retailing market size across Europe by the total market size for each vertical, DE and US 2015, other European markets including France, Germany, Italy, Spain, United Kingdom, Switzerland, 2016; (3) ABDA, Sempora, Euromonitor, IMS health: avg. online penetration in Europe was 2.5% for Rx and 3.5% for OTC in 2016; The avg. online penetration rate is expected to grow to 6% by 2020 in continental Europe (excl. DE)

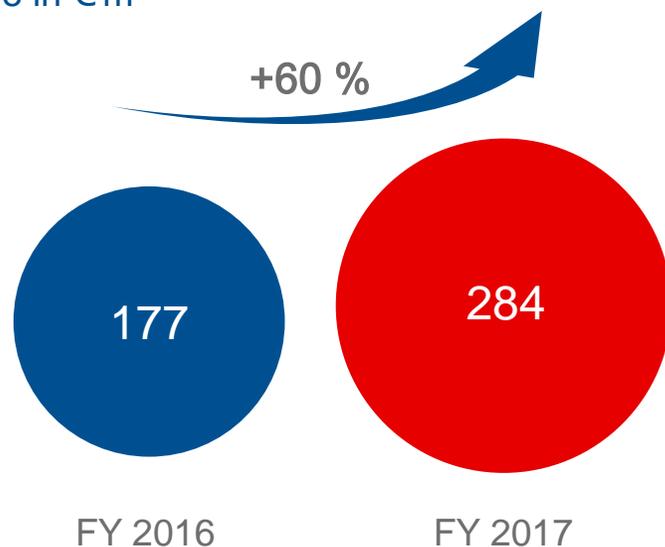
## 2. ANNUAL REPORT FOR FINANCIAL YEAR 2017 (DISCUSSION ITEM).

# PRESENTATION OF THE FINANCIAL YEAR 2017.

DR. ULRICH WANDEL, CHIEF FINANCIAL OFFICER

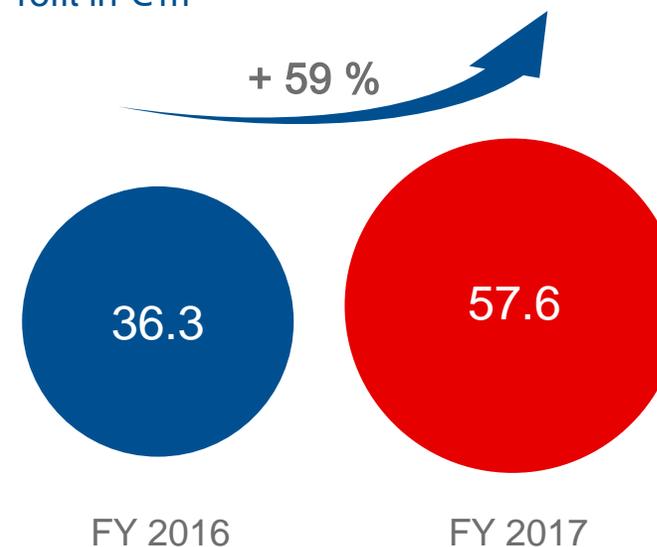
# CONSOLIDATED KEY FINANCIALS 2017 SHOP APOTHEKE EUROPE.

