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Operator: Good day, and welcome to the Shop Apotheke Earnings Release Q3 2021 Conference Call. Today's conference is being recorded. At this time, I would like to turn the conference over to CEO, Stefan Feltens. Please go ahead, sir.

Stefan Feltens: Well, thank you, [Inaudible] and good morning to everybody. Jasper and I, we welcome you to the Q3 earnings release of Shop Apotheke Europe. On the picture behind Jasper and me, you see of course our new facility which by now is fully operational. Actually, you can see literally hundreds of solar panels on top of our roof.

Later, we're going to share with you additional insights into our new facility. And I am -- actually, I mean this quite literally. But before we go there, we have some really exciting news to share with you. Last Thursday, on October the 28th, we received, we processed, and we filled the first electronic prescriptions from the Gematik e-Rx pilot in the Berlin Brandenburg region.

These were prescriptions from actual, from real customers. It wasn't a surprise to us, but it was still quite comforting to witness that these electronic prescriptions went smoothly through our end-to-end processes as we had anticipated. Let me go down for a moment, let me go down history lane for a moment.

And some of you might remember -- might already know this little story. When Shop Apotheke Europe was set up, was founded 20 years ago, exactly 20 years ago, one of the drivers for setting up Shop Apotheke was the presumed imminent introduction of electronic prescriptions in Germany.

Well admittedly, as it's taking a little bit longer than anticipated at the time, but finally electronic prescriptions are a reality. Electronic prescriptions have actually happened. We are very well prepared. And we are excited about the rollout of electronic prescriptions across Germany next year.

Well, let me give you a quick update on electronic prescriptions, at least how we see it. The e-Rx pilot has been extended by the Gematik until the end of November to gain some additional experience to ensure that the systems, the processes will be ready for prime time when electronic prescriptions are rolled out nationwide early next year.

In parallel, the e-Rx pilot has been scaling up. Finally, some might say with based on what we have learned from the Gematik and from others with 40 to 50 pharmacies participating and 20 to 30 physicians participating in the e-Rx pilot right now. Furthermore, and I think that is also important to know more and more pharmacies, and more and more physicians are meeting today or will meet by yearend the technical requirements needed to issue electronic prescriptions, and this includes the e-Rx readiness of the most commonly-used physician software systems.

For 2022, we -- and this is now -- I'm speaking for Shop Apotheke. We are not assuming a Big Bang on the 1st of January, but we are projecting now internally a gradual, but fast adoption of electronic prescriptions over the coming months.

And our assumption is that by midyear, the vast majority of prescriptions for publicly-insured patients in Germany will indeed be issued electronically. Quite frankly, we have waited for many years for this to happen. Whether it now happens a couple of months earlier or later doesn't make a big difference for us.

For us, for our customers, and I assume also for our long-term investors, it is key that electronic prescriptions have finally arrived. And as we said before, this really marks an important milestone

for the digitalization of the healthcare system in Germany. As we mentioned, Shop Apotheke Europe is certainly ready to partake in this opportunity.

Well not just our front and backend process are ready for electronic prescriptions. With our new facility, we also have the needed capacity to turn our growth ambitions in Germany, but also in all the other markets into reality, and to secure our share of the e-prescription opportunity.

You've heard before that in our new facility, with our new facility, we will be able to handle more than 100,000 customer orders per day. But to get a better feel for the new facility, let's have a closer look. I hope that you have enjoyed this movie as much as Jasper and I have, even though we have seen it already a couple of times.

But for us, it's still exciting, as I mentioned before it's now fully operational. Actually, over the last two to three months, some of you on the phone have actually taken a firsthand look at our new facility. Well, I guess to see that it really exists. And it's probably fair to assume that we're going to host more visits by some of our investors, and have some of the analysts over the coming months.

The move from the old to the new facility was completed in early September. Actually, we were pretty much done by the end of September. The new facility is fully functional. Equally important is that we succeeded in bringing up our staffing levels. And as a result, since September, we are no longer capacity constrained, which allows us of course to continue the Shop Apotheke Europe's growth story.

