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**Operator:** Good day, and welcome to the investor conference call Q1 2020. Today's conference is being recorded. At this time, I'd like to turn the conference over to Mr Stefan Feltens, CEO. Please go ahead.

**Stefan Feltens:** Okay, thank you very much, yes, this is Stefan speaking. I'm here in the room together with Jasper Eenhorst, our CFO, and we want to welcome all of you to SHOP APOTHEKE's release of our Q1 2020 financials. We're going to share with you the results of a certainly very busy quarter for SHOP APOTHEKE but also a truly exceptional quarter and the one aspect that you know, you probably from the financial community are especially interested in is the improvement of our profitability versus Q1 2020, we're certainly going to focus on.

We're going to start with a review of SHOP APOTHEKE's financial performance in the first quarter. Jasper and me are going to take you through this, followed by a short strategy update before Jasper then share with you the outlook for 2020 and then, of course, Jasper and I, we're both looking forward to answering your questions once we're through with our presentation.

Okay, before we delve into our Q1 results, let me give you a quick update on the corona situation. Nothing has changed drastically from the last time we shared this with you. Throughout mid-May we're seeing an elevated level of orders and sales, so this was not a one-time event in the second half of March. We are, compared to our original plan for 2020, also in April also in May, we are ahead of our original projections.

In terms of the supply chain situation, you remember last time we talked about some constraints and challenges that we're facing. I'm glad to report to you that the supply chain situation has improved significantly. This includes critical corona-related or corona-specific product such as disinfectants and protective-wear like face masks. They are now available in our webshop and you know, just as an anecdote, just this week we removed actually the purchase constraints for our customers for disinfectants. Again, just an indication that the supply situation has improved significantly indeed. As of today, for the foreseeable future, we don't predict any serious supply chain problems. In other words, we are back to the normal of the pre-corona situation, but keep in mind the normal of the pre-corona situation still included some supply constraints for selected RX products but again nothing related to the corona situation.

As conveyed to you before, especially in the second half of March, we significantly reduced our online and performance marketing investment in order to limit the number of

incoming orders to a manageable level. I'm glad to report to you, and we shared this with you in the past, we succeeded in increasing the capacity in our logistics facilities, and as of today, we have been able to execute all the orders that we have received from our customers. In April and in May, we restarted our investments in new customer acquisitions and of course, as a result of this, we see an increase in new customers coming to SHOP APOTHEKE again.

Over the last two and a half months, we have closely monitored internally the situation. The corona-related hygiene standards have been heightened significantly. Our corona task force lead by one of the founders of SHOP APOTHEKE Robert Hess is still in place. They meet daily and, if necessary, several times a day. We continue to adjust our internal standards. As a result of all these efforts, I'm very happy to report to you that over the last two and a half months, knock on wood, we haven't had any interruptions in our pharmacy and fulfilment processes and operations.

Needless to say, but we should keep this in mind, this is an unprecedented situation with a very high degree of uncertainty. Everything we are going to share with you today, especially any statements about you know, the coming months and the remainder of the year should be seen against the backdrop of this high degree of uncertainty.

So let's switch to some of the highlights for Q1 before I hand it over to Jasper, who's going to share – provide more insights to you. We already told you that we had a very strong start into 2020. Revenues in the first quarter compared to Q1 2019 were up by 33% and reached €232 million. Of course, you know, fully organic. Interesting and important for us also, you know, against the backdrop of the preparation for the introduction of electronic prescriptions in Germany, RX sales were up by a healthy 23% and reached €55 million in the first quarter. Growth-profit actually grew at an even faster pace. I dare to say that they jumped by 53% to basically €50 million. The margin improved by almost three percentage points to 21.5%. The main drivers, and again Jasper is going to share more details, are improved sourcing conditions as well as better net pricing, and again the emphasis here is on the net, and again Jasper will talk more about this.

Most importantly and well ahead of our internal plans was the improvement of our profitability here reflected at the adjusted EBITDA results. Last year the EBITDA loss amounted to around €9 million, a lot of €9 million. In Q1 2020 we generated an adjusted EBITDA of basically €5 million. The margin as a result of this improved from -5.2% to 2.1%. Again a big accomplishment and we want to mention here – and you're going to him more about this in a moment – this was – corona had an effect, it's reflected in this, but it was not even the major driver of the improvement.