Revenue in €m



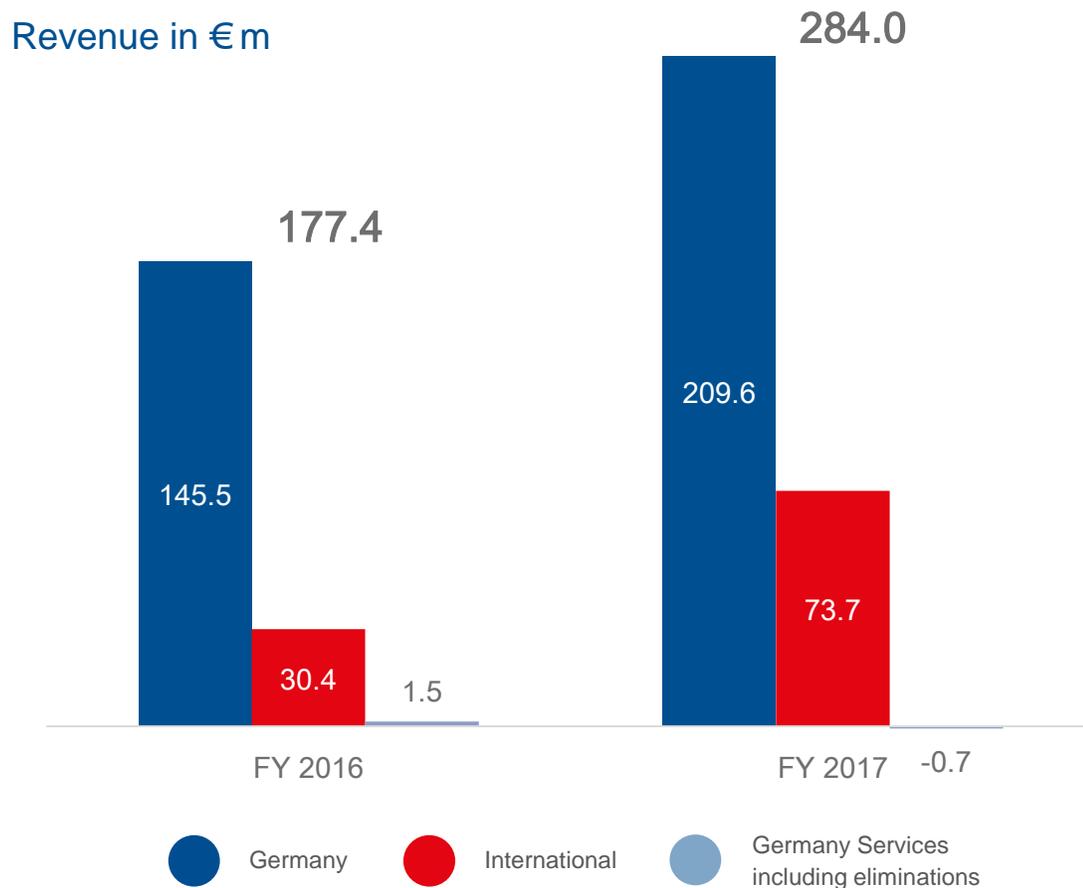
- **Ambitious growth target 2017 was met.**
- **Positive sales momentum continues in the new fiscal year 2018.**

Gross Profit in €m



- **Gross Profit increased in line with revenues.**
- **Group gross margin almost constant at 20.3 %.**
- **International margin increased by 3.0 % to 21.4 %.**

# REVENUE GROWTH FURTHER ACCELERATED.



## 2017 profitable growth in core market Germany continued:

- Revenues grew by 44 % compared to FY 2016.
- Europa Apotheek contributed EUR 25 million to sales since its consolidation on 8 November 2017.
- Gross margin at 19.8 % (2016: 20.4 %) due to higher share of prescription medications (Europa Apotheek).
- Economies of scale and higher efficiency led to an above average increase in Segment EBITDA, resulting in a margin of 3.3 % (2016: 2.7 %).

## International sales more than doubled:

- Revenues rose by 143 % in 2017 to EUR 73.7 million.
- Gross margin increased to 21.4 % (2016: 18.4 %).

