

**Company:** Shop Apotheke Europe  
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**Moderator:** Stefan Feltens, CEO  
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Operator: Good day and welcome to the Shop Apotheke investor and analyst call earnings release full year 2021. Today's conference is being recorded. At this time I would like to turn the conference over to Stefan Feltens, CEO Shop Apotheke. Please go ahead.

Stefan Feltens: Well, thank you very much. And yes, and I want to welcome everybody to the full year 2021 Shop Apotheke Europe earnings release call in these truly unprecedented times. Our thoughts are, of course, with the people of Ukraine, and I hope, I assume you are all joining us in hoping for a very quick cessation of all hostilities and an end of the suffering. By the way, a substantial delivery of urgently needed pharmacy products will be on its way from Shop Apotheke to the Ukraine tomorrow. And just to preempt a question that you might have, no, Shop Apotheke is not directly impacted by the war in Ukraine. We don't have any suppliers that are based in Russia or in the Ukraine, and we don't have any currency exposure beyond the Swiss Franc. And I think you all agree that in times like this, having some Swiss Francs in your balance sheet is probably not the best – the worst currency to have.

Admittedly, this is not an easy transition, but we, at Shop Apotheke, have some really good news that we want to share with you about what we did last year and what we are going to do this year, and what 2022 is going to look like. We are once again broadcasting live from our headquarters here in Sevenum, which is fully [inaudible] certified facility. At the end of our presentation, you will, of course, have the opportunity to ask questions. Please use the dial in numbers that have been provided together with the invitation. We'll start by walking you through the financial performance of last year, and we're going to share with you some of the e-commerce typical KPIs, and we'll give an update on where we are with the execution of Shop Apotheke's strategy. And then Jasper is

going to conclude by sharing with you what the outlook and the guidance for 2022 and beyond is going to look like.

So how did we do last year? Last year, when I look back, it was a very good year for Shop Apotheke. We had experienced some challenges, but most importantly we overcame these challenges very quickly, and we marked an important milestone last year. We joined, I dare to say so, the club of sales billionaire last year with sales of €1.06 billion. In total our sales were up by 9.5% in the national, went up our international segment by around 40%. That went up by around 4% in Germany. And I think that is a remarkable achievement. We significantly increased our market share in the nonprescription market, so our growth outpaced, that is probably not a surprise, the growth of the nonprescription overall pharmacy market in Germany last year, but we also, significantly, by a wide margin, exceeded the growth of the non [inaudible] pharmacy market in Germany. Based on our own estimates, by the way, the same is true for Shop Apotheke's other large markets, notably Austria, Belgium and Italy.

The adjusted EBITDA margin came in at a little bit more than -€5 million last year. This translates into an adjusted EBITDA margin of minus -0.5%. This compares to the last guidance that we have provided to the markets which was aiming for an adjusted EBITDA margin of -1.0%. Very important. We are a growth company and we grow through our customers. Our active customer base went up by 25% of 1.6 million. And by the end of last year we had reached an active customer base of 7.9 million. As of today, of course, we have surpassed the eight million mark by a significant margin. In terms of strategy execution, we remain fully on track, and we are ready for e-prescriptions. Of course, we're going to talk about all of these components more when it come to the strategy update with the conclusion of our move from our old pharmacy and our old distribution facility to our new headquarters which holds our new pharmacy and our new distribution facility. We are in a position to support the growth ambition of Shop Apotheke Europe in future. We certainly will have ample capacity over the next two years to participate in the e-Rx opportunity.

With the acquisition of smartpatient and MedApp earlier last year, we significantly expanded our capabilities in the area of digital health services, with an emphasis, a focus on digital medication management. Since the middle of last year, in June, we are in a position to offer same day delivery services through our partner pharmacies under the label, Shop Apotheke NOW in all 13 metropolitan areas in Germany. By the way, late last year we also started our new service in Vienna, in Austria, and we are very excited about the launch of our own marketplace in Germany to be able to offer a much broader assortment of health care and beauty related products to our more than eight million customers.

So taking a closer look at our two reporting segments. You remember our total sales grew by 9.5% to over a €1 billion. Starting on the right hand side, our international segment, consisting, again, of Italy, France, Belgium and the Netherlands, grew by almost 14%, exceeded sales of €200 million last year. And that segment requires a little bit of a closer look. In total, we grew sales by 4%, by almost 4%. But you see a very different picture when you split the total growth into the non-Rx segment and the other Rx segment. The non-Rx segment grew at, I think we can say, a healthy pace of 18% percent. And please keep in mind, for several months last year, around the middle of the year, we were capacity constrained. Our growth would have been significantly higher, even higher, if we have not been capacity constrained. We gained market share in the non-Rx online market Germany. On the Rx side, we see a different picture. Our sales decreased by a little bit more than a third. Admittedly, the impact of the Rx bonus ban, which came into effect in December 2020 had a more severe impact than we had anticipated. But we also want to state clearly the only driver behind the decline of our Rx business was indeed the Rx bonus ban. We can say this with certainty because we saw a decline in our business with publicly insured patients in Germany. But the business with privately insured patients, where we can still pay the average bonus, continued to grow last year. We remain convinced that the Rx bonus ban is a violation of European law, and this will have to be resolved – in all likelihood, this will have to be resolved through the legal system.