The improvement in our profitability at the EBITDA level cascaded through our financial statement also reflected here in a very healthy operating cash flow. The improvement versus prior year from €-2.3 million to €12.2 million, €14.5 million even stronger than the EBITDA improvement and last but certainly not least, we did another important step; we reached a milestone on our roadmap to evolve towards a customer-centric e-pharmacy platform.

In March, we started our cooperation with Zava, one of the leading online doctor services in Europe. As a result of this, our customers, through our website, can now obtain the medical consultation from Zava for right now around 30 medical indications. So again, an important milestone for us on our road map towards becoming a customer-centric e-pharmacy platform.

Just taking another snapshot at sales, we already talked about the improvement versus Q1 2019. For those of you, and I think that's all of you, who are closely following our performance over the years, you know that Q4 and Q1 are traditionally the strongest quarters. We also posted a very significant gain versus Q4 2019, and I want to emphasise that actually the majority of this growth came from planned organic growth and then almost like the icing on the cake, even though it was a large icing, came from the corona situation which really materialised in the second half of March only. The sales growth, of course, is also reflected in our growth of active customers which jumped by a quarter from €4 million in December 2019 to €5 million – excuse me, from €4 million in March 2019 to €5 million by the end of March this year. If you compare this to December 2019, we saw an increase of active customers by around 300,000.

Talking about our customers and looking at customer KPI's we're saying here, our customers are highly satisfied. We are proud of this, and we are very proud that this continues despite the corona surge and some you know, extended delivery times that we had in the second half of March. Just a couple of highlights; the numbers of orders from returning – from existing customers remained above 80%. We had a healthy average basket value of €65. Our loyalty programme, RedPoints, is very successful. I'm going to talk more about this later and then to put it all together, what do customers think about SHOP APOTHEKE? How do they experience their end-to-end customer journey reflected here in the NPS score? It's remained at 70. 70 itself is already a very healthy KPI, a very healthy score, but again despite the extended delivery times towards the end of March, we were in a position to remain at this strong level of 70.

Okay, so looking at the graphics through our website and through our app, you see here of course, you know, very significant growth. No surprise. We reached a new high with over 44 million visits. In Q1, there's an increase by 10 million visits both versus Q1 2019 but as well versus Q4 2019.

And the last chart before I hand over to Jasper to walk you through the details of the financials, you see here the number of orders. We already mentioned here the repeat orders, pretty much at the levels in Q3 and Q4 last year, above 80. We reached an all-time high will almost 4.2 million customer orders in Q1. The orders increased at a faster pace, especially in comparison to Q4, then sales, because non-RX sales, OTC sales, beauty, and personal care products grew at a faster pace than RX sales, and as you know, RX sales have an average basket value. So again, orders grew at a faster pace, especially in comparison to Q4 than our – that sales itself. And with this, I'll hand it over to Jasper to share with you some, I think, exceptional insights into our Q1 financial performance.

**Jasper Eenhorst:** Thank you, Stefan. Happy to do so, indeed. On this stage, we see all key P&L numbers and margins. First this quarter versus the same first quarter of last year and then this quarter versus the past quarter four. I will discuss everything from sales up to and including the adjusted EBITDA margin. But before I start in general, I think it's important to take into account when looking at these variances that last year's quarter one, that the EBITDA margin was significantly low in Q1 2019, and there were actually two reasons for that. Number one is that the level of choice back then to really invest in growth – and actually was a very successful decision because our 2019 organic growth was very strong as you all know, that this lead in the first quarter of 2019 to a low EBIT margin.

At the same time last year back then also the operational cost performance was not really strong, and we are cycling this now. So these two items, and then actually together with the fact that in the current year's quarter, there was a benefit – a net benefit from the corona situation these two items, these two contexts, they explain a certain amount of the magnitude of the variances. However, this leaves alone that – which is I think more important if you strike those out and I get back to that in the next chart with bridges, it's important that we seek significant underlying structural improvements excluding those two impacts.

Okay, to start with sales, as Stefan already mentioned two times, our sales increased by 33%, but they were also up 21% versus the strong fourth quarter of last year. The growth-profit margin ended at 21.5%, 2.5 percentage points better than the same quarter last year, with also 1.6 percentage points better than the fourth quarter. As I mentioned already on the next slide, I will share some details on the variances.