# VENLO OPERATIONS SERVE BOTH SHOP APOTHEKE AND EUROPA APOTHEEK.



## SIGNIFICANT INVESTMENTS IN AUTOMATION 2017 TO INCREASE CAPACITY (CONTINUED IN 2018)

- goods-in automation
- automated high-bay rack
- ongoing ERP development

# SEGMENT EBITDA GERMANY INCREASED, FINANCING INTERNATIONAL MARKET EXPANSION.

## Adjusted segment EBITDA in € m



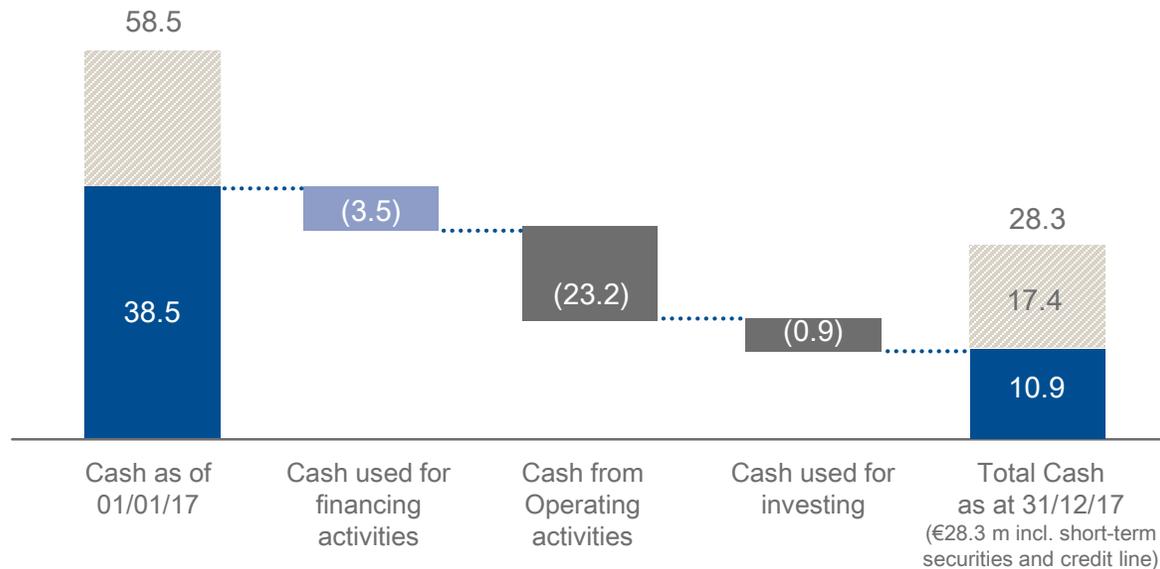
- Adjusted Segment EBITDA in Germany increased from EUR 4.0 million in FY 2016 to EUR 6.9 million in FY 2017.
- International Segment EBITDA reflects new customer acquisition to gain leadership in all relevant European markets including the new markets Italy and Spain.

Source: SHOP APOTHEKE EUROPE.

\*adjusted for one-time costs related to acquisitions

# SHOP APOTHEKE EUROPE FINANCIAL PERFORMANCE: CASH FLOW.

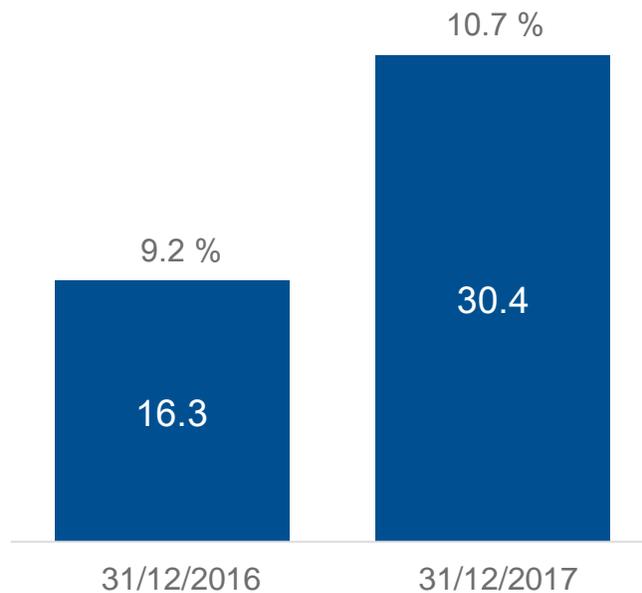
Development of cash (in € m)



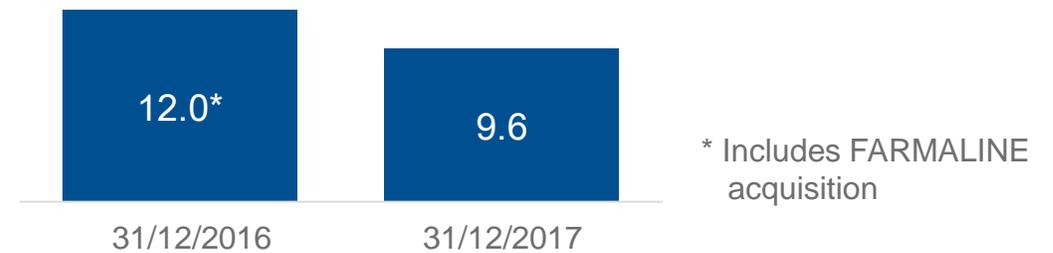
- Operating cash-flow includes building up of international inventory to support strong market growth as well as regular seasonal year-end effects. Inventories increase accounted for EUR -21.1 million.
- While investments in property, plant and equipment as well as in intangible assets led to an outflow of EUR -9.6 million, a divestment of short-term securities amounting to EUR 7.5 million led to a cash inflow.
- Cash flow from financing activities of EUR -3.5 million comprises earn-out payment, share issue cost and accounts receivable financing for online payments.