So looking at a couple of e-commerce typical KPIs, we already talked about our customer growth, I just want to emphasize the gray blocks that you see on the left hand side that lead you from the 6.3 to the 7.9 million active customers at the end of last year. The biggest block here is Q4. We have Q4 in terms of customer growth, new customer growth was indeed a record quarter. We gained more than – we gained around half a million active customers. This is on par with Q2 2020, in Q2 2020, you remember, this was the first Corona quarter. We also gained around half a million customers. So Q4 last year, a record setting quarter. Our Net Promoter Score average 68 across the year. If you compare Net Promoter Scores across industries, you know that this is still a very, very strong score, a bit below 2020. Of course, our ambition is to get back to the 70 and beyond in 2021. Our average shopping basket value of AOV, average order value, dropped from a little bit more than €66 to a little bit more than €61. The almost exclusive driver behind the drop of our AOV was the reduced share of our Rx business. And if you follow Shop Apotheke, if you have followed Shop Apotheke for quite some time, you know that our average order values of Rx order are significantly higher than the average order values of our non-Rx orders.

So taking a quick look at our web traffic, the green line indicates the total number of visits to all of our websites and to our apps. You see a steady increase in the middle of last year. Again, that was the time when we were capacity constrained. We had to reduce our online marketing in order to manage the number of incoming orders to an amount, to a number, that we can actually handle. Again, you see a steady increase in December. In November and December we were at or above six million visits per week. And then we see another spike at the beginning of the year when we got to seven million weekly visits and beyond. The blue bars indicate the growth of our web traffic in comparison to the exact same week last year, a very similar picture. You see a re-acceleration of our growth since the beginning of last year. In Q4 we were between 30% and 40% percent growth over – compared to the same weeks a year ago. By the way, you see a drop in the growth towards the end of the year. The only reason for this drop was because Christmas last year fell completely on a weekend. [Inaudible], Jasper.

Jasper Eenhorst: If you can go one slide back there. Yeah, just the last comment, if you look at the blue bars, the year over year growth, the fact that on the left side it is higher, that is because [inaudible] when there was no Corona in Europe the year before. That's why the growth was very high.

Next thing, thanks a lot. Yeah. And this has left in total, all those customers have led the total to close to 20 million customer orders that we processed and delivered in 2021. In the graph, you're seeing years with the quarters, you see the growth. But most prominent on this slide, you see the huge increase not only year over year or quarter four 2020 to quarter four 2021, but we are most proud of the fact of the acceleration from quarter three 2021 to quarter four. We were able to leave the low point behind us and vary a bit. Each quarter last year has more than 80% of the orders coming from returning customers, so that is a very healthy level. And on the next slide, we see what those 20 million customers have brought us in financials.

So this is the normal slide we always look at with the key financial numbers from sales up to and including the adjusted EBITDA. Again, to not repeat too many of the numbers, but we achieved, last year, sales of €1.06 billion, which was a growth in total of 9.5% percent. In Q4 our year over year growth was 8.8%. And if we just go one level deeper, then you see that everything [inaudible], which was in total €970 million or 90% of our total sales in 2021 was increasing for the full year by 22%. And, actually, the growth was increasing in Q4 from 22% to 24%. And the only reason why total growth was lower is the impact of the Rx decline, as we have already talked about.

[Inaudible], we achieved with an improved gross profit margin that was in quarter four 1% higher than the year before, but later I have a bridge for the full year, 2.5%. Selling and distribution is including marketing, and that's the reason for the increase. The main reason for the increase in Q4, as we reflect with the release of the Q3 numbers, [inaudible] we use more marketing. In the end, you see, we get a better performance and we were guiding for – and it resulted in the big increase of market shares traffic to our website and more customers. Administrative costs as a percentage of sales were 3.1% of sales for the full year, and in quarter four that 3% of sales, it was

year over year flat. If you add all the numbers I was just quoting together for the full year, you get to the -5% adjusted EBITDA for the full year or minus -0.5%.

