

SHOP APOTHEKE
EUROPE

HALF-YEAR REPORT

30 JUNE, 2020

LETTER FROM THE MANAGEMENT BOARD.

Dear shareholders, ladies and gentlemen,

The first six months of 2020 were remarkably successful for our company. After an already strong start, additional demand triggered by the Corona lockdowns in several countries in March and April. Thanks to the flexibility and agility of our organization we were able to meet the rapidly growing customer demand. Even under these challenging circumstances, we managed to continue providing a high level of customer satisfaction, often sourcing and providing products that were sold out in many other online and brick-and-mortar pharmacies. The way we successfully responded to this unprecedented situation showed outstanding commitment, teamwork and creative thinking across all departments. This brought us to a record increase of 500,000 additional customers in Q2 for a total of 5.5 million active customers as of 30 June 2020 - a year-on-year plus of 1.3 million.

Overall, our sales in H1 rose by 37% to EUR 464.7 million after EUR 338.3 million last year. In Q2, we even managed to accelerate our growth to 42% - all fully organic. We also managed to improve our bottom line substantially and - even more important - structurally. Following the break-even in Q1 we again delivered a positive result in Q2. Our gross margin was up more than two percentage points in Q2 from 21.2% to 23.5%, largely driven by net pricing improvements and better sourcing conditions. All in all, the adjusted EBITDA stood at EUR 6.3 million in Q2 and EUR 11.3 million in H1, which translates into a margin of 2.7% or 2.4%, respectively.

Despite the challenging overall economic environment, we are continuously advancing our strategy of evolving SHOP APOTHEKE EUROPE into a customer-centric e-pharmacy platform. During the first half of 2020, we introduced our online doctor service and further broadened our portfolio of private label products. The next milestones for the current fiscal year are the roll-out of our same-day delivery option to further metropolitan areas in Germany and the launch of our marketplace, which is scheduled for the second half of 2020.

The legislation for the introduction of electronic prescriptions in Germany has taken a further step towards becoming reality recently: In July, the Patient Data Protection Act (PDSG), which includes an obligation for physicians to issue e-scripts starting January 2022, passed Germany's lower house of parliament (Bundestag). Our preparations for future growth also include the construction of our new logistics centre and headquarters in Sevenum near Venlo. This key project is well on track with the office teams already having moved to the new site in July.

Based on the developments in the first and second quarters and against the background of an overall slightly improved visibility for the remaining part of the year, we have raised our guidance for 2020: For the full year, we now expect year-on-year sales growth of at least 30% (previously: at least 20%) and a positive adjusted EBITDA margin in the range of 1-2% (previously: a positive adjusted EBITDA).

We therefore look to the future with confidence and thank you for your trust,

SHOP APOTHEKE EUROPE
The Management Board

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KEY FIGURES.

Continuously increasing our strong growth across europe.



REVENUE Q2 2020:
EUR 233 MILLION (+ 42 %).



PARCELS SENT IN Q2:
>44,100 PARCELS A DAY



GROSS MARGIN:
INCREASED TO 23.5%.



REPEAT ORDERS:
79 PERCENT.



ACTIVE CUSTOMERS:
5.5 MILLION.
+ 0.5 MILLION CUSTOMERS
IN Q2.



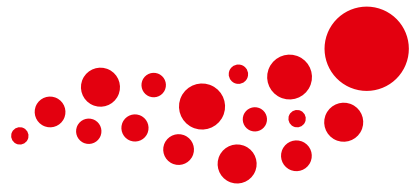
AVERAGE SHOPPING
BASKET SIZE:
€ 65.5 (Q2 2019: € 67.7).



SITE VISITS:
52.3 MILLION (+ 63 %).



CUSTOMER SATISFACTION:
NPS SCORE: 70
(PREVIOUS QUARTER 70).



SHOP APOTHEKE
E U R O P E

01

INTERIM GROUP
MANAGEMENT REPORT.

OVERALL ASSESSMENT BY THE MANAGEMENT BOARD.

SHOP APOTHEKE EUROPE has continued on its growth course with revenue growth above the original forecast while also reaching important milestones for the company's long-term development. Thanks to its rapid growth, SHOP APOTHEKE EUROPE has gained market share across its geographies. At the same time, SHOP APOTHEKE EUROPE managed to realize the projected EBITDA-break-even well ahead of schedule. The company made investments in software, capacity expansion and automation to increase efficiency and optimize the customer experience. The construction of the new logistic center close to Venlo, the Netherland, is progressing as planned, with no significant Corona-related delay. By issuing new shares in April 2020, the Group ensured adequate growth financing, putting it in a strong position to benefit from growth opportunities in general and the planned introduction of electronic prescriptions in Germany specifically. In summary, the profit, revenue and financial situation show that the company is in a strong economic position as of the reporting date.

OVERALL ECONOMIC SITUATION.