# SHOP APOTHEKE EUROPE FINANCIAL PERFORMANCE: WORKING CAPITAL AND CAPEX.

Working capital (in € m, in % of revenue)



CAPEX (in € m)

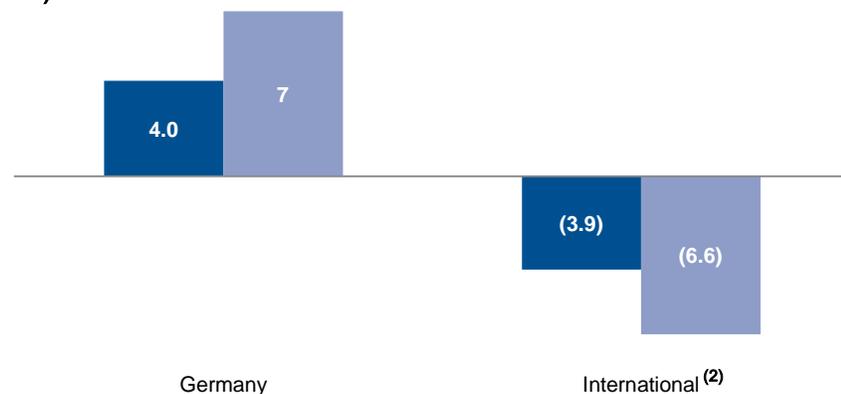


- Capex in the reporting period comprise investments in the next step in automation and increased warehouse capacity.

# OUTLOOK – SHOP APOTHEKE IS ON A PATH OF PROFITABLE GROWTH.

## Growing German segment EBITDA finances international expansion<sup>(1)</sup>

■ FY 2016 ■ FY 2017  
(in EURm)



## Equity Research Analysts see continuing strong growth trajectory

In EUR `000	Reported <sup>(3)</sup>		Analyst forecasts <sup>(4)</sup>		
	2016A	2017A	2018E	2019E	2020E
Sales	177,391	283,992	559,700	703,700	842,000
% growth	41.3%	60.1%	97.1%	25.7%	17.94%
EBITDA	(8,366)	(12,137)	700	8,633	15,600
EBIT	(11,639)	(19,197)	(7,000)	(833)	5,650
Total debt	0	4,863	n.a.	n.a.	n.a.
Cash & marketable securities	58,500	28,290	n.a.	n.a.	n.a.



- ✓ Strong projected sales growth and operational excellence lead to an expected EBITDA breakeven in 2018E
- ✓ SHOP APOTHEKE is already profitable on an EBITDA level in its core market Germany
- ✓ OTC acquisitions would lead to additional economies of scale, synergies and market share gains
- ✓ Fundamentals, a dominant market position and first mover advantage provide a strong buffer against potential risks
- ✓ SHOP APOTHEKE best positioned to benefit from growing online penetration

### 3. RESERVATION AND DIVIDEND POLICY (DISCUSSION ITEM).

### 3. RESERVATION AND DIVIDEND POLICY (DISCUSSION ITEM).

Due to the Company's European growth story and online pharmacy leadership, current results are not yet positive and therefore lead to a decrease of other reserves. Therefore the Company will not yet pay out dividends to its shareholders. A detailed dividend policy shall be defined when positive reserves allow for dividend payments to be made.

## 4. ADOPTION OF THE ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2017 (VOTING ITEM).

# PRESENTATION OF THE INDEPENDENT AUDITOR'S REPORT 2017.

Presentation by Pieter-Paul Saasen  
Partner Audit & Assurance

BDO Audit & Assurance B.V.  
Eindhoven, The Netherlands

## PROPOSAL AGENDA ITEM 4.

It is proposed to adopt the annual accounts 2017. On 27 February 2018, the members of the Managing Board and the Supervisory Board signed the annual accounts 2017 drawn up by the Managing Board. The annual accounts were published on 12 March 2018 and are submitted for adoption by the general meeting in this annual general meeting. BDO Audit & Assurance B.V., the Company's external accountant, has issued an auditor's report with an unqualified audit opinion, which is included in the annual accounts for the financial year 2017. The report of the Supervisory Board is also included in the annual accounts for the financial year 2017.

## 5. PROPOSAL TO ALLOCATE THE RESULTS OF THE FINANCIAL YEAR 2017 (VOTING ITEM).

## PROPOSAL AGENDA ITEM 5.

It is proposed by the Managing Board, with the prior approval of the Supervisory Board and in accordance with the Company's reservation and dividend policy, to allocate the results for the financial year 2017 to the Company's accumulated net loss.