Okay, let's shift gears. And let's have a closer look at the business and financial performance over the first nine months of the year. By the end of September, our Shop Apotheke Europe, our sales have grown by around 10%. And our sales had reached €772 million. DACH sales were up by 4.5 percentage points, of course hampered by the absence of an Rx bonus.

And our international business went up by 38%. When you look at our everything but Rx growth rate over the first nine months of the year across all of our markets, it stood at close to 22%. Our adjusted EBITDA for the first nine months stood at around €5 million. This translates into an adjusted EBITDA margin of 0.6%.

The number of our active customers increased by almost a quarter over 1.4 million, from 5.9 million at the end of September last year to 7.3 million this year. Since January alone, we have added around one million active customers despite a reduction of our marketing spending in June and in early July.

Very encouraging for us is the quick recovery of our customer satisfaction with Shop Apotheke Europe. You'll see in a moment that our Net Promoter Score recovered nicely after the dip midyear in May, June, and early July. And since August, it had stayed at the targeted level of around 70.

Over the first nine months, we generated an operating cash flow of around €28 million. And Jasper is going to share more in a couple of minutes about the driver behind our cash flow development. And more important as of September the 30th, our cash balance was in excess of €300 million.

Well last, not least and again, we'd love to talk about it after the end of the quarter in October, on October the 28th, electronic prescriptions had finally arrived at Shop Apotheke Europe. Let's have a closer look at our two reporting segments. As we mentioned before, DACH region up by around five percentage points.

The growth rate was of course pulled down by a 31% reduction of our Rx business triggered by the absence of the Rx bonus. Our non-Rx business in the DACH region went up by 17%. Just as a reference point, the OTC market in Germany covering both the offline and the online segments over the first nine months of the year actually declined slightly versus a year ago.

Our international business grew by almost 40% and sales were in excess of a €150 million. Shifting to some of our KPIs on the next chart the number of active customers, our Net Promoter Score, and our Average Order Value. As we mentioned already, active customer count went up by 24% to 7.3 million.

Our Net Promoter Score over the first nine months stood at 68, of course pulled down by the lower NPS around midyear. And our Average Order Value over the first nine months was €62 compared to €66 a year ago. This decrease can be exclusively attributed to the lower share of Rx orders which as you know carry a higher AOV.

For the first nine months of 2020 when you look at our non-Rx basket across all of our markets or no, I have to be precise, not across all of our markets. In every single market, the non-Rx basket value went up compared to a year ago, which of course is a good development. Well, I don't have to say too much about our NPS chart.

I think, it speaks for itself. You see the dip in the second half of the second quarter when we were capacity constrained. And as a result of this, we experienced extended delivery times. But again, encouraging is the quick recovery of our NPS in the month of July. And since then, it has pretty much held steady of around 70.

As mentioned before, since December, we are no longer capacity constrained. The cutoff of this chart is the end of September. But I can confirm that the NPS has held steady in the month of October as well. Well, how has our web traffic developed over the last few months? You see here the bold yellow -- not yellow, the green line, which shows the total number of web visits across all of our websites.

You see the low point with around five million visits per week around midyear. But since then, our web traffic has again increased steadily. And in the last few weeks of September, the web visits exceeded six million, okay. The blue bars show a similar picture. They represent the growth of our web traffic versus the exact same week a year ago.

Since the dip around midyear, our web traffic growth has accelerated again. And over the last few weeks, we have seen web traffic growing at around 30% compared to a year ago. Well before I hand over to Jasper to walk you through the drivers behind our numbers and especially behind our financials, let me support, let me substantiate the web traffic numbers we just shared with you with some of the external data points.

What you see here is the data from Similarweb. For the month of September, shopapotheke.com was the most popular online pharmacy in Germany. And on the next chart pointing in a similar direction, Google Analytics report that over the last 90 days, Shop Apotheke was the most searched pharmacy brand in Germany.

