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Stefan Feltens: Okay, thank you and warm welcome to all the participants in Shop Apotheke's Q2 Earnings Call. I can already tell you, that this was a truly extraordinary quarter for Shop Apotheke. I'm once again joined here by Jasper Eenhorst, our CFO, and I think Jasper, by now you have met or talked to most of the participants in this call. Today's Earnings call is the first in two respects. Number one we're doing this via video cast. This is the first, and this was actually suggestion that came from you, so we appreciate the suggestion and we're going to see how it's going to work out. And secondly and I'd have to say more importantly we're broadcasting today for the first time from our new headquarters in Sevenum, near Venlo, we're just 500 meters away from our old facility. All of the headquarter officers moved actually two weeks ago, and I can tell you that we saw a lot of very, very happy faces across our teams.

The logistics operations are going to start transferring in Q4, and Jasper is going to share some more details laid around about this, the whole transition of the logistics activities should be concluded in Q2 next year. With the new facility, we will certainly be in a position to fulfil our growth ambitions in the future, not just in terms of laying logistics capacity but also in term of the growth environment, we have created here for our teams, which prosper a spirit of collaboration of many opportunities to cooperate, to collaborate, to be creative; and again all of these will be key ingredients to ensure that we'll continue to excite customers about Shop Apotheke's offerings.

So, you see here actually a live picture of our new facility. The agenda for today – you're familiar with we're going to start with walking you through the financial performance of the first half of the year, of the second quarter. Then we're going to give you a quick update on where we are with executing our strategy. And Jasper, is going to walk you through the outlook for the remainder of the year and then last not least of course we're going to open it up for questions from you. Because we're doing this via video cast, as the moderator mentioned earlier, today we're going to look for a different solution for the future, but today we're limited to receiving questions via the chat box. Again as was mentioned a minute ago, just click on the question mark and then you'll be able to do this.

Okay, so switching to the meat of the second quarter, I already mentioned it was truly an extraordinary quarter for Shop Apotheke. I dare to say we hit on all cylinders, and this is clearly reflected in our – in some of our key performance indicators. Of course, we benefited from the corona trigger demand, but, through excellent execution across the whole value chain across all the teams of Shop Apotheke, we were actually in a position to leverage to take advantage of the opportunity that was in front of us. Our growth accelerated in the second quarter to 42% across the first half of the year growth was 37% and sales totalled €465 million with a growth of 42%. We also gained market share across the markets in which we operated, and the growth was fully organic.

One of the drivers behind our growth, our top line performance was a wreck of number of new customers that we gained in the second quarter. Our numbers of – our number of active customers actually went up by 500,000, by half a million only in the second quarter, 2020. If you compare the growth of our active customer base to June 2019, you will see increase by over 30% or by 1.3 million active customers. The impact of the revenue

growth cascaded throughout our financial statements and also lifted up our operating profit margin. The adjusted EBITDA margin, in the second quarter was 2.7% for the first half of the year. First half of the year it was very close at 2.4%, when you look at the 2.4% EBITDA margin, that's an improvement of over 5% year-over-year. From my vantage point, even more impressive are the improvements, when you look at the share euros, with generated and adjusted EBITDA of €11 million in the first half of the year, and that's an improvement of €21 million compared to just a year ago.

The key drivers, and Jasper is going to share more details about this, were significant EBITDA growth margin, but we also succeeded in extracting the scale effect across the P&L – again also that is something that Jasper is going to walk you through. Our operating cash flow was also positive at around €6 million. Shifting our view a little bit from the most recent past into the future, in terms of e-prescriptions, I can tell you that everything as of today is progressing as we had planned. That is certainly true for our internal preparations, but this is also true for what we're hearing, what has been reported by the gematik. And again, you remember the gematik is the entity that's charged with developing and putting in place the telematics infrastructure for processing e-prescriptions.

Last, but certainly not least, we all, we have already had, and we continue to have some exciting news, we have hit some milestones with our other strategic initiatives, we are in the process of expanding our same day offerings to more metro areas across Germany and in future years, beyond Germany. We're going to – we are on track to launch our marketplace later this year, and we continue to expand our own brand portfolio.