This slide also allows me to explain to you that there is a relatively large adjustment in the core four numbers of €2.5 million. This, to me, is not a relevant item, but I will explain very clearly what it is. First of all, we are always very conservative with our adjustments. It's only the non-cash element of the employee stock option program, as you probably know, it's the limited external expenses related to projects. So that was actually [inaudible] 2020, but now there is [inaudible] in this quarter four. And the only reason for it is that in the 2021 business acquisitions we did buy 100% of the shares of MedApp and smartpatient. We included, in the deal structure, regular earn outs in the coming years. And one of the criteria there is that the former staff need to stay employed. And because of that, if you apply the accounting rules of IFRS 3 very strictly, you have to expense for those. Despite the fact that in pure in nature, it's a purchase price and that's also fully supported by our accountants. So because this is distorting our numbers, we adjust for that in the event for [inaudible] EBITDA. So nothing to do with [inaudible] write offs. They are solid acquisitions we did that we apply here the black and white best approach to account for those contingent earn outs that were part of the purchase price.

All in all, let's go through the more relevant thing, €1 billion of sales and adjusted EBITDA slightly better than our latest guidance. This is a lot of visualization of the elements we have within Shop Apotheke. Of the prior slides we just had, on the vertical axis is the adjusted EBITDA margin and on the horizontal axis it's the sales growth. So where do you want to be? In the upper right growing fast and profitable. Now, what's in your face on this slide is that even in 2021, where we had some challenges, the core of our business, at the moment, the [inaudible] growing very fast, 18.1% and profitable. So that stuff, that's the normal race. If you go to the left side, the only one that was growing negative was the paper rates, which you also see that the profitability of paper is slightly better than the average and it will be even better with [inaudible]. So as of the moment that [inaudible] will kick in, we expect that this level of paper, it will grow, it will move to the upper

right of the diagram very fast. International, the blue one is growing even faster than the national average that [inaudible] 18%, international was growing 40%. And the only reason why it does is as a negative adjusted EBITDA is still because the unit economics are the same as they are in the [inaudible]. But scale is leading to a lower density throughout the entire value chain and to higher cost as a percentage of sales. So that's growing very fast with attractive unit economics that we are investing in growth there, and we're still smaller than we are in the Dutch region. Both Dutch and international has the benefit that we have own brands there, own brands with a high margin and growing very fast. Our most prominent on brand is [inaudible] care. And the last thing I want to say on this slide, if you look to the total right, so things growing even much faster, that's our investments in additional future growth margin drivers and USP[?] drivers for us as a company. All in all, these slides, in 2021, the core of our business growing really fast at positive adjusted EBITDA margins. Next slide, please.

The gross margin for the company was up 1%, we discussed that already for, I think, the eighth consecutive quarter. We can report that the sourcing year over year, there was a significant positive impact [inaudible] from country and our assortment, and other is mainly the [inaudible] repeat of negative corona related assortment items we had in 2020. But also, year over year, we see that our media income is increasing even faster than our sales did increase, so an improvement of our gross profit margin.

And on the next page, please, here's the SID[?] for the full year, an increase of 4.8%, which is a very significant increase of our cost. Of course, we had an exceptional year in the year 2020, which was the first Corona year. But looking into the details, there are two things about that. First of all, the increase in marketing. We were cycling the very attractive 2020 year and we had our issues, as we talked about already, this year, and we accelerated successfully away from that from Q3 to Q4, and that's explaining what you're seeing marketing here. In [inaudible] elements are impacted by a lower average basket. Shipping, the cost did not increase per parcel. The international is growing faster than our [inaudible] is growing, and it's the low basket that suggests that.

Operational labor makes total sense. We were operating two facilities last year when we were shifting to the new location. We also increased our wages that with the efficiency that we have in the new building, we are confident to offset that in the near future. Next one, please.

[Inaudible], we started the year with a total of €128 million of cash and other short term cash balances. By the way, the year before, €113 million, so increased from €113 million to €128. And throughout the year 2021, we had a total operating cash flow of a positive €12 million. The operating result was minus -€70 million, but we drove through programs, the payables and receivables position successfully. So we have an inflow from working capital movements of €29 million, -€70 million plus €29 million a [inaudible] operating cash flow. Then we had our elevated level investments in this building with a new facility, it's general IT, and it's, of course, the acquisitions of MedApp and smartpatient. Besides that, we have the intro of a new convertible bond a little over a year ago with the 0% [inaudible] of 230. So at the moment, we spent the cash balance of €282 million. [Inaudible].

Stefan Feltens: Thanks, Jasper. So shifting gears for a few moments talking about strategy, so Shop Apotheke Europe, of course, we had taken some important steps on our strategic journey last year, and will continue on our path from a pure online retailer to Europe's leading truly customer centric e-commerce platform. I'm sure you've heard the description, this wording, before, today we want to take the opportunity to add a little bit more color, what does it mean when Shop Apotheke about their platform. So we want to put it all in one picture because we emphasize the – it also emphasizes the importance of the milestones we reached last year, starting with medication management, an important part of our platform concept with the acquisition of smartpatient, with the acquisition of MedApp early last year, we certainly bolstered our capabilities in the area of digital medication management, enabling our customers to better manage their medication therapy, at the end of the day, to yield better health outcomes. In Q4, smartpatient also introduced its first disease specific modules enabling, allowing the users to better understand their disease and to better manage their disease, again, aimed at generating, yielding better health outcomes.