Putting all of this together looking at our weekly order volumes, which has been growing steadily over the last few months. Looking at our web traffic, looking at the recovery of our NPS, and knowing that we are no longer capacity constrained, this all prepares us to get back onto the growth trajectory that quite frankly you have come to expect from Shop Apotheke. And with this, Jasper, you'll take it from here.

Jasper Eenhorst: Thank you, Stefan for that. And good morning to everybody on the call. Looking at this slide, this slide shows the number of orders in thousands, so per quarter over the past two and half years. So, for example in Q1 2021, we did 5.1 million orders, which was one million up from the year before which was then in Q1 2020 around 4.2 million orders, and which was then also one million up from the year before that year, Q1, 2019.

The graph also makes clear that we have a seasonality throughout our calendar years. Q2 and Q3 are lower. And we tend to set records in Q1 and in Q4 in absolute terms. Nevertheless, the slide also shows that the declines in Q2 and Q3 this year is greater than it was in the past years.

And this is of course for the obvious reasons that I think known to everybody specifically constraints in our capacity that we meanwhile have solved, and our decision to subsequently hold back on marketing in the mid of the year. In Q4 2020 just last year, we have set our records for 2020.

And this year, there is a challenge looking at the base of last year. But in addition, we are of course coming from a low point of Q3. So, two challenges, but we are totally ready and set and on track for the upcoming Q4 to set new records. Not only having more orders than we did last year, but we are also aiming to do more orders in Q3 -- in Q4 this year than that we did in Q1 at the start of this year.

So, all in all looking at this slide, we processed more than 14 million orders year to date. And each quarter, we did more than we did in the same quarter last year. And we are ready to set new records in the current fourth quarter. Next slide please. So, what did all those orders bring us in terms of financials?

On this slide as always, the customary one picture overview of the operating results, P&L items from sales also including EBITDA for Q3 and the first nine months of the year. The sales in Q3 ended at €337.9 million. This included a slowdown in June and July and in August, but still all in all in the end, we were almost on last year's level with a minus 0.3% in Q3.

This number brought us to a total of €772 million year to date, a 9.8% increase year over year. We achieved those numbers with a significantly higher gross profit margin. And in a moment, I will show you the year-over-year bridge explaining the developments. At the same time, selling and

distribution increased in the quarter a bit over five percentage points, and year to date a bit over four percentage points.

Also here, I'll have a bridge in a couple of moments. But the main element here I can tell you already is related to marketing, and the absence of Rx volume that we faced this year. The administrative cost as a percentage of sales. First of all, if you compare it to last year, there's little bit of an apple and an orange in it because roughly half of the percentage of the deterioration versus last year is from the inclusion of the business acquisitions of MedApp and Smartpatient.

And the remainder that you're seeing there that is reflective of our investments in a solid and in the right foundation to be ready for the great growth opportunities we've seen in Germany and across Europe. Also, the percentage in 2021 is of course impacted by lower-than-originally anticipated sales in Q2 and Q3. So, all the numbers I have been discussing until now if you add it up, we had in Q3 an adjusted EBITDA of minus €2.2 million, which brought us at a year-to-date positive €4.7 million.

Next slide please. So, here's a bridge from the gross profit margin. And let's start with the third building block, the 1.3% positive impact. This is Country and Rx OTC mix. Country meaning that our countries with the higher gross profit margin have been growing faster. And Rx OTC mix is the impact of selling less Rx and a fast growth of OTC.

And then going to Other, Other is mainly the no-repeat of negative write-offs last year related to the Corona assortment. So, this is a large explanation in the year-over-year improvement, but of course not impacting this year's 25.4%. And then going back to the left of the building blocks, we are proud and happy to show another improvement in our sourcing this quarter of 0.4% compared to the same nine-month last year.

And the net pricing of minus 0.3 that is the impact of lower prices compared to last year in part offset by the fact that we don't pay a bonus on Rx anymore. So, all in all from 23.3% to 25.4% year to date, an increase of the gross profit margin of 3.1 percentage points. And the next please.

The selling and distribution. First of all, looking at this picture, it seems like okay marketing is the main explanation here for the increase of our cost. But in this case, I don't think it's the best explanation if I would discuss the individual building blocks because there are more relevant explanations here from a higher level looking at this picture here.