The economic expectations of financial analysts and institutional investors for Germany continued to deteriorate in July, according to new data from the Centre for European Economic Research (ZEW). The German ZEW headline numbers for July showed that the Economic Sentiment Index came in at 59.3 versus 60.0 expectations and 63.4 in June. The sub-index Current Conditions figure arrived at -80.9 in July versus -65.0 expected and -83.1 booked previously. Meanwhile, the Eurozone ZEW economic sentiment for July stood at 59.6 vs. 78.1 expected and 58.6 last month.

In April 2020 the seasonally adjusted volume of retail trade decreased by 11.7% in the euro area and by 11.1% in the EU, compared with March 2020, according to estimates from Eurostat, the statistical office of the European Union. Eurostat said that the COVID-19 containment measures widely introduced by the Member States again had a significant impact on retail trade. In March 2020, the retail trade volume decreased by 11.1% in the euro area and by 10.1% in the EU. During May and June, the retail trading volume started to recover from a low basis.

BUSINESS MODEL, GROUP STRUCTURE AND CORPORATE GOVERNANCE.

The statements made in the 2019 annual report regarding the business model, the group structure, the management system and the corporate governance practices still apply at the time of publication of this interim report.

BUSINESS DEVELOPMENT.

Consolidated revenues and results of operations.

Sales of prescription and non-prescription pharmaceuticals and pharmacy-related beauty and personal care products are subject to seasonal fluctuations, with demand for pharmaceuticals especially high during the first and fourth quarters of the year. In the current year, however, typical seasonal patterns have been distorted by the effect of the Covid19 pandemic.

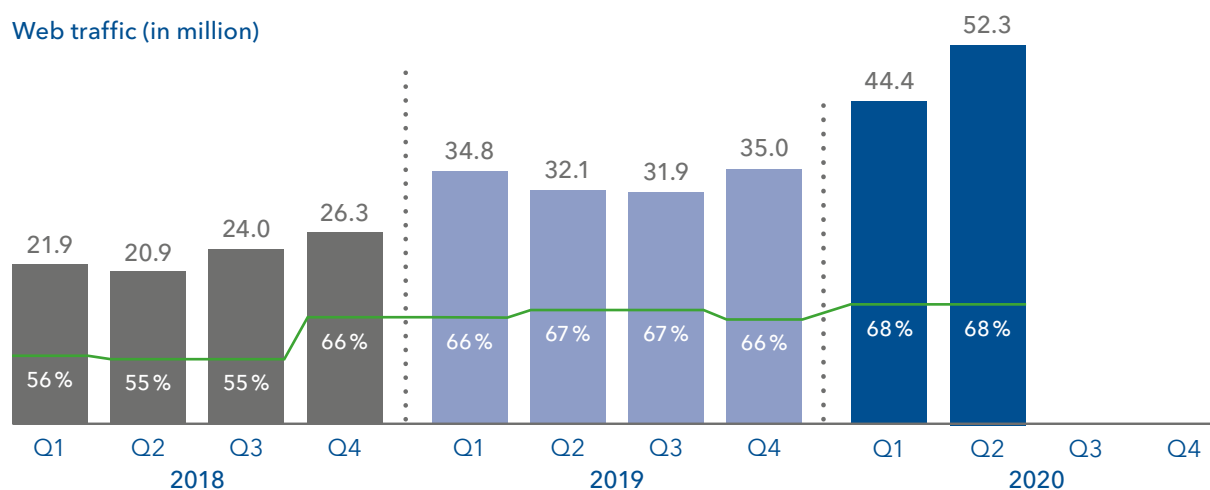
During the first half of fiscal year 2020, SHOP APOTHEKE EUROPE N.V. recorded substantial revenue growth. Consolidated revenues rose by 37% to EUR 464.7 million compared to EUR 338.3 million during the first six months a year earlier.

The number of active customers increased by 31% from 4.2 million as of 30 June 2019 to 5.5 million, thereof around 500 k during the second quarter 2020.

The number of orders increased by 43% compared to the corresponding period last year, reaching 4.0 million (Q2 2019: 2.8 million) with the size of the average shopping basket at EUR 65.52 during Q2, slightly below the previous year's level of EUR 67.74, driven by faster growth of non-Rx orders than Rx orders. The share of repeat orders was 79% in Q2 compared to 81% the previous year while the return rate remained minimal at less than 1%.