Then to the selling and distribution expenses. This is in the case of SHOP APOTHEKE actually everything between the growth-profit and the [inaudible] of cost. It ended at 16.9% of net sales, which was four percentage points better than over the same period last year and 0.8 percentage points better than our already strong fourth quarter of last year. And then there is 2.5% of sales better than last year as a percentage of sales and

better than the most recent quarter. This all boils down to an adjusted EBITDA that was close to 5 million positive, 40 million better than the year before, and 7 million better than the past quarter four. The adjusted EBITDA margin is 2.1% positive, and as you can see, the adjustments in total were 1 million here, and there was nothing exceptional in here. It was roughly half related to the pre-stock option programme and roughly half related to costs related to the new facility Venlo 2020.

Growth margin. The growth margin from 18.7% in 2019 to 21.5% achieved in the current quarter. To start with sourcing, 0.9%. I think it's important when we talk about sourcing that it is not only the direct conditions of prices that improved, but we achieved here a lot in our partnerships with our suppliers and our wholesalers so in the total mix of sourcing we see a positive structural benefit in our profitability there. Then there is an important 1.1 percentage points which is improved pricing and cross-selling strategies that were successful and then there is also significant re-mailing with order items where for example the transport costs from suppliers to us is – and there is also the benefit in this case from the mix of countries. All in all, a significant improvement with some impact from corona. I'll get back to that later, but more important is the underlying structural improvement.

Then if we go to the cost – the selling and distribution cost as a percentage of sales which includes in the case of SHOP APOTHEKE the marketing expenses. An improvement from 20.9% of sales to 16.9%, as I mentioned already, a four percentage points improvement and the majority in this case came from marketing. I think it's fair to say that roughly 50% of this is related to the fact that we had virtually no marketing in the second half of March and roughly 50% is due to increased marketing efficiency as well as cycling high-efficiency last year.

The other item and to mention on this slide is the improvement of operational labour. In continuation of the fourth quarter, we see a better operational efficiency. This is because we do more sales from the same facility, but you also see that a programme that is named internally continuous improvement is really making significant structural improvements and lastly, as I mentioned already we're also cycling, in this case, a quarter last year that was from the operational efficiency perspective not very strong.

The next slide – actually, we discussed this already, but we included it nevertheless because we're proud of it. We have not earned 0.2 or a 0.3 adjusted EBITDA margin in quarter one. We have a solid, positive adjusted EBITDA margin in quarter one which was better than the same period last year and which was better than the fourth quarter of 2019.

No, one slide back there, please. Yes. Thank you. The last one on bridges related to the P&L from last year to this year. I think before going into any details, I want to share

with you the main message that I want to bring across looking at this slide. Also, without corona our adjusted EBITDA margin would have been break-even in the first quarter. We know that because January and February and the first week of March, those numbers were break-even, and there was no impact of corona. In that case, corona had not yet arrived in Europe. Then in the last weeks of March, we had a benefit from corona, we had a better growth-profit margin, we had fewer vouchers, we reduced our marketing, while the amount was very high, and our operations remained stable and got to a new level of capacity. So that all helped, but the main message here is also without corona, we would have had a break-even adjusted EBITDA margin in the first quarter of this year.

Sourcing improvements we talked about already, which is year-over-year having an impact. The operational performance we talked about already and perhaps the title of the economy of scale does not totally reflect what's in this box because it is indeed economies for scale, but it's also increased efficiencies, specifically in marketing and the real fact of having economies of scale is also having an important explanation in this bracket. We get more sales than we expected that we could do, and we get it at the same fixed cost.

So, cash flow, very important, I think to everybody, but also to me specifically. We started the year already with more than 100 million in cash and cash equivalents, but in this first quarter, we actually achieved also an operating cash flow that was positive 12 million. This is of course, reflective of the positive EBIT and EBITDA that we discussed already and it's also because of favourable working capital movements. Don't immediately extrapolate this into the full year because at SHOP APOTHEKE we benefited from the fact that we have very high year and [inaudible] working capital and that helps if you can enter the new quarter, but nevertheless, we achieved both and a positive EBITDA and positive working capital variances.

We invested in total 10 million. In the graph, it's netted with movement in short-term financial investments, but it was a level of 10 million which is a level that we think is reflective of a normal quarter at SHOP APOTHEKE and it consists of investments in the new facility and general PP&E and then of course importantly also in our IT.