And I want to point out the three main developments there. And number one, A and B has to do with the drop in our Rx sales from the fact that we are in a situation without a bonus on Rx, and not having yet the e-Rx where the much better customer journey will according to us most certainly lead to an increase of Rx again.

But the impact of less Rx is directly impacting the marketing as a percentage of sales. Simply because, the denominator of the sales is lower. And one B is the fact that less Rx is as Stefan said already bringing down our average basket value, and as such is having an impact on end marketing and shipping and payments and operational labor and other as a percentage of sales.

Again, I repeat, we think this is a temporary situation with e-Rx around the corner. So, number one looking at this graph is the impact of Rx. Number two in this case is actually the fact that our international businesses are growing even faster than our DACH region was doing. And that's having an impact in this case.

And number three is the fact that in those numbers here in 2021, we have been operating two logistics facilities until September the 1st. While last year, we were only operating one logistic facility. And those elements if you strike that out from this bridge here, then actually what is

remaining is the fact that marketing increased so much versus last year, well that is this year we invest more coming out of the low point from the year compared to the exceptional year last year.

And what's remaining is that an [inaudible] impact of Smartpatient and MedApp. So, the key point here is that the underlying business model metrics here are solid, and are developing very well. Next slide please. Starting here with the column at the right of the slide.

So, you talked about that already, Stefan. We ended with a cash balance, that's cash including the liquid. All the financial assets are well above €300 million. And then going to the left again this year, we are still operating as an operating resource and operating cash flow of [inaudible] one million positive regenerated there after nine months.

But you also see a €27 million positive impact on favorable working capital changes. This is not just popping out of the numbers. Now we have internal programs started one and a half years ago of improving our payments and receivables and have been successful with that. So, in total, €28 million of operating cash flow.

Then going to the investments, the investments were in 2021 on an elevated level. Because besides the regular investment in IT, we have had two business acquisitions, Smartpatient and MedApp. And we also finalized our projects end of [?] 2020, the move of our logistics center.

Then the next one before we go to the Q&A, where we wanted to give you today additional time for Q&A all the financial guidance. It's today of course an exciting day as we are able to announce our first real e-Rx that we have processed. And I want to take the opportunity also to give the compliments to all the parties involved there and also to the Gematik and the government working on this new infrastructure, which are much safer and better and faster customer journey.

This is a good moment to look back at our longer-term perspective. And today, we want to reiterate our longer-term guidance as to profitability. And that's unchanged that is an EBIT in excess of 6%. And actually, the excess of 6% is referring to the fact that we are not just an online pharmacy retailer.

That we are an e-pharmacy platform, which enables us to go even beyond the positive 6% in the longer term. If you go for the long-term profitability guidance through the small short-term guidance for 2021, of course we have only October we just finished. We have November and December left in this year.

That seems to be a short period, but the real[?] is dynamic. Will there be a heavier or not flu season, we still have Black Friday. Will the Corona measures be tightened or not? In the dynamics, we still see sufficient comfort in being able to deliver for the full year, and also in Q4 a growth of around 10%.

And that's narrowing down of the 10% to 15%. And the main reason for that is first of all, there is no help from the OTC market in Germany. The OTC market as Stefan also just said already is actually the total market of online combined. The OTC is slightly down year to date.

And number two, we are coming from a low point in Q3, and we are rapidly recovering. We are delivering very solid reach, but it takes us a little bit longer. And that's why we remain in the range of 10% to 15% growth that we think is going to be close to 10%. So, that's on the sales.

Then the adjusted EBITDA margin actually well year to date at a positive €4.7 million, why is Q4 then predicted to be negative. The reason is not cost increases. The only reason why we are guiding for this is that we want to have the flexibility to continue to invest in our growth momentum that we have achieved now in September and October.

We have a growth momentum with good fast growth in traffic, high customer satisfaction being back on growth despite the challenging last year, and that is more costly. So, it's our decision to continue to invest in marketing in our overall proposition. And we think that's the best decision to bring us in the best position.