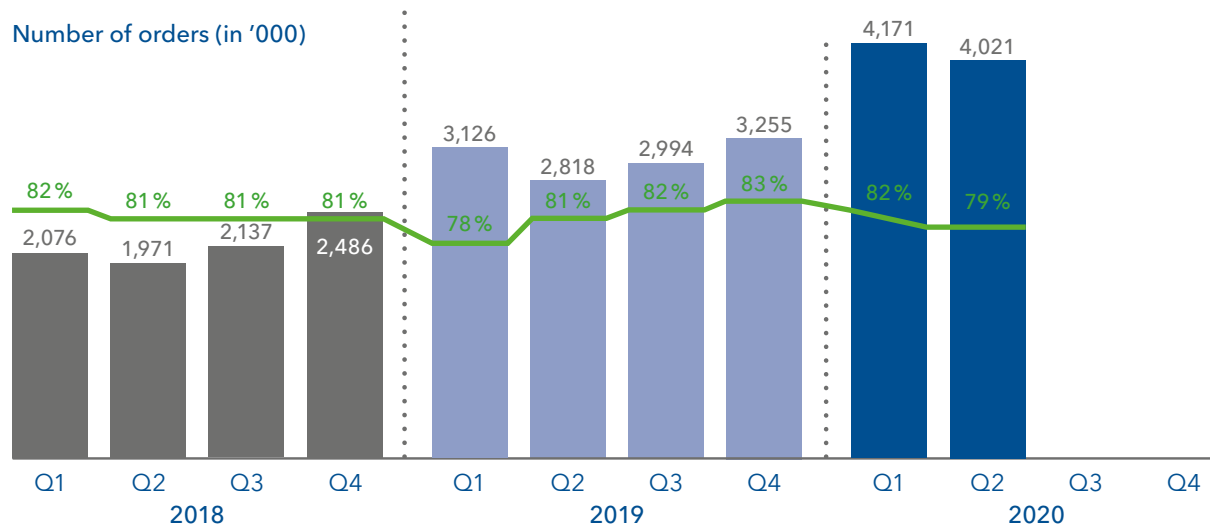
Performance indicators Group	2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Page visits (million)	21.9	20.9	24.0	26.3	34.8	32.1	31.9	35.1	44.4	52.3
Mobile page visits (million)	12.3	11.5	13.3	17.5	23.2	21.7	21.7	23.2	30.0	35.5
Ratio mobile (in %)	56	55	55	66	67	68	68	66	68	68
Orders (million)	2.1	2.0	2.1	2.50	3.1	2.8	3.0	3.3	4.2	4.0
Orders by existing clients (in %)	82	81	81	81	78	81	82	83	82	79
Return rate (in %)	0.7	0.9	0.9	0.8	0.9	0.9	0.8	0.6	0.7	0.5
Active customers (million)	2.7	2.8	3.2	3.5	4.0	4.2	4.5	4.7	5.0	5.5
Average shopping cart (in €)	73.4	75.0	72.3	69.6	65.0	67.7	66.9	67.9	65.2	65.5

Web traffic (in million)



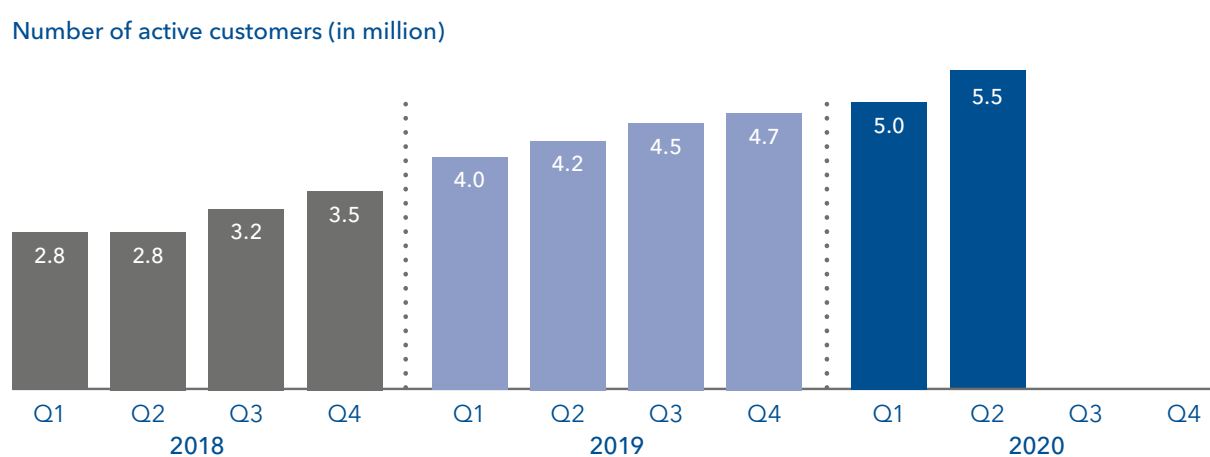
— Share of mobile visits (%)

Number of orders (in '000)



— Share of repeat orders (%)

Number of active customers (in million)



With a growth rate of 55%, gross profit at Group level increased significantly faster than sales, from EUR 67.4 million during the first six months of 2019 to EUR 104.5 million over the period under review. Compared to a year earlier, the consolidated gross margin rose by 2.6 pp to 22.5% for the first half year. In Q2, the consolidated gross margin was at 23.5% compared to 21.2% last year, largely driven by net pricing improvements and better sourcing conditions.