So, taking a close look at our top line growth, I already mentioned, you see here the changes by segment for the group and by segment for the second quarter. 42% growth up to €233 million. It is pretty much on the same level as the Q1 sales, but you might remember in the past we have seasonality, Q2 was always lower than Q1. This time we succeeded in maintaining the same sales level. We saw significant increase in the dark region. Of course, when you look at the total, the euros the biggest contribution came from Germany, but we also saw sizable increases in Austria and in Switzerland. The 33% growth in, of course covers the whole product portfolio, I would be remiss if I didn't mention that also our experience in this in the first half of the year increased by a solid 18%. When we saw the results of our international segment which consists of Belgium, France, Italy and the Netherlands, we were really astonished, we more than doubled on our sales, sales amounted to €42 million, the biggest contributor in, quote-unquote, 'hard euros' came from Belgium, but we also saw very sizable increases in the other markets.

Okay, shifting from the top line to one of the key drivers behind our top line, and I think this is now a good reflection of everything we do in order to satisfy our customers. I want to mention again, we gained half a million active customers in the second quarter only. We already talked about the increase by 1.3 million to 5.5 million active customers as of the end of June. And what I remind everybody, an active customer is a customer that has placed at least one order over the last 12 months.

Very important for us, we track this closely, is our net promoter score, and the net promoter score in the second quarter remained at a very high level of 70. Again you compare this to other industry verticals and I think you will see that this is truly a solid performance. And I think it's a good reflection on the quality of the end-to-end customer journey we offer to our customers. And by the way, of course, as I mentioned, we're tracking this closely the numbers in July, the first couple of days of August, we saw another improvement in our

net promoter score. Looking at the average shopping, basket value in Q2 we saw value of €65.50 there's a marginal improvement compared to Q1. It's a little bit of a drop, compared to Q2, 2019. The drop can be attributed, number one, to the high number of new customers we gain in the second quarter. Of course new customers they have on average or lower their shopping basket value, and secondly our Non Rx business grew significantly faster, as we mentioned before, than our Rx Business; and again, the average Non Rx basket is a little bit lower than the average Rx basket.

Okay, looking at web traffic, we have amended our charts a little bit. I think it provides more transparency. What you see here in the orange line is that are the total number of visits by week, and you can clearly see the spike when the – when corona kicked in, but more importantly, throughout the second quarter, our weekly web visits were between €3.5 million to €4.5 million visits, and they remained at a very high level. Also when you look at the year-over-year growth, again these are weekly number that reflected here in the blue bars, you saw that the web traffic year-over-year throughout the second quarter increased by 80% or more compared to prior year. Of course, that was driven by the generally higher interest in online offerings over the last three months, but again looking at our top line, at the end of the day, we succeeded in gaining a disproportionate share of the opportunity that was in front of us.

Okay, before I hand over to Jasper to walk you through financials, a quick look at our orders. The green line, you can see the repeat customer order share. We see a little bit of a drop from Q1 to Q2 from 82% to 78%, of course no surprise because we focus on gaining new customers. As a result of this, of course, the existing customer share, came down a little bit. When you look at, order growth for the first half of 2020 and compare it to the first half of 2019, orders and revenue always marched in lockset. Order growth year-over-year was 37.8%, top line growth was 37.4%.

And with this I'll hand it over to Jasper, to walk you through the financials.

Jasper Eenhorst: Thank you, Stefan. Good morning, everybody. The – it's the slide, yeah, exactly. The Adjusted EBITDA as Stefan mentioned already increased from minus 10 million over the first six month last year to plus 11 million this sixth month of this year, so that's a year-over year increase of €21 million. And how did we get there, and here in the tables I will discuss all from sales up to improving the adjusted EBITDA margin. And before I start, I want to state like I did in the prior two posts that we – that I want to be completely transparent what is the adjustments, that we're consistent in the definition in the adjustments, is only stock option programme, we call it as long cash, and it is one of related to project. So, year-to-date we have two million of adjustments, that is more than half because of this stock plan, and it is – the other half mainly related to actually then building where we are in at the moment.