And making clear to also specifically in Germany the customer that we are the leading online pharmacy brand in Germany. Then to Capex excluding acquisitions spot on our earlier guidance is going to be around €45 million. And with that Carmen, it's time to ask questions but could you go to the next slide please.

It's the same procedure as we have in the past quarter because there was a request from you to be able to ask the questions instead of typing in the questions. So, we have that situation again. Here are the numbers and please don't forget to mute the webcast when you are using your phone.

Operator: Thank you. Ladies and gentlemen, if you would like to ask a question via the telephone, please signal by pressing star one on your telephone keypad. If you're using a speakerphone, please make sure your mute function is turned off to allow your signal to reach our equipment.

Once again, that is star one to ask a question today. We will pause for just a moment to allow everyone an opportunity to signal for questions. Our first question today comes from AT from Jefferies. Please go ahead.

AT: Hi, Stefan, and Jasper. Thank you very much for the update. I hope you can hear me. I have a couple of questions. I would take them one by one. My first one is on your existing customer structure. Could you give us a ballpark, how many of your 7.3 million active customers are located in Germany?

Stefan Feltens: Well, we don't disclose the split of our customers by market. The vast majority of our customers again follows our sales volume, and is located in Germany. But again, we are not disclosing the precise numbers.

AT: Okay. I mean that's the starting base right for the [inaudible]. And the second one is a follow-up. Do you have any insights on how many of your existing OTC customers do you think have a chronic disease?

Stefan Feltens: Yeah, our main standpoint there is in the sense that your question and also from a modeling perspective that seems to be very handy to take that position. But for us being close to the pharmacy space of course every day, we are basically looking at it from a higher-level angle.

Where it's clear of the total pharmacy market at 80% of all value that's in the pharmacy space is related to Rx, and 80% of the Rx is related to chronically-ill patients. And that's basically what it is. And then even if we look at our own base, we do not see any reasons. Actually, we see a reconfirmation of the fact that this is having the same distribution in our base.

Except of course for the Rx customers, we have already, but you were referring to the OTC. So, there is nothing interesting to mention there. It is just representative for the total country.

AT: Okay, perfect. I'm just checking because our research basically thinks that around 60% of OTC customers that shop online also have a chronic disease. The next two on your full-year guidance for the EBITDA. I mean you're obviously implying minus €15 million in Q4 with additional marketing spending.

How should we think about next year? And could you also please touch on the operating leverage that you expect from your new logistic side? So, we can basically calculate the incremental marketing spend you can do in 2022?

Stefan Feltens: Should I take it?

Jasper Eenhorst: Yeah, go ahead.

Stefan Feltens: Okay. Thanks Alex. The Q4, I'm repeating a bit on Q4 and then I'll get to your second question -- second part of the question. In Q4, it is only reflective of the fact that we think it's best to continue with our elevated level of marketing as we get to September and October.

We gained back our growth momentum and we want to continue with that. It's too fragile. And it's not the right moment and not continue with it. So, in Q4, it has not to do with cost increases. The only reason is for us that we continue to drive the growth momentum. And then your question, what does that mean for 2022?

Well as you know, we don't have any guidance on 2022. And in 2022, it is much more important to think in if scenarios because if this then that because of the e-RX having such a big impact for the coming years. But the fact that we are guiding towards the EBITDA in Q4 as we are doing that is not having any mid or longer-term impact on our business model.

So, this should not change your expectations for 2022, but we don't have any guidance on 2022. It will depend a lot on what we then will decide to do exactly in this exciting year, yeah. And then you talked about the leverage of our operations and indeed on an underlying base those things indeed, they kick in.

We are now in an automated warehouse. Next year, we will cycle this year where we were operating two facilities. We had a move this year and next year we don't. But probably there will be new things there. But indeed, we always focus on two things. That is achieving efficiencies on all kinds of levels, whether it is better sourcing or whether it's operational efficiency.

So, we continue to do that. But if you ask what is your guidance for next year, then that depends a lot on what we will decide to do on for example marketing. And we don't have any guidance on that yet.