With this, we ended the quarter with 111 million of cash and cash equivalents, but after the quarter in April, actually, we had a successful capital raise and you see that including the money from this capital raise we have a cash balance of 173 million. With that, I give it back to you, Stefan.

**Stefan Feltens:** Okay, thank you, Jasper. So quick strategy update. Unfortunately, but you know, I guess for obvious reasons we had to cancel – or I should better say we had to defer our first capital markets day, which had originally been scheduled for June.

We're going to get back with you with a date when we're actually going to host our first capital markets day, but the objective – the purpose of this capital markets day would've been to explain to you and to substantiate what it really means for SHOP APOTHEKE to evolve from a pure e-pharmacy retailer which at our core we are today, to becoming a true customer-centric e-pharmacy platform. What does this mean for our customers? How are the customers going to benefit from this? But also how is this going to contribute to SHOP APOTHEKE's financial health in the future.

In lieu of having a capital market's day – a fully-fledged capital market's day, we want to take advantage of these quarterly calls with you in order to give you – to report back to you quickly, you know, how have we been doing? What progress every made? Which milestones have we hit towards this customer-centric e-pharmacy platform? And there is something that we want to share with you today, and some of these themes are going to be with us over the coming months as well.

We have already talked to you about the, you know, cooperation with Zava that commenced in March. This is one of the milestones towards our platform or one of the pieces of our platform strategy. We are now gaining experience; we're collecting data. We want to understand what works for our customers, what doesn't work, in order to be able to scale this up in the coming months and in the coming years. The rollout or the cooperation with Zava will be followed by our next expansion of the – by the expansion of our same-day delivery pilot. You might remember that last year in April, we started a same-day pilot in the Reingruber area, you know, basically from Cologne to Dortmund. Of course, you know, we could satisfy the same-day orders from our location in Venlo. That is not true for other metropolitan areas in Germany and beyond.

So as we now start expanding our same-day pilot on the left-hand side, you actually see the screen with the label SHOP APOTHEKE and Now. As we now expand this to additional metropolitan areas in Germany, we're going to work together with a very limited number of local players in the metropolitan area.

Again, we're going to start with the expansion around the middle of this year. Own brands – you probably know that with the acquisition of New Three in 2018, we acquired two proactive new brands. New Three and Biovital, the same management team, is now charged with developing our first own-brand under the label of Red Care. In February, we introduced the first two products. A nasal spray, of course, fitting, you know, with the flu season – the flu and – the cough and cold season. We introduced Red Care paracetamol. Admittedly, this couldn't have come at a better time with the hype around paracetamol in connection with the corona surge, so we had sufficient inventory is of Red Care paracetamol available.

Last week we introduced the third product, Red Care ibuprofen, and many more products are going to be introduced under the Red Care label until the end of this year and beyond 2020. Of course, own brands are a way to improve customer retention, but you know, admittedly, we are also generating some very healthy and substantial margins with these own brands today, and of course, this is going to grow into the future. And last but certainly not least, another milestone we are going to hit this year in the launch of our marketplace we had shared with you in the past. The purpose of the marketplace is to offer more healthcare-related products to our customers, so at least in the first case, there won't be any canalisation of the products that we sell out of our own inventory. These are additional product categories. Altogether, if I remember correctly, there will be 11 to 12 categories and I've shared with you, you know, to just make it a little bit more tangible, some examples.

In the past, contact lenses, medical devices, high-end cosmetics, veterinary products, again, altogether, 11 to 12 product categories. We're going to start in the second half of the year with a sizeable number of merchants. We are talking to them right now. We very close to signing the first merchant up. The interest is very high; I can share this much with you, we also decided deliberately that we would go with an established third-party technology platform. We are developing the website and the app in-house for good reasons because we need to be able to respond very quickly to changing customer needs. Again, for the marketplace, we decided to go with a reliable – with an established technology.

So what does this – what are the benefits of all of these additional services? Of course, all of these services, all of these offerings over time, are going to contribute to our top-line growth. They're going to contribute to our bottom-line performance. More importantly, however, is the compounding effect of all of these services. We know that the more services a customer uses, the higher the loyalty, the better from our vantage point the performance of this customer reflected in a higher customer lifetime value. What does this mean? The more services a customer uses, the higher the customer lifetime, the higher the order frequency, the higher the basket values. Again, all of this is going to be reflected in SHOP APOTHEKE's financial performance over the coming years as well. When we look at the data that we have collected to date, with the additional quote-unquote services that we are offering today, the data clearly bears this out.