## 6. ADOPTION AND IMPLEMENTATION OF:

- a. the remuneration policy for the members of the managing board and the members of the supervisory board (voting item); and
- b. the management and employee stock option plan as part of the remuneration policy for the members of the managing board (voting item).

## PROPOSAL AGENDA ITEM 6.A:

Adoption and implementation of the remuneration policy for the members of the managing board and the members of the supervisory board.

Pursuant to the Dutch Civil Code, the Company is required to inform the general meeting about the implementation of the remuneration policy for the Managing Board during the past financial year. The remuneration report for the Managing Board for the financial year 2017 is included in the Company's annual report for the financial year 2017. The Company's remuneration policy for the financial year 2017 was adopted and implemented pursuant to a resolution of the general meeting on 16 May 2017.

The new remuneration policy was made public on the Company's website. The proposed remuneration policy submitted to be adopted and implemented by the general meeting in this annual general meeting contains a rectification of the name of the Dutch pension fund to which the employer's contribution is paid for Theresa Holler, the Company's COO and Chief Pharmacist. The correct name is Stichting Pensioenfonds Openbare Apothekers (SPOA).

It is proposed to adopt and implement this new remuneration policy for the members of the Managing Board and the members of the Supervisory Board for the financial years 2018 up to and including 2020.

## PROPOSAL AGENDA ITEM 6.B:

Adoption and implementation of the management and employee stock option plan as part of the remuneration policy for the members of the managing board.

As part of the Company's new remuneration policy for the Managing Board, it is proposed by the Supervisory Board that the remuneration for the Managing Board will include the proposed management and employee stock option plan (the ESOP). The ESOP was made public on the Company's website.

As part of the proposed ESOP, eligible persons, including members of the Managing Board, can be granted rights (stock options) to acquire shares in the share capital of the Company up to a maximum of 500,000 new shares for a certain exercise price, all on the terms and subject to the conditions set out in the ESOP.

The proposed ESOP submitted to be adopted and implemented by the general meeting in this annual general meeting contains two amendments: (1) eligible persons include certain persons with (consulting or management) agreements with the Company or with a subsidiary as designated by the Company from time to time in its sole discretion, and (2) the exercise price of each stock option shall be such price as determined by the Managing Board, provided that the exercise price of stock options held by members of the Managing Board shall be such price as determined by the Supervisory Board.

It is therefore proposed to adopt and implement this new ESOP as part of the remuneration policy for the Managing Board for the financial years 2018 up to and including 2020.

# 7. DISCHARGE FROM LIABILITY OF THE MEMBERS OF THE MANAGING BOARD FOR THE PERFORMANCE OF THEIR DUTIES DURING THE PAST FINANCIAL YEAR (VOTING ITEM).

## PROPOSAL AGENDA ITEM 7.

It is proposed to grant discharge to all members of the Managing Board from liability for their management and conducted policy during the financial year 2017, insofar as the performance of such duties is disclosed in the annual accounts for the financial year 2017 or has otherwise been disclosed to the general meeting.

**8. DISCHARGE FROM LIABILITY OF THE MEMBERS OF THE SUPERVISORY BOARD FOR THE PERFORMANCE OF THEIR DUTIES DURING THE PAST FINANCIAL YEAR (VOTING ITEM).**

## PROPOSAL AGENDA ITEM 8.

It is proposed to grant discharge to all members of the Supervisory Board from liability for their supervision on the (policies of the) Managing Board and the general course of affairs of the Company and its affiliated business during the financial year 2017, insofar as the performance of such duties is disclosed in the annual accounts for the financial year 2017 or has otherwise been disclosed to the general meeting.

**9. RE-APPOINTMENT OF BDO AUDIT & ASSURANCE B.V. EINDHOVEN, AS EXTERNAL AUDITOR OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018 (VOTING ITEM).**

## PROPOSAL AGENDA ITEM 9.

It is proposed to re-appoint BDO Audit & Assurance B.V. in Eindhoven, The Netherlands, as the external auditor of the Company charged with the auditing of the Company's annual accounts for the financial year ending 31 December 2018.

## 10. REVOCATION OF THE CURRENT DESIGNATION OF THE MANAGING BOARD AS THE CORPORATE BODY AUTHORISED TO:

- a. issue shares and/or grant rights to acquire shares subject to certain conditions (voting item); and
- b. restrict or exclude the pre-emptive rights upon the issue of shares and/or the granting of rights to acquire shares as described under item 10.a. subject to certain conditions (voting item).