Okay, then go to the table sales. The sales growth in quarter two was 42% and in over the six month of this year – over the first six months of the year, we increased from €338 million to €465 million, which was an increase of 37%. Then to the gross profit margin, we arrived at the new peak in the second quarter, which was 23.5%, it was year-over-year 2.3 percentage points. And in the next slide, I will give you more details on that. With this we are year-to-date at the gross profit margin of 22.5% year-over-year up 2.6%.

Then S&D[?] arrived at 80.1% of sales in quarter two, that was not as strong as it was in Q1. Of course we remember that in the month of March, we did not have any marketing.

Year-over-year in a quarter we are up 60 basis points and year-to-date we're even at 230 basis points. Then on the administrative expenses, in the quarter and in the half year, you see the scale that we achieved there respectively 0.2 and 0.3 percentage points. So, until now I have only talked about positive deviations – in the column better/worse, and then the result of this is that if we look at the adjusted EBITDA in units of euros, we arrived in the second quarter at €6 million year-over-year of €7 million and over the six months at €11 million up €21 million. By the way not on discharge, with also our EBIT was plus 2.5 respectively, 4.5 million positive on a non-adjusted and on an adjusted base. The key in our guidance adjusted EBITDA margin percentage was in quarter two 2.7%, and in the first half of 2020 2.4%.

The next slide please, the gross margin bridge from this quarter compared to the same for the last year. The improvement was 2.3% percentage points, so from 21.2% to 23.5%. And I want to start with a negative block, if you see there, minus 1.9%, although they should be seen in part in combination with a very positive net pricing block that you see here. What you see is that the start of the corona times, very volatile times, we really had to drive to get the right and short within to prep the momentum and also serve our customers. Throughout the second quarter we saw that in some corona articles and specifically in the protection masks actually the conditions that resourced masks at the peaks of corona at the start of the quarter, they were a little bit unfavourable, so unfortunately we have to bring the value down somewhat at the end of our quarter.

Let's start now, looking at the left, how we got to the yearly improvement of 2.3 percentage points, first of all sourcing. If you remember already in the fourth quarter, also in quarter one, and now in quarter two we show year-over-year improvements socially[?]. First of all, in our relationship is our partners we make improvements over there, with also there's an impact on the fact of more and more we have direct relationships with the producers of pharmacy. Then the very big positive block of net pricing, there is some impactful effect that we had – corona articles at attractive prices with a very important impact. We technically talk about net pricing in our overall marketing mix that we had as a company, we needed less price reductions for example, personal vouchers and so on. The country product mix of 1 percentage point is in key if you want to summarise it effect that we grew with Rx, but we grew even much faster with OTC, this is the main driver for the improved gross profit margin on this slide. All in all, 23.5% up which is last year 2.3 and up versus prior quarter one, 2 percentage points.

Selling and distribution, actually this slides seems to be of less importance of our profitable, or of our big improvements, but actually I'm very proud of what's on this slides, because what we did is in these very dynamic and volatile times we were able to scale up in an efficient way. We were able to adjust our marketing mix in a flexible and in a efficient way. And it results – remember that if you see a minus number in the bridge, it's actually positive, what we talk about cost of course. So, we decided as a total company to really breadth[?] the momentum that's ongoing by increasing our marketing investments but still all in all our marketing expenses as a percentage of sales improved with 0.3 % points versus the same period last year. The pressure we see in the shipping, packing and payments block, that's mainly because of mix and effect of we grew very fast, and that as Stefan said already but we grew even faster, we developed our sales in the international segment, and that's explaining the overall slightly higher shipping cost.

Operational labour, improved 0.3, we had this in quarter one already. At the start of the second quarter the improvement in operational labour was a bit stronger than we ended

the quarter. All in all, it was 0.2 percentage points better than it was last year. Other is efficiency with scale.