I'll give you a couple of examples. Customers that subscribe to our newsletter today, they have a higher customer lifetime value. Customers – and we're now talking really literally about millions that are participating in our RedPoints loyalty programme have a higher customer lifetime value. Customers who order both non-RX and RX products from SHOP APOTHEKE have a significantly higher customer lifetime value, and of course, it's our job to give our customers more and more reasons to return to SHOP

APOTHEKE, to return to our e-pharmacy platform in the future. We're confident, starting with the online doctor service, with the marketplace and things that are going to happen in the future, that this will hold true for all of these services as well.

Okay, shifting gears just for a moment, a quick update on e-prescriptions. Where are we with our preparations for the introduction of e-prescriptions in Germany? I can start, you know, a little bit with the end in mind. Nothing has drastically changed since the last time we talked to you. Just this week, and that is really the only update I can share with you, we have received the draft specification from the GEMATIK, the semi-governmental entity that's charged with developing and providing the technical infrastructure for electronic prescriptions. Just this week, we received a draft specification. We have already reviewed them. It's pretty much what we have anticipated. No surprises there. We are now very confident that by the end of June, the technical specifications will indeed be finalised, meaning by the end of June with everybody, not just SHOP APOTHEKE – everybody is going to know how these e-prescriptions are actually going to work from a technical point of view. Then the GEMATIK will have tied in order to develop and to implement these technical solutions. At the core, we're talking about the servers will be a cloud-based solution that will store all of the e-prescriptions. So the physicians are going to upload these e-prescriptions, these data into the cloud and the service providers, namely pharmacies including SHOP APOTHEKE, we're going to retrieve this information from the cloud, based on everything that we have heard, that we have learned we are confident that the cloud will be in place around the middle of next year.

Then you probably remember an announcement from GEMATIK in January that there will be a central e-prescription app that will also be developed and introduced by the GEMATIK. Officially, we're hearing this will also be available around the middle of next year. We think that it might move a little bit into the second half of 2021, but that's no obstacle for us, at least from our vantage point, and then in the second half of 2021, we're going to see a ramp-up. We're going to start receiving some e-prescriptions because the central app is not required – it's not the only way for a pharmacy to receive an electronic prescription from a customer – from a patient. So we're going to see some ramp-up everybody, including SHOP APOTHEKE. We're going to gain some experience. We're going to see what works, what doesn't work, and then we're going to get to January 2022, and that takes us back to the PDSSG, the Patient Data Protection Act. As you know, this includes a stipulation that physicians in Germany, in the vast majority of instances, will actually be obligated to issue prescriptions in an electronic format. Of course, the driver behind this is the intent to reap the benefits from this cornerstone of the digitisation of the German healthcare system as quickly as possible. I can assure you SHOP APOTHEKE will be ready in the second half of 2021. We'll be ready for e-prescriptions.

Just this week, we as a management team, we reviewed all of our projects and initiatives related to the introduction of e-prescriptions for SHOP APOTHEKE to be ready. We are on track. We will be well-prepared, and of course, our vision is that we will take a disproportionate share of the significant opportunity presented by the introduction of electronic prescriptions.

And with this, I'm sure you want to know something about the outlook for the year. Jasper, please.

**Jasper Eenhorst:** Yes, thanks again, Stefan. This is the last slide of our presentation before we go to the Q&A. On this slide, with comfort we confirm our guidance for the current year 2020 and actually raise our guidance on the adjusted EBITDA to a slightly but directionally important more positive direction. So in some, sales will increase by at least 20%. Adjusted EBITDA is now expected to be a positive number, not only around zero, I think with the statement of sales to increase by at least 20%. I think that often questions relate to how well the momentum continues of the amount, but I think it's as important that we have proof in March that actually our capacity is greater than we anticipated ourselves before and that actually the achieved capacity is for us the new normal, so we also have the possibility to grow faster.

However, the overall world remains volatile, and based upon the developments in the world and at this in the second quarter, it's now our intention to provide you with a fuller update on our 2020 guidance with a half-year report.