AT: Okay, perfect. Thank you very much. My last one would be on your mid-term target. I mean will you at some point provide a more specific sales mid-term target in the future or is this still up for debate?

Stefan Feltens: Me again?

Jasper Eenhorst: Yeah.

Stefan Feltens: kay, yeah. It's sure that thing where we sent as Shop Apotheke our positions in certain markets and then on top of that the e-Rx opportunity, and is that we will be growing is our expectation very fast in the coming years. But we don't have specific guidance on that, Alex yeah.

It is possible that we will perhaps give some guidance on that at a later stage, but we don't have any guidance there. I think the main thing that we are always very open about is the fact that we say that at the moment that e-Rx is mandatory in whole Germany. Then we think that in the coming years, the share of online usage of Rx in Germany will increase from the current below 1% to a penetration of 10%.

That's what the market will do. And we think that we are in pole position to grab our fair share of that opportunity. So, that's all that we are saying on guidance. And besides that, you know that on an underlying basis, how strong our trends are everything with Rx at the same time. So, exciting expectations for the coming years, but we don't have any guidance for that.

AT: Okay, thank you very much.

Stefan Feltens: Thank you, yeah.

Operator: Thank you. We now move on to our next question from OC from Kepler Cheuvreux. Please go ahead.

OC: Yes. Hi, Jasper, and Stefan. I also would take my questions one by one. The first one would be on the competitive environment. Do you see it getting worse? I mean, we've heard your main competitor just cut their full-year external sales growth target. If you're talking about on a reported basis if we assume €3 million of adjustments in Q4 kind of the run rate, that's about €17 million to €18 million reported EBITDA also in Q4.

So, obviously your biggest EBITDA loss in a quarter ever, but in terms of margin kind of the lowest since Q1 2019. Back then, you were growing 30 plus percent. Now, we are pointing at 10%. So, could you just maybe talk about the competition in non-prescription products in particular? And also, whether you are seeing the drop in prescription sales having now reached the trough or not yet?

Stefan Feltens: Well, let me start with the last part of your question, O. If we look at the last data point, it is exactly we are observing what you were referring to our Rx business has now leveled off. So, for the first nine months we saw a decline as we mentioned before of 31%, but it has stabilized at a level that is not satisfactory to us.

But with the introduction of electronic prescriptions, of course that will be a whole different game. The customer journey will be totally different from what customers are experiencing today. In terms of the competitive environment, we haven't seen any drastic changes compared to what we observed earlier this year.

Now pricing has become a little bit more competitive than what we saw during the Corona period, during the high phase of the Corona period. I don't think that's a surprise. And also not surprisingly, we will see increasing marketing investments not just from Shop Apotheke and again with over €300 million cash by the end of last year, I think we are very well prepared for whatever might come down the pipe.

But also, our competitors, they will increase their marketing investments in order to take what they presume to be their fair share of the marketing opportunity.

OC: Okay, all right just -- no, sorry go ahead.

Stefan Feltens: No, I was just checking if you were still on line, O. No, the only addition I have to say is that it's important to look at first, actually not in a too narrow base. And it seems to be a little bit implicit in your question because normally you have investments and you also see all the benefits of the investments.

And now with our decision that to continue with what we are doing successfully, you have seen all the positive indicators are developing very well in September and also at the start of October [inaudible]. But a lot of those investments will also pay off in 2022. This is for us to be in the best possible position with the exciting start of the year 2022.

So, if you just look at Q4 now with us overinvesting because we want to accelerate away from the low point where we were midyear and we are having momentum there. Actually, it's a bit unfair only looking at the quarter, but that's probably explaining why you said hey for the quarter, it looks relatively negative. But that's just because it's a short period. And I think normally, you should look at it on a yearly basis, yeah on a full-year basis.

OC: Okay, okay, fair enough. Yeah. Just wondering in terms of looking into 2022, what's your expectation for growth in the nonprescription part of the business? Do you expect this to return to the high 30s percentage points across all of non-RX let's say?