In terms of our NOW service, I already mentioned it, covering 13 areas, this is becoming an increasingly important part of our platform, and we'll talk more about this in a moment. Our online doctor services, we are cooperating with one of Europe's leading telemedicine and online doctor service provider, Zava. We have been working with them now for over two years. I think that is a very beneficial cooperation for both sides. By the way, we have purposefully decided to cooperate with online doctor service providers instead of fully integrating them. That gives us more flexibility in the future, because we have the option to work not just with one online doctor service provider, but with several of them if we choose to do so. Resulting from this cooperation, this means that customers of Shop Apotheke through our platform, through our web shop can now obtain a consultation, a medical online consultation, with Zava. Customers that are using this opportunity are already today sending hundreds of prescriptions to Shop Apotheke that we can dispense.

The marketplace, we're going to talk more about this. We launched it last year. We are very excited, will be a key contributor not just to Shop Apotheke growth, but also to our bottom line in the future. Our own brands, Jasper already talked about this, we have now four owned brands. We acquired new three functional foods, some dietary products under the brand [inaudible], they're developing nicely. We introduced [inaudible] which focuses on pharmacy products, including OTC medication. And just a couple of weeks ago we introduced our next line of own brand products under the name of [inaudible], our first truly sustainable beauty and care line of products. Of course, all of these brands, again, they're developing nicely, but they are generating significantly higher gross margins than third party products, and these products can only be purchased at Shop Apotheke, so it also helps us to increase the customer loyalty.

Talking about customer loyalty, our customer loyalty program, Red Points, is developing nicely. It's generating tangible benefits in terms of generating, yielding higher customer lifetime values for the customers that use Red Points with the customers that don't use Red Points. And Red Points is becoming more and more the bracket that encompasses all of the components of Shop Apotheke

e-pharmacy platform. And just to give you two examples of, okay, how do these various components interact? Users of our mind therapy medication management app, they can now start collecting Red Points by using the app. And, of course, these Red Points can be redeemed in our web shop. Another example, users of our NOW service through local partner pharmacies, they can now also buy [inaudible] products when they place NOW orders that will be delivered through our local partner pharmacies.

So a few more details about a couple of the components of our economic platform, starting with the marketplace, I already mentioned, we launched this last December. The objective is to offer our now more than eight million active customers a much broader portfolio of health care and beauty related products. We started late last year. Every day, every week, we are adding additional merchants and additional products. We have purposefully chosen the concept of an actively managed marketplace to ensure that high quality standards. By the end of this year – we started in Germany, Germany will grow substantially over this year and in the future. By the end of this year we will have launched our marketplace in at least one additional market and we will have prepared for the launch in additional markets over the course of this year. So we have a little a little video to share about our marketplace, so let's roll the video. Well, I hope you have enjoyed the insight into our marketplace. Of course, if you reside in Germany, please go to our website and see for yourself what we have to offer.

Another really important and increasingly important component of our pharmacy platform is, of course, our same day delivery service under the Shop Apotheke NOW label. As we've mentioned before, we are reaching now, through the NOW service, in 13 metro areas in Germany, 20 million potential customers. We launched our marketplace in the first non-German city late last year in Vienna. By the way, the NPS, the customer satisfaction of customers that use our NOW service is even higher than the already high customer satisfaction levels of customers that place their orders directly with Shop Apotheke. And really critical, more important, the network of NOW partner pharmacies is, of course, an important springboard for us in order to quickly respond and to

anticipate changing customer expectations. So throughout 2022, we will strengthen the network of NOW partner pharmacies we already have. By the way, we will help some of them to scale up their businesses. And, secondly, of course, we are going to expand our offering in terms of additional options for existing partner pharmacies. And we are going to make our NOW service available in other areas as well.

Electronic prescriptions in Germany, and I know that it's something that's on top of mind of everybody, certainly also everybody at Shop Apotheke, so I want to share with you what is our view of the [inaudible] test phase that has been extended, as you all know, and what is the status of Shop Apotheke. Just to make this clear right at the beginning, we have been and we are ready for e-prescriptions in Germany at Shop Apotheke. Most of you probably know that in late January, the shareholders at Gematic[?] agreed on six predefined quality criteria. These quality criteria must be met in order to successfully conclude the test phase of e-prescriptions in Germany. I think, two days ago, 2,882 prescriptions had been redeemed, electronic prescriptions have been redeemed, through telematics infrastructure. The target in terms of the number of e-prescriptions that must have gone through the Gematic[?] telematics infrastructure is 30,000. This means 30,000 electronic prescriptions must have been issued by doctors, must have been dispensed by pharmacists and must have been reimbursed by statutory health insurance. Based on everything we heard from the political realm in Berlin, and that was very important, very reassuring for us. Everybody we talked to emphasized e-prescriptions remain a top priority because they are an important building block for the further digitalization of the health care system in Germany. Just one example, electronic patient file, which is another important component to digitize the German health care system, they are not going to be successful without e-prescriptions. So, again, everybody we have been talking to, and we are talking to a lot of people e-prescriptions remain a top priority. They need to come as quickly as possible. But once we go live with e-prescriptions on a broad scale, they need to be working properly.