And into the longer-term guidance at the bottom of the page. On our target profitability, our Q4 and then today the Q1 figures are there saying underpinned that we are well on track to execute our strategy that will foresee – we will foresee will lead to an EBIT in excess of 6% in the longer-term. That's it. Let's go to the first question.

**Stefan Feltens:** Okay, operator, so please open it up the questions.

**Operator:** Thank you. If you'd like to ask a question, please signal by pressing star one on your telephone keyboard. A voice prompt on the phone line will indicate when your line is open. Please state your name before posing your question. Again, press star one to ask a question. Our first questioner.

**O:** Hi, yes, thanks for taking my question. Can you hear me?

**Stefan Feltens:** Yes. Not very clear, but we can, yes.

**O:** Okay, right, hi, Stefan and Jasper. Thanks first of all for improving reporting quality and the colour on the GEMATIK specifications and good job on going through the March

madness. A few questions maybe one by one if that's okay? Out of curiosity, at what kind of gross margins are you selling masks and gels or COVID products?

**Stefan Feltens:** Jasper, you want to take this?

**Jasper Eenhorst:** Above average margins.

**O:** Okay, all right. And then in terms of – so looking into Q2, you probably have a better sales mix than last year in terms of gross margin, but you ramped up marketing. So I'm just wondering what's your expected net effect of that to be at that EBITDA level?

**Jasper Eenhorst:** Yes. Your question relates to quarter two?

**O:** Yes.

**Jasper Eenhorst:** Okay, I understand. Okay, thanks. Yes, I have to refer back to the guidance that we're giving as the full-year number will be a positive number, and I don't want to be more specific on that on the second quarter. I think it's important that in the first quarter we mentioned that a large extent of the numbers you saw there were above break-even on a structural base. I think it's very important that we as a company – it's not our ambition to end at 1 billion sales with a very strong EBITDA margin. We are a growth company, and we want to go from 1 billion to 2 billion to 3 billion to 5 billion. So we will balance continuously growth and EBITDA margins. And I think that me as CFO and also as a person, I like to be and I want to be in a positive EBITDA margin area because then we are the owner of our own destiny and we want to generate cash. That's important, but we also want to grow really fast.

So actually in Q2 we also started with some efficient marketing things that you might have seen and marketing means a relatively less expensive – are relatively cheaper in the second quarter so we're investing in growth and the guidance on EBITDA is that it's going to be a positive number for the full year.

**O:** Okay, thanks. And then on the free cash flow, is there in your view a chance that your new warehouse will not suffice to match the volumes of orders you could see in RX from 2022? In other words, would there be a need for you to invest in let's say the current warehouse, to perhaps be able to face a wave of orders in RX?

**Stefan Feltens:** O, it's Stefan. Once the new warehouse is, you know, fully upstream for the foreseeable future, and I'm talking about two to three years, we will have sufficient capacity. Once we, you know, get to 2022, 2023, you know, there are other questions that we'll need to answer. In the future, will we be able to serve a customer, for example,

in Palermo in southern Italy from Venlo? Again once we have sufficient scale in a market like Italy, we need to re-look at our overall distribution strategy.

Again, for the foreseeable future, we are very confident that number we're going to have enough capacity when the new location goes live, and then you know, through continuous improvement type initiatives, we'll be able to squeeze out additional capacity. There is no plan at this point in time to continue to use our existing facility. It's a very manual process. We want to repeat the benefits from automation from a much higher degree of automation in our new facility.

**O:** Okay, I understand. And then, I note was a subject that you raised, I forgot when exactly, but how do you think now about the possibility to change your name for customers?

**Stefan Feltens:** That is something that we've communicated before. That is going to happen. Again SHOP APOTHEKE works really well in Germany, in Austria and in Germany but not in other markets. We want to have one brand. That is something we're going to start introducing perhaps towards the end of the year, but then over the coming years. It's not going to be a big bang.

**O:** Okay, fair enough. And then just two last ones. On RX can you tell us where your average –

**Jasper Eenhorst:** Can you please make it one other question because we have also some others waiting? Please.

**O:** Yes, I understand. Yes. So on RX, can you tell us where your average basket is right now and whether you would be able to – you know, can you say whether the sort of inventory build-up in RX we saw in March is over now? Or are customers ordering again?