Next is – yeah, Stefan addressed it already and I did already so perhaps this is a little bit too much. Nevertheless it's the world of change compared to just one year ago or the two last year, we work around breakeven this year, we generated a solid adjusted EBITDA of over 6 million and compared to the not so very strong Q1 last year actually. Our sales perspective Q1 last year was strong, but huge investments were made there. If you look at it from EBIT perspective, in the first six month from minus 10, [inaudible]

Importance, in the end, if you look at how is our business doing, what comes is cash. We started the year with cash balances of more than €100 million and we ended quarter one with cash balances of more than €150 million. The light blue here is the cash equivalence, that is short-term money funds, and the dark blue is the real cash on our bank accounts. So the total of €100 million of cash and cash equivalence increased by the fact that we generated in the first half of this year a positive cash flow from operating activities, of course, driven by the already mentioned very positive EBITDA that you see. Actually, we increased our inventories for two reasons, to enable our growth and also specifically related to corona articles that we have in our assortment now, despite this investment in our inventories that laid a foundation in our growth as we have shown already in the second quarter, we thought our operating cash flow was positive.

With our investments flow to €80 million into this building the new facility and IT, financial assets is actually from the light blue going to the dark blue and then the cash flow from financing. Of course, a very important element in this total bridge is the 7th April capital raise of €65 million, so why don't you see 65 here, but only 53? Well we also have regular lease payments and rent payments and actually, it's an unfavourable item that we purchase in the next quarter related to our stock of around €5 million; so, next quarter, we will see that in our cash balances.

All in all, sound balance sheet, which enables us to act upon opportunities where we see them. We did this in quarter two and I am very happy with the situation we are in at this moment. With this it's following back to you Stefan.

Stefan Feltens: Okay thanks Jasper. So next, we want to give you a quick update where we are with the execution of our strategy, where are we on our journey, from evolving Shop Apotheke from a – being a predominantly e-pharmacy retail of today to becoming a truly customer centric e-pharmacy platform. And then, of course, we are going to conclude by, me handing it back over to Jasper, who is going to walk you, for the outlook for the remained of the year.

So, we have already hit a couple of milestones on our strategy roadmap in the first half of the year. You remember that we started our cooperation with Zava, one of the leading online doctor services in Europe, a business that we do with Zava is growing steadily; and equally important, we are gaining many valuable insights in terms of what's working for our customers, what do they appreciate, what's not working so that we can continue to tweak and to scale up this offering.

In terms of our same-day offering, I am taking you back to last year when we successfully concluded our same-day pilot programme in Germany, in the Rhine Ruhr area. We quickly came to the conclusion that everything indeed a used case that needs to be addressed

and that we want to continue with our same-day programme. We of course have a term pilot in the Rhine Ruhr area, into an ongoing offering for our customers, and just recently we launched our – we went to the next metropolitan area, to Munich, to also offer same-day to customers in the Munich Metro area.

Over the remainder of the year and early next year, more metro areas are going to be – going to join the same-day programme. In terms of our own brands, of course, we have two major own brand labels at this point of time, and we have our functional food brand nu3, which is continuously being developed. But you remember, in the first quarter, we also introduced our second own brand label RedCare. We started with the launch of RedCare nasal spray, ibuprofen and paracetamols in the first quarter, just a couple of weeks ago we introduced the next two product as a heat pad for the treatment of some muscle pain or soft tissue issues, and we also launched a patch for the treatment of lip herpes for treatment of cold sores.

So this is only the next step in our journey to expand our own brand offerings. More products are going to be added over the coming weeks and months. What are we after? Of course, with the own brands, we want to further enhance the loyalty of our customers because these are products that can only be bought at Shop Apotheke, and secondly of course we are generating and we're continuing to generate significantly higher margins with our own brand products than with the comparable third party products. By the way, the RedCare label is also a success of the acquisition of nu3, because the nu3 management team is also driving and managing the RedCare label as well.