Selling and distribution expenses (S&D) increased by 21%, from EUR 67.1 million during H1 2019 to EUR 81.2 million this year. As a result, the S&D ratio improved by 2.3 pp to 17.5%. This is partly related to considerably lower marketing spending, especially in March and April 2020, in connection with the Corona outbreak.

Administrative costs were EUR 13.9 million (previous year: EUR 11.4 million) and included extraordinary items expenses of EUR 1.9 million (previous year: EUR 1.5 million); the adjusted administrative cost ratio was 2.6%, down 0.3 pp from 2.9% a year earlier.

Adjusted consolidated EBITDA was EUR 11.3 million compared to EUR -9.6 million for the first six months of 2019, translating into an adjusted EBITDA margin of 2.4% after -2.8% in previous year's period. Including depreciations of EUR 6.8 million (previous year: EUR 7.3 million), the adjusted EBIT was EUR 4.5 million (H1 2019: EUR -16.9 million). Adjusted earnings after taxes were EUR -3.1 million compared to EUR -19.9 million a year earlier.

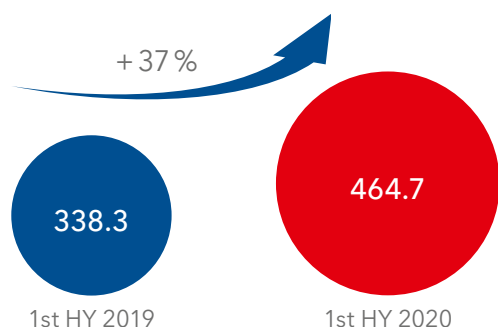
H1 consolidated financial information

	JAN 1 - JUNE 30, 2020	JAN 1 - JUNE 30, 2019
	EUR 1,000	EUR 1,000
Revenues	464,662	338,276
Gross profit	104,483	67,360
Selling & distribution costs	-81,255	-67,073
Administrative costs	-13,948	-11,354
Administrative costs (adjusted)	-11,962	-9,917
EBITDA	9,295	-11,050
EBITDA adjusted	11,281	-9,613

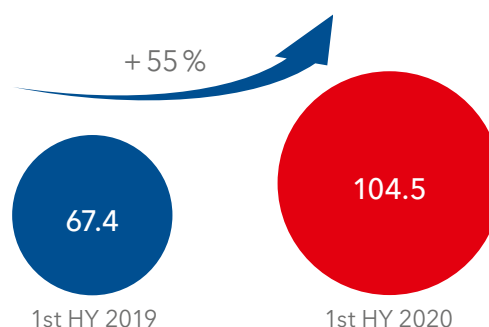
Q2 consolidated financial information

	APRIL 1 - JUNE 30, 2020	APRIL 1 - JUNE 30, 2019
	EUR 1,000	EUR 1,000
Revenues	232,676	163,630
Gross profit	54,571	34,743
Selling & distribution costs	-42,030	-30,570
Administrative costs	-7,116	-5,448
Administrative costs (adjusted)	-6,240	-4,727
EBITDA	5,435	-1,258
EBITDA adjusted	6,314	-538

Consolidated revenues (in € million)



Consolidated gross profit (in € million)



SEGMENT PERFORMANCE.

DACH segment.

During the first six months of 2020, DACH - SHOP APOTHEKE EUROPE's largest segment by revenues, covering business activities in Germany, Austria and Switzerland - grew by 31.3% compared to the corresponding period a year earlier. Revenues rose to EUR 391.1 million after EUR 298.0 million for the first six months of 2019. During the same time, gross earnings were up 48.9% year-on-year from EUR 57.2 million to EUR 85.2 million. The gross margin rose by 2.6 pp to 21.8% compared to 19.2% last year. EBITDA (adjusted) for the first six months of 2020 was EUR 16.6 million compared to EUR -2.8 million for the same period last year.

International segment.

SHOP APOTHEKE EUROPE significantly increased its revenues in its international markets (Belgium, France, Italy, and the Netherlands), up 82.4% to EUR 73.6 million (previous year: EUR 40.3 million). Segment gross earnings rose by 90.0% from EUR 10.1 million to EUR 19.3 million during the reporting period with the gross margin at 26.2%, 1.0 pp above last year's 25.2%. The EBITDA for the first six months of 2020 improved to EUR -5.4 million from EUR -6.9 million a year earlier.