Stefan Feltens: Thanks for your question, O. But today, we don't talk about 2022. So, I cannot comment on that, yeah.

OC: Okay. The next question would be on the integration of parties on your marketplace. I'm just wondering if you can give us some color on the customer journey. Assuming a patient wants to use your app, how will they determine which pharmacy they want to send their e-script token to?

Stefan Feltens: Well, are you referring to the e-prescription customer journey or are you referring to -- you talk about the marketplace or are you referring to the now dimension or you're talking to what we refer to as the product expansion dimension of our marketplace?

OC: So, let's say I have an acute need next year. And I'm getting an e-script right from whoever, whether it's telemedicine or a local doctor. And I open up your app. How can I choose between getting my prescription delivered by your local partner or you?

Stefan Feltens: Yeah, well O that might be an unsatisfying answer. But for really for competitive reasons, we are not yet disclosing exactly what the customer journey is going to look like. What we can say is if you have an acute -- prescription for an acute need, there will be opportunities for the customer, for the patient to choose one of our partner pharmacies, especially in the metropolitan areas. But again, at this point of time, we're not yet disclosing for obvious reasons the details of our customer journey.

OC: Okay, okay. All right. Then I have just three remaining. First one would be on purchasing improvements. If you could give us some color on what you would expect at this stage on the non-

prescription business going into next year, maybe I follow up with the two, the second and third straightaway.

I was just wondering if you could give us the share of your private label sales? Last time, you talked about them, it was not really material, but maybe now it is. And finally, so obviously you had two logistic facilities this quarter. But you are also looking to grow or to use let's say the international segment as a relay or growth driver.

So, I'm just wondering if you are looking to start operations for instance in Italy? I remember Stefan, you were talking of delivering to Salerno and so on. So, this is a topic potentially for next year or rather after e-scripts start in Germany?

Stefan Feltens: So, let me start with the purchasing piece. What we have seen now not just for on a year-to-date basis, but you saw the similar numbers in 2020 and 2019. You see year-over-year improvement in the -- around the half percentage point at least for the foreseeable future.

That's what we are assuming will also be feasible going forward. In terms of our logistics facilities, again, we have ample capacity right now. But we are actually right now in the process of assessing what should our distribution facility or our distribution strategy, what should it look like going forward?

And yes, you're right. At some point of time, a customer for example in Palermo won't be satisfied with the delivery time that we can actually handle if we deliver everything from Salerno. But again, these are discussions that are going on right now. And probably, we'll have some news there in the not-too-distant future, yeah.

Jasper Eenhorst: Yeah, your last one was really a surprise. So, O, thanks for the question. I think it's an important pillar in our strategy. Private label is going very successful. Our brand -- the name is

RedCare. Of course, [inaudible] benefit also private labels, but our main brand at the moment is RedCare.

It's going very successful, but still the status is the same as you said before. In the total scheme of numbers, it's still relatively small. So, that means there is still a lot of opportunity to improve here in the near future. Thanks for that let's -- O, thanks for all your questions. But looking at the time, let's please go to the next one.

OC: My last one yeah, but.

Stefan Feltens: Thank you. Thank you. Bye, O.

Operator: Thank you. We now move on to VB from Baader Bank for our next question. Please go ahead.

VB: Hello, gentlemen, VB, Baader Bank. A lot of questions have been answered already. I would stick to three. So first on your specified guidance in regards to sales to the low end, I mean you pointed out Net Promoter Score website results are going to progress to pre-crisis level so to say.

So, but however what fell short that you reduced your original expectation 10% to 15% to the low end of 10%? I did not get that so far. And the second question would be on perhaps on the guidance on the EBITDA side because of the relation, I understand you want to have the flexibility in regards to marketing.

But my question would be when will you shift gears from promoting the e-script. So far, I see on TV, you are still promoting the paper-based script. So, yeah, any strategic change going to happen and when going forward here in regards to marketing strategy?