**Stefan Feltens:** So, of course, we saw a significant increase in our – in the second half of March. We saw also a significant dip in April because, you know, patients just didn't go to the doctors. They had indeed as you were assuming they had stocked up already in March. Now in May, we're going to see a return to normal. You know, I'm a perfect example, you know, I got all of my supplies in March, and next week I'm going to see my doctor because I need the next supply.

**O:** And on the average basket, can you tell us where it is approximately on RX?

**Stefan Feltens:** No, it's significantly higher of course than the average, but we don't disclose the separate baskets.

**O:** Okay, thanks very much.

**Stefan Feltens:** Thank you.

**Operator:** Thank you. Our next questioner?

**Speaker:** Hi, good morning gentleman, it's [inaudible] from Deutsche Bank. Two questions please. Firstly, on the growth rate ex-corona in Q1 and secondly on the stickiness of the customer as much as you can tell. So firstly, on the growth ex-corona. It would be helpful obviously to give us some indication potentially, what the growth in January and February roughly was so that I can better gauge the impact of corona obviously. And again in that context obviously, thank you very much for the hint on the EBITDA guidance already that you gave.

And then secondly, as much as you can tell right now, how big is stickiness really of your incremental customer base that you've generated in the second half of March in terms of repeat orders? What can you say about that? Thank you very much.

**Jasper Eenhorst:** The first one on growth. I think it's important that the surge in orders of corona were in three and a half weeks of March and before there was no impact, so the growth before that was roughly between 25 and 30%.

**Speaker:** That's very helpful, thank you.

**Jasper Eenhorst:** Yes, and then the next one was on the stickiness of the new customers?

**Speaker:** Exactly.

**Jasper Eenhorst:** Yes, perhaps we discussed it shortly this morning also, but I will repeat also for the others. Of course, we don't know. I can only say that with all the years of experience and data that we look at at SHOP APOTHEKE, we normally see a very strong correlation between a high NPS score and customers being loyal to us. One of the main impacts on the NPS score is that the order is on time.

During corona our orders were not on time, but not surprisingly, we still got a very high NPS score of those customers. They were happy that we were able to deliver whilst some other websites were down, or pharmacies could not be walked to because of social distancing, so the indication of a positive MPS is a good indicator that those customers will stay with us, but only the future can tell what happens after the social distancing is over. We have tried to give them the best experience possible. Of course, we also try those customers to make a second order at this moment to become loyal

customers, and as you might have seen also in April and May, actually, we're reaching out to new customers and until now successfully.

**Speaker:** That's very clear. Thank you.

**Operator:** Thank you. Our next questioner?

**Speaker:** Hi. This is [inaudible] from Barclays. Two questions from me. First, can you give us some colour on the product mix in April and May? You know, how much of the basket is COVID-related products like disinfectant, and how much is more normal products? And secondly, can you give us a sense of how trading has been in April and May? You've said it's strong, but if you can give any sense of the magnitude, that would be very helpful.

**Stefan Feltens:** Okay, so the product mix, you know, I don't have this data in front of me. You know, we saw, of course, in the second half of May typical product categories that bloomed; that increased very, very significantly. I think we were coming back to more normal levels in April and May and then, of course, towards – in the second half of April, in the first half of May, we saw a very significant increase in the sale of disinfectant and protective-wear like face masks. You know, yes, we have stable supplies. Sales are at a very significant level, so there has been a little bit of a makeshift – some of this I think, with protective-wear in our regulations remain in place as there are in many countries today. I think that's going to be with us at least for the foreseeable future, but we don't have any hard data in front of us right now talking about, you know, how the various product segments have shifted.

**Jasper Eenhorst:** And then with the start of April, we tried to be clear on that with the earnings release already that we actually say in April and then the presentation we say April until mid-May, so actually until today, that we say that the momentum of the first quarter is largely continuing into the second quarter.

**Speaker:** Thanks.

**Operator:** Thank you. Again, if you'd like to ask a question that is star one. Our next questioner?

**A:** Good morning, **A**, Commerzbank. Two questions from my side. One is one Zava cooperation. Is it about loyalty or new questions? So the question is, is the idea that existing SHOP APOTHEKE customers can use Zava services? Or do you expect that Zava customers become new SHOP APOTHEKE customers? Question one. Question two on competitive situation. Has it changed over the last month? Is the pricing more disciplined? Any insight would be appreciated.