H1 2020 Segment development

	DACH	INTERNATIONAL	CONSOLIDATED
	EUR 1,000	EUR 1,000	EUR 1,000
Revenues	391,114	73,547	464,662
Gross Profit	85,211	19,272	104,483
EBITDA	14,949	-5,654	9,295
Adjusted EBITDA	16,633	-5,352	11,281

H1 2019 Segment development

	DACH	INTERNATIONAL	CONSOLIDATED
	EUR 1,000	EUR 1,000	EUR 1,000
Revenues	297,959	40,317	338,276
Gross Profit	57,220	10,141	67,360
EBITDA	-3,701	-7,348	-11,049
Adjusted EBITDA	-2,760	-6,852	-9,612

Q2 2020 Segment development

	DACH	INTERNATIONAL	CONSOLIDATED
	EUR 1,000	EUR 1,000	EUR 1,000
Revenues	190,285	42,391	232,676
Gross Profit	43,536	11,035	54,571
EBITDA	8,784	-3,349	5,435
Adjusted EBITDA	9,662	-3,319	6,314

Q2 2019 Segment development

	DACH	INTERNATIONAL	CONSOLIDATED
	EUR 1,000	EUR 1,000	EUR 1,000
Revenues	142,949	20,681	163,630
Gross Profit	29,259	5,484	34,743
EBITDA	2,522	-3,780	-1,258
Adjusted EBITDA	2,910	-3,447	-537

ASSETS, LIABILITIES AND FINANCIAL POSITION.

Assets and liabilities.

As of the reporting date, the balance sheet total was EUR 544.9 million after EUR 428.0 million at the end of 2019. Within the non-current assets, the increase is especially related to property, plant and equipment which rose by EUR 36.4 million. The majority of this increase is related to the lease accounting of the new logistics center near Venlo, which is currently being constructed. For the same reason, loans and borrowings within the non-current liabilities increased from EUR 131.5 million as per year end 2019 to EUR 159.5 million.

Within the current assets, inventories and trade receivables rose by EUR 20.3 million and EUR 17.2 million. This is primarily related to the expansion of the business. A further increase of EUR 15.1 million in other current assets includes closing date effects in connection with the exercise of an employee stock option plan.

With EUR 153.7 million, cash and cash equivalents - including investments in securities - were up EUR 40.5 million versus the balance at 31 December, 2019.

The equity capital ratio was c. 55 percent as of the reporting date.

Liquidity situation.

Operational cash flow was EUR 5.8 million compared to EUR 4.4 million during the same period of fiscal year 2019. Operating result improved substantially from EUR -18.3 million last year to EUR 2.5 million, but within working capital especially inventory levels were higher, in part related to Corona-specific assortment.

EUR -7.1 million was used for investing activities in the first six months of 2020 (previous year: EUR -23.8 million). Investments in IT and the new distribution facility were in part offset by divestments of short-term securities amounting to EUR 12.3 million. EUR -9.8 million were investments in property, plant and equipment, mostly related to a prepayment for the new logistics center and to hardware.

Total cash flow from financing activities stood at EUR 52.9 million vs. EUR 103.2 million last year, essentially driven by the capital increase in April 2020 with a cash inflow of EUR 63.4 million. In the past year, a capital increase and the issuance of convertible bonds were also key contributors to the cash flow from financing activities. Interest payments are related to interest on the convertible bond and payment service providers. Last year's cash outflow of EUR -1.1 million to meet payment obligations for the FARMALINE acquisition, which are fully satisfied by now, does no longer apply.

RISKS AND OPPORTUNITIES.

Our evaluation of the company's risks and opportunities has slightly improved compared to the 2019 annual report in regard to the introduction of electronic prescriptions in Germany. In July 2020, the Bundestag passed the "Patient data protection act (PDSG)", which includes stipulations requiring the physicians to issue e-scripts starting in January 2022 through the telematics infrastructure provided by the gematik. The passing by the Bundesrat later this year appears to be likely. On the other hand, the draft VOASG law, which includes a prohibition of Rx bonuses currently offered by SHOP APOTHEKE EUROPE to its German Rx customers, is still pending in the German parliament.

Overall, there do not appear to be any risk factors that could fundamentally threaten the future of SHOP APOTHEKE EUROPE.

Principally, SHOP APOTHEKE EUROPE's business is subject to regulatory changes, which could have a significant favorable or unfavorable impact on its prospects.

For risk management, see also page 25 in the appendix.

IMPORTANT EVENTS DURING THE REPORTING PERIOD.

Capital measures.

SHOP APOTHEKE EUROPE N.V. successfully completed a transaction worth EUR 65 million on 7 April, 2020. As part of the transaction, SHOP APOTHEKE EUROPE placed approximately 1.12 million additional new bearer shares in the company - equivalent to around 8.3% of the company's outstanding share capital prior to the transaction - with institutional investors via accelerated book building. The new shares were placed at an issue price of EUR 58.00 per share.

EVENTS AFTER THE BALANCE SHEET DATE.

Guidance raised.

Based on the developments in the first and second quarters and against the background of an overall slightly improved visibility for the remaining part of the year, SHOP APOTHEKE EUROPE has lifted its guidance for the 2020 financial year on 23 July, 2020.

FORECAST.