Jasper Eenhorst: Sure. Thank you. Yeah, it's very relevant in the short term indeed to have clarity on this. The only reason for sales to that we're guiding, that's still in the range but at the lower end of the range is actually the fact that it took us a bit longer to really get out of our low points.

Yeah, we're very positive at the end of September, and how we started in October. So, that's developing well. But looking from the point where we were in July, June-July etc, it took us a little bit longer. And number two is the fact that at the moment and nobody can predict the future what it will bring also with COVID measures and what could happen there.

But we are until now seeing that the overall offline and online combined OTC markets in Germany actually is not growing at the moment. So, that's also not helping. So, those are the two main elements for us guiding towards 10% instead of 15% growth there.

Stefan Feltens: Take next one, the e-prescription. So, your question was when are we going to see broad effort advertisement, commercials around electronic prescriptions from Shop Apotheke for example on TV? We mentioned before, we don't expect a Big Bang on the 1st of January in terms of all the physicians switching to issuing electronic prescriptions.

But we then assume a pretty fast adoption across Germany. Once the vast majority of public insurers patients in Germany will be able to receive electronic prescriptions from their physicians, we will also change our -- the focus of our TV commercials and other broad marketing initiatives.

So, we will have the flexibility to start it a month earlier or two months -- a month later. But we don't think it would make sense to start with TV commercials right now or even in early January when at least the vast majority of customers will not be able to experience to receive electronic prescriptions. So, but again, we are set up to handle this in a flexible manner.

VB: Okay, thank you. Perhaps one question for clarification, my third one so to say. You said, you expect the majority of the market to be at mid of 2022, I mean I learned from industry experts that software wise, around 70% of doctors should be ready at the beginning of the year to fulfill the e-script needs.

So, why are you a bit more cautious saying let's say above 50 at mid of 2020 -- although 70% of doctors have the software installed already at the beginning of the year? So, what makes you a bit more cautious in that regard just to close the gap here for my understanding? Thank you.

Stefan Feltens: Well, we certainly at this point of time we don't want to overpromise. All could happen much, much faster than at least we are internally projecting at this point of time. That's why we want to maintain the maximum flexibility to start all of our commercial activities, again when the vast majority of the significant number of customers will be able to receive electronic prescriptions.

We talk about a fast, but gradual increase. Also, what we're hearing from Berlin, the mandate seems to stay in place. It's stipulated in the law right now. It will stay in place as of the 1st of January. So, if physicians have the technical capabilities, they are obligated to issue electronic prescriptions.

However, what we are sensing is that the mandate will not be enforced right from the beginning of the year. So, again, there will be a little bit of an adoption period. And when we talk about the middle of the year, we think that perhaps a little bit cautious. But again, at this point of time, we don't want to overpromise. It's simply -- it's outside of our control to a certain extent or to a large extent.

VB: No, I understand. I agree. Okay, then all the best. And yeah, stay healthy. Thank you for the call. Thank you.

Stefan Feltens: Thank you. Thank you.

Jasper Eenhorst: Thank you.

Operator: Thank you. That concludes today's Q&A session. I would now like to hand the call back over to Stefan Feltens for any additional or closing remarks.

Stefan Feltens: Okay. Well, thank you for all of your questions and for your interest in Shop Apotheke for us. And sometimes it feels like it's difficult to convey this, the month of October, the 28th of October that was really exciting for us because we got the first real electronic prescription from a real customer.

We're very excited about the opportunity that presents, that e-prescriptions present for the German healthcare system, but also of course for Shop Apotheke. And rest assured, we're well prepared to take our fair share of this e-RX opportunity. If you have any more questions, you know how to reach Jasper and me.

We're looking forward to talking to you at an upcoming investor conference. Or again if you have specific questions, feel free to reach out to us. Jasper, anything else?

Jasper Eenhorst: No, thanks a lot. Yeah, okay.

Stefan Feltens: Thank you. Great. We hope it was helpful, and keep in touch. Thank you, all.

Jasper Eenhorst: Thanks, everybody. Bye-bye.

Operator: Thank you. This concludes today's call. Thank you for your participation. Ladies and gentlemen, you may now disconnect.