In terms of our marketplace, all I can say at this point of time, we are on track, we had communicated earlier that we are going to launch our marketplace which will focus on expanding our product portfolio. So there will be no cannibalisation of Shop Apotheke's core business today but we are on track to launching our marketplace later this year. Of course, all of these offerings, all of these strategic initiatives, the ultimate aim is to give our customers more and more good compelling reasons to return to Shop Apotheke, to come to Shop Apotheke to address the healthcare needs.

Okay, so, quick update on where are we on the road to the launch of electronic prescriptions in Germany. When you look at the upper part of the chart, the timeline, I can tell you nothing has changed from the last time, we shared this with you based on everything that we are hearing from Berlin, from the market, from our market participants, it appears as if the market gets on track to be able to provide the telematics infrastructure for e-prescriptions with the launch of e-prescriptions and then more important with the mandate for physicians to start issuing electronic prescriptions in January 2022. We also want to take this opportunity to just give you an overview of the legislative foundation surrounding e-prescriptions in Germany, some of this is of course you are familiar with, we are going back to August 2019 when the GSAV the law for greater supply, drug supply safety was actually signed by the German President. And the GSAV actually made e-prescriptions in Germany legal and it's – include an obligation for the gematik to define the eRX specifications by June 2020 and, as you know, is of course happened by now.

The GSAV was followed by the digital supply act the DVG later last year, and the DVG include an obligation for statutory health Insurance and physicians to define the eRX rules and processes and it – this obligation included a requirement to define these rules and processes by using the gematik telematics infrastructure. We have heard recently a lot about the Patient Data Protection Act the PDSG, which was actually passed by the lower

house of the German Parliament, the Bundestag, last month. It appears to be very likely that the upper house of Bundesrat is going to pass the law in September. And in terms of e-prescriptions, the PDSG contains two important stipulations. The one, we are familiar – one, we are more familiar with the other one, but I am starting with – I think, it's paragraph 360 Section (1) that includes an obligation to use the gematik telematics infrastructure for the transfer and processing of e-prescriptions, of course once the telematics infrastructure is available, and secondly – and again, we are familiar, we are more familiar with this stipulation – it includes an obligation for physicians, a mandate for physicians to issue electronic prescriptions and to use the gematik infrastructure as reflected in Section (1) as of January 22.

Derived from this legislative framework were two agreements between the National Association of Statutory Health Insurance in Germany and the German Pharmacist Associations, the one was the framework agreement governing the drug supply. This agreement, which was finalized in the second quarter includes an obligation to provide e-prescriptions, exclusively by the gematik infrastructure once available.

And the reimbursement agreement, and of course that is very important for Shop Apotheke, it included a stipulation that the downloading of electronic prescriptions from the telematics infrastructure is actually prerequisite for reimbursement of e-prescriptions by the Statutory Health Insurance. And again, you are familiar 90% of the patients in Germany are covered by the Statutory Health Insurance, the remaining 10% being covered by private health insurance.

So, when I take a step back and I look at this chart, what are the key conclusions for us? Number one, based on everything that we are – that we've heard so far – and again, this is of course, outside of our direct control, the gematik seems to be on track to delivering the telematics infrastructure on time. Secondly, it has become with this legislative framework, as it has evolved, and the agreements that have been negotiated, it is becoming clearer that the telematics infrastructure will indeed play a central role in the issuance, the handling, the reimbursement of electronic prescriptions. And last but certainly not least, I can assure you that our own preparations for the introduction of e-scripts in Germany are on track, we are preparing for variety of scenarios to be very well prepared and to be prepared to – and that's of course, our ambition to take a disproportionate share of this opportunity. And with this, I will hand it over to Jasper, to walk you through the outlook for the remainder of the year, Jasper please.

Jasper Eenhorst: Yeah, thanks a lot Stefan. Yes, looking ahead to the second half of the current year, with the Q1 number and with the Q2 numbers, this is importantly also with more visibility on what we expect that is going to happen in the second half of the year; and that's then both externally customer behaviour, our competitive position, but also internally what we are able to produce and to do as an organization. Based upon that we were very happy that already on 23rd July we were able to raise our full year guidance for the current year, for the second time raised this year.