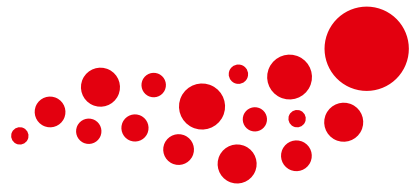
The company continued to achieve high growth. Comparable to Q1 the performance remained ahead of SHOP APOTHEKE EUROPE's original plan also in Q2. Although the situation is still characterized by a high degree of uncertainty due to the Corona situation going forward, the visibility for the remaining part of the year has slightly improved. In the light of the strong sales development during the first six months of the financial year 2020, SHOP APOTHEKE EUROPE again adjusted the full-year growth forecast for 2020 from at least 20% to at least 30%. Furthermore, the management now expects a positive adjusted EBITDA margin in the range of 1-2% (previously: a positive adjusted EBITDA). Revenue growth in H2 might be limited by capacity constraints.

RESPONSIBILITY STATEMENT FROM LEGAL REPRESENTATIVES.

Venlo, the Netherlands, 6 August 2020

To the best of our knowledge and in accordance with the applicable reporting principles for half-year financial reporting, the half-year consolidated financial statements give a true and fair view of the company's assets, liabilities, financial position and profitability, and the half-year management report of the Group includes a fair review of the development and performance of the business including financial results, and the position of the company is described so that an accurate picture of the current situation is conveyed as well as a description of the principal opportunities and risks associated with the expected development of the Group for the remainder of the fiscal year.

SHOP APOTHEKE EUROPE N.V.
The Management Board



SHOP APOTHEKE
E U R O P E

02

APPENDIX.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS.

	Period ended 30.6.2020	Period ended 30.6.2019
	EUR 1,000	EUR 1,000
Revenue	464,662	338,276
Cost of sales	-360,178	-270,916
Gross profit	104,484	67,360
Other income	14	16
Selling and distribution	-87,047	-73,239
Administrative expenses	-14,970	-12,442
Result from operations	2,481	-18,304
Finance income	174	78
Finance expenses	-8,085	-3,755
Net finance costs	-7,911	-3,677
Result before tax	-5,430	-21,981
Income tax	310	653
Result after tax	-5,120	-21,328
Attributable to:		
Owners of the company	-5,120	-21,328

STATEMENT OF COMPREHENSIVE INCOME.

	Period ended 30.6.2020	Period ended 30.6.2019
	EUR 1,000	EUR 1,000
Loss for the year	-5,120	-21,328
Other comprehensive income/loss	0	0
Total comprehensive loss	-5,120	-21,328
Attributable to:		
Owners of the company	-5,120	-21,328
Earnings per share		
Basic and diluted per share 30 June	-0.37	-1.68

CONSOLIDATED STATEMENT OF FINANCIAL POSITION.

	30.6.2020	31.12.2019
	EUR 1,000	EUR 1,000
Assets		
Non-current assets		
Property, plant and equipment	49,591	13,178
Intangible assets	203,207	199,850
Deferred tax assets	120	120
Other financial assets	1,682	2,500
Investments in equity-accounted joint ventures	1,105	1,105
Investments in associates	402	402
Investments in equity-instruments	10	10
	256,117	217,165
Current assets		
Inventories	76,956	56,688
Trade and other receivables	58,090	40,894
Other financial assets	39,478	50,581
Cash and cash equivalents	114,236	62,653
	288,761	210,816
Total assets	544,878	427,981
Equity and liabilities		
Shareholders' equity		
Issued capital and share premium	410,225	341,192
Reserves/accumulated losses	- 110,901	- 108,429
	299,324	232,763
Non-current liabilities		
Deferred tax liability	3,578	3,905
Loans and Borrowings	159,457	131,512
	163,035	135,417
Current liabilities		
Trade and other payables	55,548	32,004
Loans and Borrowings	8,911	7,522
Amounts due to banks	36	10,167
Other liabilities	18,023	10,108
	82,519	59,801
Total equity and liabilities	544,878	427,981

CONSOLIDATED STATEMENT OF CASH FLOWS.

	Period ended 30.6.2020	Period ended 30.6.2019
	EUR 1,000	EUR 1,000
Cash flow from operating activities		
Result from operations	2,481	-18,304
Adjustments for:		
- Depreciation and amortisation of non-current assets	6,841	7,254
- Corporate income tax	236	-5
- Net foreign exchange differences		0
- Share-based payment charge for the period	1,186	1,303
Operating result adjusted for depreciation and amortisation, taxes and provisions	10,744	-9,751
Movements in working capital		
-(Increase)/decrease in trade and other receivables	-5,745	-4,008
-(Increase)/decrease in inventory	-20,268	579
-(Increase)/decrease in trade and other payables	21,075	17,550
Working capital movement	-4,938	14,120
Net cash (used in)/generated by operating activities	5,805	4,369
Cash flow from investing activities		
Investment for property, plant and equipment	-9,791	-1,154
Investment for intangible assets	-7,921	-7,017
Investment for other financial assets	10,626	-15,588
Investment for acquisitions	0	0
Acquisition of subsidiary, net of cash acquired	0	0
Net cash (used in)/generated by investing activities	-7,086	-23,759
Cash flow from financing activities		
Interest received	174	78
Interest paid	-5,131	-2,480
Payment of earn-out obligations Farmaline	0	-1,100
Capital increase	63,381	49,147
Capital increase exercised ESOP	-4,340	0
Issue convertible bond	0	58,592
Issue other long-term liability	-18	-18
Cash-out lease payments	-1,203	-1,047
Net cash (used in)/generated by financing activities	52,863	103,172
Net increase/(decrease) in cash and cash equivalents	51,583	83,781
Cash and cash equivalents at the beginning of the period	62,653	24,338
Cash and cash equivalents at the end of the period	114,236	108,119