If you follow Shop Apotheke for quite some time, you might remember that starting in October last year, Jasper and I, we communicated that we didn't assume a big [inaudible] of nationwide go live of e-prescriptions in Germany. At the time, we stated that our assumption was that we would see a significant surge of e-prescriptions starting around mid 2022. And, again, based on everything we are seeing in the Gematic[?] dashboard, everything that we are hearing from the people we talk to, we are still standing behind this assumption.

So how is Shop Apotheke doing? As of yesterday, we had processed 85 electronic prescriptions via the telematics infrastructure. The first e-prescriptions had been processed on, I think, Jasper, it was the 26th of October last year, has been processed on the 26th of October. Again, it's still a relatively small number. But more important, all of these e-prescriptions, the 85, they have gone through our processes from the beginning to the end. Everything is working. We have received reimbursement for these prescriptions not from one or two, but from 17 different statutory health insurance companies. And we have received these prescriptions through the patients, not from one, but from 18 doctors. So let me re-emphasize. Everything at Shop Apotheke in terms of e-prescription is working. Once we go live, and for competitive reasons, of course, we are not disclosing all the details yet, our customers are going to experience a very convenient, a very compelling end to end customer journey. We're very confident once the customer experiences that end to end customer journey for e-prescriptions at Shop Apotheke, they will continue to send their prescriptions to Shop Apotheke.

Yes, I think we all understand, we all acknowledge that the nationwide introduction of e-prescriptions is taking a little bit longer than we had all thought a year ago, but we remain confident, at Shop Apotheke, that e-prescriptions are going to happen in Germany this year. We are ready. And, honestly, we can't wait to get started.

Last but certainly not least, Italy. Italy, truly, it is a massive opportunity for Shop Apotheke. We all know Italy is a large pharmacy market. We're talking about €30 billion in terms of the total pharmacy

market, that includes non-prescription but also prescription products. We started serving customers in Italy already in 2018 under the label, Shop Farmacia. Last year we more than doubled our business in Italy, and we have significant growth expectations going forward. Let me say differently. Italy will certainly be one of our very important growth drivers going forward. In order to serve our customers in Italy better, we have already announced, we already communicated that in Q3 we're going to open our second distribution facility, besides the facility that we are broadcasting from today in Italy, near Milan. Again, in order to better serve our growing number of customers in Italy.

One important benefit, in addition to serving our customers faster and better is, of course, that we significantly reduce the magnitude of CO<sub>2</sub> emissions because we no longer have to transport our products from suppliers in Italy to our pharmacy and distribution facility in the Netherlands, and eventually back to our customers in Italy. All of this, in the future, is going to happen within the boundaries of Italy. And, again, that is going to result in significantly reduced carbon emissions.

So I hope that we have been able to share with you a little bit of context in terms of what Shop Apotheke has done, what we intend to do. And hopefully you share our view that we have been on the right path and will continue to be on the right path by executing our strategy. Well, Jasper, what is 2022 and beyond going to look like?

Jasper Eenhorst: Yeah, thank you. Yes. Very happy to share with you our updated guidance. I will do that in three slides, and let us start with the broad picture. Our mid to long term adjusted EBIDA margin outlook is unchanged. It is an adjusted EBITDA margin in excess of 8%. And then, of course, the question is how do we get from the current level towards this level of in excess of 8%? And to quickly walk you through the drivers that we identify here, and starting with the top of the P&L with the gross profit margins. It's in the DNA of Shop Apotheke to provide very attractive price to our customers, and we will continue to do so. But at the same time, we are also seeing significant opportunities to improve our sourcing conditions, to have more direct sourcing, to improve the mix

of the product that we are selling, and also the impact of our own brands. So that is in a gross profit margin. And then to media income, media income is already a significant part of our P&L, but see that the strength that we are having with our unique positions in our main countries and with a high traffic to our websites and seeing a team that is working on media income at Shop Apotheke, we are convinced that media income growth will even outpace our fast growth ambitions in the coming years.