We will move on to full year sales growth, we expect now to be at least 30%, previously it was around at least 20%. Again, as I just said already, this is important because of what we expect that is from the demand perspective, the situation in the second half of the year, but it's also, because internally, we have been able to increase our capacity to make that very concrete. We will move a part of our operations earlier to the new facility that we anticipated before. We will do that still in a manual way, like we do the process at this

moment because the mechanisation, we go really switch on – in 2021 according to our original planning.

Our full year adjusted EBITDA margin stands year-to-date at 2.4% and our full year guidance is a margin of 1-2% significantly up from our previous guidance breaking even and then in positive number. In the second half, if you compare the second half to the first half of this year and also taking into account the margin guidance that we gave, of course, if you compare the second half to the first half, we do not anticipate another month like March where we don't have any marketing. And also as I just mentioned, we deliberately choose to act on the opportunity step we are seeing by accelerating the move of our operations, which will result in operating two facilities and slightly decreasing operational efficiency. So that is the difference in color between the second half and the first half. Still our expectations, also for the third and fourth quarter are that we will grow fast, make many customers happy and that we will do so on the positive adjusted EBITDA margin level. Okay, long-term target profitability unchanged, our vision is still 6% or more, yes.

Stefan Feltens: Okay, thank you Jasper. I think we go to Q&A?

Jasper Eenhorst: Yes.

Stefan Feltens: We go – let's go to the Q&A –

Jasper Eenhorst: Yeah.

Stefan Feltens: – just that you know, we use automatic camera tracking in this web –

Jasper Eenhorst: Yeah.

Stefan Feltens: And there is always a couple of a second delay; so for example, you might be hearing Jasper talking, but the camera might still be on me. So bear with us. So, we will go through the questions as we have received them. I am going to read them and either Jasper or I are going to answer. So, we have a question from GO – So what are main factors affecting the minus 1.9% other decline in the Q2 gross profit margin, please?

Jasper Eenhorst: Yeah.

Stefan Feltens: So, Jasper?

Jasper Eenhorst: Yes, yeah G, yeah, it's probably just that – we have to adjust out the value of the remaining and particularly that's related to corona products that [inaudible].

Stefan Feltens: Okay. And we have a question from MH. Rx close to 18%, is this Q2 or the first half of the year?

I can tell you that 18% is the growth in the first half of the year, the growth in the second quarter, if I remember correctly, M was 13% and the growth in the first quarter was 23%. So, Q1 23% year-over-year growth, Q2 13% year-over-year growth and for the first half of the year, this averages to 18% year-over-year. Can we go down?

Jasper Eenhorst: People like using the strategy –

Stefan Feltens: Yes, we have a lot of questions.

Jasper Eenhorst: Well, yeah.

Stefan Feltens: So, we have a question from AT. Additionally, could you give us more info on your CapEx planning for the next two years, including the ramp up in your logistic side? So, Jasper again that's for you.

Jasper Eenhorst: Yeah, A in the first two years that are coming, we don't expect CapEx related to increase in our capacity. We are just opening our new capacity here, we have already – in this facility, we have two phases, of ramping up and actually in this scenario, ramping up from phase one to phase two, we still are talking about an 18 hour shift so that we go two shift, we don't even use the possibility to go to a free shift day. So for the time being, we don't expect significant CapEx in the coming two years related to our capacity. We don't need that, but of course already we started to think about [inaudible].

Stefan Feltens: Okay. We have another question from A. Good morning gentleman. The first question would be on your growth rate in the DACH region. Could you give us more colour on the pure underline German segment in terms of Rx and OTC?

A, as you know, we don't disclose our sales by country, but I can tell you that, of course, OTC growth was higher than the Rx growth, of course, we are only participating in the Rx market in one country, in Germany. And the German market contributed significantly in terms of Euros, but also in terms of percentage growth to the overall development of the DACH segment.

The second question would be on your plus 10 million effect in investment for other financial assets, could you elaborate on that, Jasper?