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY.

for the period ended 30 June 2020	ISSUED AND PAID-UP SHARE CAPITAL	SHARE PREMIUM	ACCUMULATED LOSSES	OTHER CAPITAL RESERVES	UNDISTRIBUTED RESULTS	EQUITY
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Equity as of 1 January 2020	269	340,923	-83,960	11,801	-36,270	232,763
Transfer to accumulated losses	0	0	-36,270	0	36,270	0
Share-based payment charge for the period	0	0	0	1,186	0	1,186
Capital increase incl. share issue costs	23	63,359	0	0	0	63,382
Capital increase exercised options	2	5,649	0	1,462	0	7,113
Comprehensive loss for the period	0	0	0	0	-5,120	-5,120
Balance as at 30 June 2020	294	409,931	-120,230	14,449	-5,120	299,324

for the period ended 30 June 2019	ISSUED AND PAID-UP SHARE CAPITAL	SHARE PREMIUM	ACCUMULATED LOSSES	OTHER CAPITAL RESERVES	UNDISTRIBUTED RESULTS	EQUITY
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Equity as of 1 January 2019	241	291,803	-50,351	5,893	-33,609	213,977
Transfer to accumulated losses	0	0	-33,609	0	33,609	0
Share-based payment charge for the period	0	0	0	1,303	0	1,303
Capital increase incl. share issue costs	28	49,120	0	0	0	49,148
Capital increase exercised options	0	0	0	2,942	0	2,942
Comprehensive loss for the period	0	0	0	0	-21,328	-21,328
Balance as at 30 June 2019	269	340,923	-83,960	10,138	-21,328	246,042

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2019 annual report.

The interim consolidated financial statements have not been audited.

2. Significant accounting policies

The preparation of interim consolidated financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

Shop Apotheke Europe N.V. has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2019 annual financial statements.

Going concern

From 1 January through 30 June 2020, the Company incurred losses before tax of EUR 5.1 m and generated a positive cash flow from operating activities of EUR 5.8 m. The working capital position at 30 June 2020 is EUR 52.6 m. The Q2 2020 inventory balance is impacted by the Corona related assortment, receivables include a timing impact of EUR 13.5 m related to the share option program which will reverse in Q3 2020.

	30.6.2020	31.6.2019
	EUR 1,000	EUR 1,000
Trade and other receivables	58,090	38,603
Inventory	76,956	42,770
Trade and other payables	-55,548	-36,092
Loans and borrowings (short-term)	-8,911	-7,582
Other liabilities (short-term)	-18,023	-14,578
	52,563	23,121
% Revenue	6.35	4.28

The shareholder's equity developed to EUR 299.3 m as at 30 June 2020 up EUR 66.6 m in H1. Cash and other financial assets position has improved with EUR 40.5 m to EUR 153.7 m. The company is closely monitoring its cash position and has taken the necessary measures to ensure executing its strategy. In April 2020 the Company successfully completed EUR 65 m capital increase. Liquidity is secured for the upcoming year, and management believes until sustainable positive operating cashflow generation. In case of exceptional circumstances, for example a sizeable M&A, additional financing may be considered.

On the basis of the above, the consolidated interim financial statements have been prepared on a going concern basis.

3. Use of estimates and judgements

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the annual financial statements 2019.

4. Development expenses

In determining the development expenditures to be capitalized, we make estimates and assumptions based on expected future economic benefits generated by products that are the result of these development expenditures. In particular, we have capitalized development work for our websites and the ERP system that supports the business. Business development spending is not capitalized but reported under "Selling & Distribution Expenses".

5. Seasonality

For the business of the Shop Apotheke Group, the first and fourth quarter of the year tend to be slightly stronger than the second and third. In the current year, however, seasonality has been distorted by the Covid19 effect.

Vendor allowances are calculated for the interim financial statements on a pro-rata basis, under the assumption of full target achievement.

6. Segment information

Our operating segments are reported in a manner consistent with the internal reporting provided to the key operating decision-makers. The key operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the statutory directors of the Group and make strategic decisions.

For management purposes, our Group is organized into geographic business units:

- DACH: Prescription medicine (Rx) sold to individual customers in the German market, as well as prescription-free pharmaceuticals (OTC) and beauty and personal care products (BPC) and functional food products sold to individual customers located in the German, the Austrian and the Swiss market.
- International: Only prescription-free pharmaceuticals (OTC), beauty and personal care products (BPC) and functional food products sold to individual customers located in other European markets.