**Stefan Feltens:** Okay, so I'll start with the Zava cooperation. **A**, why would Zava enter into cooperation with us? Because you know, admittedly they want to access our, you know, 5 million customers by the end of – 5 million active customers by the end of March. So it's predominantly existing SHOP APOTHEKE customers that are now through our website kind of portal; they're going to be able — they are able to obtain a medical consultation from Zava. Of course, in the future, we are promoting the service now. We are also, I'm sure, going to gain some new customers at least for the foreseeable future. I would say the bulk of this business will come from existing SHOP APOTHEKE customers. Again, I'm a prime example. I've already obtained a medical consultation from Zava, and I was an existing customer.

**Jasper Eenhorst:** And then on the competitive situation, no major changes there. No.

**A:** Okay. Thanks and congrats. Good result.

**Jasper Eenhorst:** Thanks, **A**.

**Operator:** Thank you. Again, that's star one to ask a question. Our next questioner?

**N:** Hello, it's **N** here from Citi. I had a couple of questions on the marketplace initiative, and I just wondered if you could give us a bit more colour on the sort of take rates or revenue share and the economics of how that might work and also just on the competitive position of the marketplace, whether any of your competitors offer something similar? So that's the first question.

The second question is on capacity. You said that you'd exceeded your expectations in terms of your capacity but at a fixed cost base. So I just wondered if you could give us some more colour on whether you think there's any more headroom, any more capacity there at the same level of cost, or whether beyond this, cost would have to pick up a little bit.

**Stefan Feltens:** So I'll take the first question. Jasper will take the second question. In terms of the marketplace, we're going to start the marketplace in the second half of this year. Again, this is a business that needs to be introduced, that needs to be scaled up, so we don't anticipate a major top or bottom-line contribution from the market place this year. In the coming years, as we scale this business up, as more product categories are added, as more merchants are going to be added, of course, this will become a sizeable part of our top-line and of our bottom line. It will make a contribution, but we have not disclosed, you know, what specific targets we're aiming for.

In terms of the concept, yes, there is a difference to what some of our competitors are doing because in the initial phase, there is no intent on our side that we are going to replace any of the products we're going to sell out of our own inventory today. It's going to be a pure expansion of product portfolio of healthcare-related products. I'm not sure I answered your question, so let me know if there is something else.

**N:** No, that's really helpful, thank you.

**Jasper Eenhorst:** Okay, and the question then on the capacity. Of course, I can only answer that question if we assume that there hopefully will be no interruptions or other unforeseen circumstances. Then the most concrete I can be from the capacity perspective that actually our capacity is at least 12 times what we produced in March. That doesn't mean that we're going to sell everything because that's number two that we also need, but your question was related to the capacity, what we achieved in March that is our new normal.

**N:** Great, thank you.

**Operator:** Thank you. Our next questioner?

**O:** Hi again, it's **O** from Kepler again. Just a follow-up. Are you hearing anything that might be encouraging regarding the acceptance of telemedicine by the public health insurance system in Germany?

**Stefan Feltens:** Well, only that we know that there are negotiations going on. That hasn't been concluded yet. You know there are different types of telemedicine services. Of course, the big breakthrough for this new approach would be if it would – once it will be – I think it will be, it's a question of timing and how – once this will be reimbursed by the statutory health insurances in Germany. Right now, what we are doing with Zava today is largely addressing the self-pay market to a certain extent – the market of the privately insured, but again, the big game-changer would be if reimbursement by the statutory sick funds in Germany is in place.

**O:** Okay.

**Stefan Feltens:** We know these discussions are ongoing, but of course, we're not part of these discussions. We're not privy to this.

**O:** All right. Thanks very much.

**Operator:** Thank you. There are no additional questions at this time.

**Stefan Feltens:** Okay, if there are no questions, then I want to thank all of you for your continued interest in SHOP APOTHEKE. It has been an exciting journey. It will be an exciting journey over the coming months and year, and there will be more great news that we will be able to share with you again.

I just want to conclude with reference to a very exceptional quarter where we demonstrated that actually we can earn money in this market with our business model and we are well ahead of our internal plans for reaching this milestone. So thank you very much. As Jasper mentioned, we're going to be – provide a more comprehensive update on the year when we release our Q2 earnings in early August. Thank you very much. Have a great day. Bye-bye.

**Jasper Eenhorst:** Yes, bye.

**Operator:** Thank you, ladies and gentlemen. This concludes today's presentation. You may now disconnect.