The [inaudible] marketing as a percentage of sales. Always you see if you are growing, everything else being the same, then marketing, as a percentage of sales, will be lower if you are larger versus if you are smaller. So it is pure marketing scale. But in addition to that, we have our medication management programs to increase loyalty, and that will also benefit marketing as a percentage of sales. Then we have the operational and overhead efficiencies and scale. I want to repeat what I already said in the below graph, that the unit economics actually in international are as attractive as they are in Germany. That is only the pure scale at the moment by the margins, they are lower than they are in that region. This is through the P&L. And then two elements, from a holistic view, very important on top of that, the introduction of e-Rx. E-Rx is having better unit economics than even our attractive non-Rx business that we're doing. And also, e-Rx is having very valuable customers. So that's the bulk of it.

And why do we give guidance north of 8%, in excess of 8%? That has to do with our platform, because everybody will understand how our platform is working. And I hope that the movie has helped to show how concrete it is, to understand, if this is successful, how attractive the margin structure of a platform model is. So, on this slide, 8%, mid to long term unchanged, and then going to the current year, 2022. It's a full year sales growth. And we give guidance as much as possible that we can in those areas where we think we can provide you guidance, because we feel comfortable about it. And that's on non-Rx, the continuation of the double digit growth. In 2018, 2019, 2020, 2021 and also this year we expect the continuation of double digit growth of our non-Rx. And we specify it between 15% and 25% growth. Note that our non-Rx 2021, 90% percent of

our assortment, so this over €1.9 billion, we expect to grow between 15% and 25%. In Rx we don't give guidance for 2022. And please don't read that that we don't believe in Rx, on the contrary, I think Stefan made that very clear, that it's just too uncertain what the exact timing is of the rollout of early adoption rates. We don't give guidance on this, but this is, of course, perhaps, at the moment, more of an art than a science. So that's the full year sales growth.

The adjusted EBITDA in a range of -1.5% to +1.5%. And important for me to let you know that this includes what we plan to do when your e-Rx launches. So it's not like when e-Rx is launching in the middle of the year we will tell you, we need €50 million more of marketing. No. It's included in the guidance because we, as a market leader in Germany, think it's necessary to make it into a big success. The range of -1.5% to +1.5%, actually underlining that we have internally a business plan with a favorable outcome. But there are other scenarios the exact timing like on the e-Rx we talked about, but also the situation of uncertainty that continues on Corona, for example, and the impact of post-Corona on customer behavior that's a little bit less predictable. And also, it's giving us room to maneuver to take every day the right decision. But this is the guidance for 2022.

On the next one because today is already – next slide, please. Yeah, thank you. Because today is already March the 2nd, a little bit more color on Q1. Our [inaudible], we see that the strong growth continues across our geographies, meaning we see a continuation of double digit growth across our geographies in more markets. Please take into account that Q1 last year was a very strong quarter, both in non-Rx and in Rx of Shop Apotheke. So perhaps the growth in Q1 will be at the lower end of our guidance, or perhaps be slightly below, but get a full year guidance of between 50% and 25%. So the margin of Q1, everything else being equal, at Shop Apotheke we have the seasonality promotional also this year, so take that into account [inaudible]. I talk about the paper Rx, what we have been seeing is that from Q3 to Q4 also to Q1, we are seeing what we can say the bottoming out of the decline. We even had some analysts saying, "Hey, congratulations, your total volume of sales of paper output from Q3 to Q4 is increasing last year." But I said, "No, you cannot draw that conclusion because that's seasonality." So it is bottoming out

of a decline. That's what we are seeing there. And also, in looking at Q1, please see that year over year we have the strong comparables of only a slight decline that we have had last year. That's the outlook growing fairly slightly normal rates, waiting for the e-Rx opportunity where we are ready for and we give you a margin range with its upside, and also potentially some room to maneuver if that is needed.

Before we go to the Q&A, quickly, I'm very happy to also show you this slide. We were acknowledged by a significant upgrade, by MSCI on our ESG rating. We increased from a five on the point of ten, 5.0, to an 8.1. And as you remember that already from 2019 to 2020 we make significant improvements in reducing our carbon footprint, so we did that already a year ago. The main driver last year was the acknowledgement of our very strong, both active and passive data privacy of our customers, the governments, how we see our company, and the management of how we treat our people. And that was acknowledged with an 8.1 in total, meaning that we are, in our industry, in the top 20% according to the ESG ratings. With this level change on MSCI, we conclude our presentation. So let us please go quickly to the Q&A.

Operator: Thank you. And if you'd like to ask a question, please signal by pressing star one on your telephone keypad. Again, that is star one to enter the queue for questions. We'll take our first question from A of Jefferies. Please go ahead.

A: Hi, Stefan and Jasper. Good to see you, I hope you can hear me. Three questions from my side, and I would like one by one. Firstly, on your guidance, I understand you don't guide on e-Rx for the top line, but you bake it into your profitability guidance. Could you walk us through your thinking here? And what basically changes if we reach, let's say, the steady down script by end of April, beginning of May? Would you have to change your full year guidance based on the early data? It looks like the significant more than 1% currently is going online in the near-term future. And a follow up on that would be your Zava cooperation. Based on my understanding, Zava did more

than 250,000 e-scripts last year. How much of these are going to you, as those scripts are not really on the Gematic[?] dashboard?