## PROPOSAL AGENDA ITEM 10.A:

Revocation of the current designation of the managing board of the Company as the corporate body authorised to issue shares and/or grant rights to acquire shares subject to certain conditions.

As part of the successful placement of the convertible bond earlier this month, the Managing Board resolved to grant rights to acquire shares in the share capital of the Company under its current delegated authority given pursuant to the resolution of the general meeting on 6 November 2017, equalling 19.9% of the issued and outstanding share capital of the Company.

It is proposed that the part of the current authorisation that has not been used by the Managing Board as part of the placement of the convertible bond (i.e. the 0.1%), is revoked and shall no longer be in force and effect, provided that a new authorisation is granted pursuant to and in accordance with the proposal under agenda item 11.a.

## PROPOSAL AGENDA ITEM 10.B:

Revocation of the current designation of the managing board of the Company as the corporate body authorised to restrict or exclude the pre-emptive rights upon the issue of shares and/or the granting of rights to acquire shares as described under agenda item 10.a. subject to certain conditions.

As part of the successful placement of the convertible bond earlier this month, the Managing Board resolved to exclude the pre-emptive rights of the shareholders of the Company in respect of the convertible bond and thereby with respect to the rights to acquire the shares as referred to in the previous proposal under agenda item 10.a. under its current delegated authority given pursuant to the resolution of the general meeting on 6 November 2017.

It is proposed that the part of the current authorisation that has not been used by the Managing Board as part of the placement of the convertible bond (i.e. the 0.1%), is revoked and shall no longer be in force and effect, provided that a new authorisation is granted pursuant to and in accordance with the proposal under agenda item 11.b.

## 11. DESIGNATION OF THE MANAGING BOARD AS THE CORPORATE BODY AUTHORISED TO:

- a. issue shares and/or grant rights to acquire shares subject to certain conditions (voting item); and
- b. restrict or exclude the pre-emptive rights upon the issue of shares and/or the granting of rights to acquire shares as described under item 11.a. subject to certain conditions (voting item).

## PROPOSAL AGENDA ITEM 11.A:

Designation of the managing board of the Company as the corporate body authorised to issue shares and/or grant rights to acquire shares subject to certain conditions.

It is proposed that the general meeting appoints the Managing Board for a period of five years as from the date of this meeting (i.e. up to and including 25 April 2023), or until such date on which the general meeting revokes or again extends the authorisation, if earlier, as the corporate body authorised to issue shares and grant rights to acquire shares, subject to the prior approval of the Supervisory Board, up to a maximum of 20% of the total number of issued shares outstanding on the date of this meeting (i.e. up to a maximum of 20% of 12,020,456 shares).

It is furthermore proposed that this authorisation is 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.

## PROPOSAL AGENDA ITEM 11.B:

Designation of the managing board of the Company as the corporate body authorised to restrict or exclude the pre-emptive rights upon the issue of shares and/or the granting of rights to acquire shares as described in proposal 11.a. subject to certain conditions.

It is proposed that the general meeting appoints the Managing Board for a period of five years as from the date of this meeting (i.e. up to and including 25 April 2023), or until such date on which the general meeting revokes or again extends the authorisation, if earlier, as the corporate body authorised to restrict and exclude the pre-emptive rights accruing to shareholders in respect of the issue of shares or the granting of rights to acquire shares as described in proposal 11.a., subject to the prior approval of the Supervisory Board.

It is furthermore proposed that this authorisation is 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 restrict and exclude the pre-emptive rights accruing to shareholders in respect of the issue of such shares or the granting of rights to acquire such shares.

## 12. PROLONGATION OF THE AUTHORISATION OF THE MANAGING BOARD TO ACQUIRE SHARES IN THE COMPANY'S OWN SHARE CAPITAL (VOTING ITEM).

## PROPOSAL AGENDA ITEM 12.

It is proposed that the general meeting authorises the Managing Board to repurchase shares, on the stock exchange or otherwise, for a period of 18 months as from the date of this meeting (i.e. up to and including 25 October 2019), up to a maximum of 10% of the total number of issued shares outstanding on the date of this meeting (i.e. up to a maximum of 10% of 12,020,456 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, also in volatile market conditions.

## 13. QUESTIONS AND ANY OTHER BUSINESS.

VOTING.

# 14. CLOSING.