This is based on our different shops and products and services provided. Geographic business units are measured by fully-loaded adjusted EBITDA results. Overhead expenses are allocated to the Group's geographic business units.

The Group's assets and liabilities are not disclosed by segment as they are not included in the segment information used by the key operating decision-makers.

Starting in 2020, geographic business units are being measured by adjusted EBITDA results. Until Q4 2019 the company had reported Segment EBITDA before the allocation of overhead expenses.

CONSOLIDATED SEGMENT FINANCIALS.

Segment information H1 2020 - non adjusted and adjusted

30.6.2020	DACH	INTERNATIONAL	TOTAL
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	391,114	73,547	464,661
Cost of sales	-305,903	-54,275	-360,178
<i>Adjusted cost of sales</i>	-305,903	-54,275	-360,178
Gross profit	85,211	19,272	104,484
<i>Adjusted gross profit</i>	<i>85,211</i>	<i>19,272</i>	<i>104,484</i>
% of revenue	21.8%	26.2%	22.5%
Other income	12	2	14
Selling & distribution	-61,415	-19,839	-81,254
<i>Adjusted S&D</i>	<i>-61,415</i>	<i>-19,839</i>	<i>-81,254</i>
Segment EBITDA	23,808	-565	23,243
<i>Adjusted segment EBITDA</i>	<i>23,808</i>	<i>-565</i>	<i>23,243</i>
Administrative expenses	-8,859	-5,089	-13,948
<i>Adjusted AE</i>	<i>-7,175</i>	<i>-4,787</i>	<i>-11,962</i>
EBITDA	14,949	-5,654	9,295
<i>Adjusted EBITDA</i>	<i>16,633</i>	<i>-5,352</i>	<i>11,281</i>
Depreciation	-4,329	-2,486	-6,815
EBIT	10,620	-8,140	2,480
<i>Adjusted EBIT</i>	<i>12,304</i>	<i>-7,838</i>	<i>4,466</i>
Net finance cost and income tax			-7,601
<i>Adjusted net finance cost and income tax</i>			<i>-7,601</i>
Net loss			-5,120
<i>Adjusted net loss</i>			<i>-3,135</i>

CONSOLIDATED SEGMENT FINANCIALS.

Segment information H1 2019 - non adjusted and adjusted

30.6.2019	DACH	INTERNATIONAL	TOTAL
	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	297,959	40,317	338,276
Cost of sales	-240,739	-30,176	-270,915
Gross profit	57,220	10,141	67,361
% of revenue	19.2%	25.2%	19.9%
Other income	15	2	17
Selling & distribution	-53,503	-13,570	-67,073
<i>Adjusted S&D</i>	-53,503	-13,570	-67,073
Segment EBITDA	3,732	-3,427	305
<i>Adjusted Segment EBITDA</i>	3,732	-3,427	305
Administrative expenses	-7,433	-3,921	-11,354
<i>Adjusted AE</i>	-6,492	-3,425	-9,917
EBITDA	-3,701	-7,348	-11,049
<i>Adjusted EBITDA</i>	-2,760	-6,852	-9,612
Depreciation	-4,749	-2,505	-7,254
EBIT	-8,450	-9,853	-18,303
<i>Adjusted EBIT</i>	-7,509	-9,357	-16,866
Net finance cost and income tax			-3,024
Net loss			-21,327
<i>Adjusted net loss</i>			-19,890

7. Fair Value

As at 30 June 2020, no significant changes of fair value calculations have occurred in comparison to the fair values from the 2019 annual report.

8. Risks and risk management

The Group's risk categories and risk factors that could have material impact on its financial position and results are described in Shop Apotheke's annual report 2019 (page 54-57). Those risk categories and factors are deemed incorporated and repeated in this report by this reference. Our evaluation of the company's risks and opportunities has slightly improved compared to the 2019 annual report in regard to the introduction of electronic prescriptions in Germany. In July 2020, the Bundestag passed the "Patient data protection act (PDSG)", which includes stipulations requiring the physicians to issue e-scripts starting in January 2022 through the telematics infrastructure provided by the gematik. The passing by the Bundesrat later this year appears to be likely. On the other hand, the draft VOASG law, which includes a prohibition of Rx bonuses currently offered by SHOP APOTHEKE EUROPE to its German Rx customers, is still pending in the German parliament.

Overall, there do not appear to be any risk factors that could fundamentally threaten the future of SHOP APOTHEKE EUROPE.

Principally, SHOP APOTHEKE EUROPE's business is subject to regulatory changes, which could have a significant favorable or unfavorable impact on its prospects.

The Group will publish a detailed update of Shop Apotheke's principal risks in its annual report 2020.

9. Events after the reporting date

Besides the new guidance provided on 23 July 2020 there have been no significant subsequent events.

CONTACT AND FINANCIAL CALENDAR.

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Financial calendar 2020.

5 November 2020

Publication of the results for 9M 2020