Jasper Eenhorst: First on is guidance, so I was trying to take that one. Yeah, it's exactly working. I think what you were implying, one of the reasons for the range is that the exact timing is, of course, unclear. And you can imagine that if the e-Rx is being introduced a little bit later and we do a lot of marketing already in 2022, then we will end at the lower end of our guidance. At the moment, it will be earlier, then we will not only have increased marketing, but we will already also have a large part of the benefits that we anticipate that will follow from e-Rx. So then we will end up, everything else being equal, at the higher end of our guidance. That's exactly how it's working. That's one of the main underlying reasons for this guidance range. [Inaudible]. Stefan, you wanted to answer this one.

Stefan Feltens: A, good to hear from you. We have to be a little bit cautious here because it's not just Shop Apotheke that's impacted if we disclose information, but also the other side, [inaudible]. So I can only say that we are receiving, and these are indeed electronic prescriptions, but they don't go through the telematics infrastructure. So perhaps we're a little bit more cautious than others in terms of how we present this. But what I can say with full confidence is every day we're getting hundreds of prescriptions through the cooperation with Zava from patients that are using the online doctor service that Zava offers. But, again, because there is another party involved, I'm sure you understand that we cannot disclose specifics here.

A: Yeah, definitely. Secondly, on your logistic capacity, you stated in your press release that you can now fulfill 35 million orders per year from the Netherlands, and you will add on top with the Italian hub going live. This year you fulfilled around 20 million orders with some soft product[?] in the second and third quarter. Could you provide some color on how much capacity will be added with the Italian hub, and how much CapEx you will spend on that, plus how much room you have in the

Netherlands to grow further capacity? And also the degree of automation for the Italian hub would be interesting. Thank you.

Stefan Feltens: Yeah. The Italian distribution centre is a very good distribution centre on a very good location, and we are going to open that already in the middle of the year. But it's a very different animal from the location we are having here. The total CapEx we needed for the current location, which is highly mechanized, was up to €60 million. And if you include operating leases, the capitalization of that is €100 million. Because we leased the building in Italy, including all the IT, it's significantly below €10 million that we're going to spend the total in Italy. So it's a straightforward distribution centre for the Italian markets. It can do a lot of sales and offer our ambitions there for the coming years. And I think of hundred millions of sales as the capacity that we have available in Italy, but it's not that mechanized way of working like we have in the Netherlands. Orders, everything we can say there, €3 to €5 million, last year we did €20 million. Then we have Italy, it's minimum [inaudible]. Well, the only statement we make there with the new facility that has been operating flawlessly in the past month, we more than doubled our capacity.

A: Okay, that's good. And the degree of automation in Italy. Is it comparable?

Stefan Feltens: No, absolutely not. No, it's very different, but I think the efficiency will be comparable. Yeah, because it's just one country and the density of your [inaudible] that you are doing, with those volumes, it doesn't make sense. Here we have a thing that's doing billions of sales and there we have a different distribution center. And then it doesn't make sense, from my perspective, to invest in mechanization as much. That's my experience with online grocery that often doing it the old fashioned way is more efficient. But unless you have big volumes like we're having here in the central hub. A, you have been to our old facility, to the previous facility, that gives you an idea of what the facility in Italy, how it's going to be operated initially.

A: Okay. Yeah, but it still had a degree of automation, right, it was 50% and now you said—

Stefan Feltens: Yeah, we have. And it's also all digital, just to be clear. It's all digital. People work with scanners, et cetera. So we have very good, clear, efficient operation that we're planning to do in Italy.

A: Okay. Lastly, on your current training, you put it on the last slide, OTC was going quite well in Q4 and spilled over into Q1. Could you comment a little bit on the fact that it's still in your business coming from COVID products flu season? How do you see the France impact and the Italian impact? And lastly, would be on the adjustments for 2022 for M&A transaction, what should we expect there on the adjustment side for [inaudible]?

Stefan Feltens: OTC, no, limited impact. Seeing our numbers of double digit growth, the fact that we did, for example, sell more self-tests in Italy in January, that's not moving the needle, it's just a benefit. It's just rounding. The total number in Q1 will be on the lower end of our guidance because of the storm last year. We have a full year guidance of 15% to 25%. We ended the year with all the traffic records that we had to our websites, so that's the momentum, how we enter there. [Inaudible] on the OTC, the other question was?

Jasper Eenhorst: [Inaudible].

Stefan Feltens: The [inaudible], okay. You know what our purchase prices are. We disclose everything, we did already with the half year results and also in the annual report for both acquisitions. The earn-up element of that is basically taken. We need to take the full first year, half of the second year, one period of the third year. And that's why it's much more in the first year than it's in the second year, and it's only one third in the third year. So it's going to be significantly below the €2.5 million that we had this year.

A: Okay. Thank you very much. I'm jumping back into the queue.

Stefan Feltens: [Inaudible], it's about early special[?] impact this year accounting, but for us it is actually in the nature also acknowledged by accountants, its purchase price, yeah, but we account for it in the adjusted level cost.

A: Perfect. Thank you.

Stefan Feltens: Thank you for your question. [Inaudible].

Operator: We'll take our next question from C of HSBC. Please go ahead.

C: Yeah, thanks, guys, for taking my questions, two, if I may. So, first, looking at the e-Rx numbers, I know you're probably not going to like the math one to one. I understand the sample size with less than 3,000 e-Rx processed until yesterday, it's still very very small. I'll take them, but nevertheless, your share around the 3% is arguably not a bad start. If we were to add numbers from your competitors on top, whatever the real number is going to be, somewhere 6%, 7% ish, I would guess. That's a decent start for the project. Given the small sample size, how do you view those numbers? Is this primarily driven by a lot of people wanting to try out the new the new method? Any comments on that would be will be interesting for me.

And then second question on your non-Rx growth guidance. Obviously, you didn't guide between segments, but is it fair to assume that even the [inaudible] region would be able to deliver the low end of your guidance? That is, are you fine with us assuming at least 15% growth in Germany? And then, sorry, a third small one just on CapEx for the full year, if you have a view on that, also would be helpful. Thank you.

Stefan Feltens: I'll start with the e-prescription. I know that we all love to do our math, but I think the numbers are still pretty small overall in terms of we are processing 85 prescriptions. I think the

sample size is too small to draw any conclusions from this in terms of future market shares. For us, it is important that we can say with confidence that our systems, our processes are working. We can't wait to get started. When you follow the Gematic[?] dashboard, you see it's not just at the number of prescriptions, e-prescriptions, and, again, this is important, that have gone through the telematics infrastructure. It's increasing every day, but the daily – we see an upswing in terms of the daily number. So it's not just that we are on a linear function, but it's better than a linear function. And I know I'm repeating myself there. Everything that we are seeing, we assume that in terms of e-prescriptions issued by physicians, we should probably, in early Q2, get to the 30,000 in terms of going to the whole process, e-prescriptions reimbursed by statutory health insurers in Germany we're probably approaching the end of Q2 this year. So everything we're seeing so far, for us, it is encouraging. It confirms our thinking that we first conveyed to the market in October last year.

Jasper Eenhorst: Yeah. Of course, yeah, I really like the mathematics that you're doing, and which is leading to a very positive conclusion based upon the 100 versus the 3,000, but that's really the sample size is too small, so it's too early to do that. I cannot support it, but that I understand the question.

[Inaudible] your question whether we can break it down into segments, now we only have guidance on the total, and I can tell you that the international is most likely going to grow significantly faster than [inaudible]. So your question was, will there be growth in [inaudible] at the lower end, so that means close to 15%? I cannot confirm that, but I will be really surprised if we don't grow double digit there actually with the momentum that we are having there, so it will be somewhere there, but at least more than 10%.

CapEx, we don't have guidance on that. Of course, we don't have a repetition at these procedures of the acquisitions we did last year. We also have, in Italy, only a limited number, because we will continue to invest in IT. Numerous of the exact percentage will, of course, depend on the

denominator sales there, how much it is in total. But I think in a steady state at Shop Apotheke, not necessarily this year, you would look at 3% to 4% of our sales being CapEx.

C: Okay. [Inaudible]. Thank you.

Stefan Feltens: I would say it's time now, but for me it's okay to continue with questions as long as there are people. Yeah? No, it's not possible, you say? Okay, then let's take one more question. Yeah. No? Okay, there we go. Okay, we crossed the time. Yeah. Okay. Then I think it's time to conclude. Again, thank you for your interest and thank you for your time in Shop Apotheke. I'm sure many of you have more questions. You know how to reach Jasper or me, so please feel free to do this. We are excited about 2022 because a lot of the work that has been done, not just last year, but starting much much earlier, will finally come to fruition in 2022. E-prescriptions, our marketplace, our NOW program, digital medication services, hopefully you walk away from this call with at least a better understanding of what platform Shop Apotheke means, and we'll talk more about this in the future. But at this point of time, let us conclude the call. Again, I'm going back to the very beginning. We are all hoping for a very very quick cessation of all hostilities and the end of the suffering in Ukraine, and I am confident that you share us in this hope and belief. So, again, thanks for your time and we'll talk to you soon. Bye bye.

Jasper Eenhorst: Bye bye.

Operator: Thank you. That now concludes the call. Thank you for your participation, you may now disconnect.