Jasper Eenhorst: Yes, this is in the – this is in the bridge of the cash and cash equivalent and only profits of cash and cash equivalent. It is the sell of certain money market funds we had. So, sometimes to avoid negative interest rate, or to make a little return on our cash balances, we invest in money market funds, it's a very low risk profile. So, actually this is a non-event, this is from the money market funds to our cash balances, just to be – to be complete there.

The question number three is the strategy for Rx in the next two years?

Stefan Feltens: Yeah, So, the strategy for Rx, A, in light of the potential bonus discussion, our strategy is focusing on the end customer. Again, I know this that you've heard this before, all of you have heard this before, but that's what Shop Apotheke is all about; we want to make sure that the end-to-end customer journey in the non Rx segment, but also in the Rx segment, are best in class, that we really want to have a competitive advantage in this area. I think we have been very successful with it so far and that's, of course, what we continue over the next two years.

In terms of the potential bonus discussion, A, our position hasn't changed. We are convinced and we are not along with this opinion that prohibition on our ex-bonuses would be violation of European law, but as we all know this has gained, the discussion has gained again some speed. So the V – I have to be careful 00 the VOASG, the law that is supposed to support brick and mortar pharmacies will be introduced into the lower chamber of the

German Parliament sometime in September. It's our understanding that there is still different – there are different views among the coalition parties in Germany, we can reassure you that the European Commission has not changed its position. They are steadfast behind their opinion that this would be a violation of European law. We are not aware at this point of time whether or not an agreement has been reached between the European commission and the German Government; that doesn't seem to be the case, okay.

Okay. Then we got two questions from CS. Could you please provide an update on the sales momentum so far in Q3? Is it fair to assume a decelerated, but still above pre-COVID level? Jasper, you want to take this?

Jasper Eenhorst: Yeah, we can even be more specific on this. What we have seen in the first weeks of July is a continuation of the trends top and bottom line that we have seen in the first half of the year.

And then your second question, progress of the warehouse move; I think, I just talked about it already. Everything is on plan, the mechanisation will start in the first half of – will start and be completed in the first half of 2021. But indeed [inaudible] suggestion here we decided to do the same. Actually we accelerate the move to gain extra capacity, but we will do that with a manual process as earlier. Just that. Thanks C.

Stefan Feltens: So, let's go to the top of the list. We have a couple of questions from – okay, can we go to O's question. How many Rx products do you have in an average Rx baskets?

O, I have to tell you, I – quite frankly, I don't have this information top of mind, I really don't know at this point of time. I can tell you when I place my orders, it always contains three Rx products, but I'm not sure whether I'm the average customer.

The next question from O. Aside from COVID product, masks, etc., did the change in sales mix, for example the drop in flu medicine, have an impact on your gross margin? Jasper, you want to take this?

Jasper Eenhorst: The total impact of all the mix, where we say it's the mix of products, but also the mix of countries, gross just one percentage point. And the main reason for that was that OTC is growing even faster than Rx's. So, that is the answer that your question actually it is no, we don't see a significant other mix impact because of changed behaviour of our customers besides the one you mentioned already from corona related products. The orders remains the same.

Stefan Feltens: Okay. So, O's next question for your same day next day delivery, are you cover by the deliver fee of €2.50, the delivery that applies to German pharmacies currently? Would you mind quantifying the size of that business?

So, I'm – I'll stop with the second question, you know we don't want to quantify the size of our same day business at this point of time. Again, we are just live in two metro areas in Germany, the business is developing as we anticipated.

In terms of the delivery fee, of course, the delivery fee for the messenger services applies only to Rx business, that is not part at this point of time of our – the same day offering.

And as Shop Apotheke the business that we do ourselves, we're also delivering to patients, to customers' homes, we are currently not carrying this delivery fee.

O's next question: if the competitive environment changed significantly, would you consider, a merge with Lerose[?]?

O, you're probably not surprised that we're commenting on any rumours. I can tell you we are convinced that we are very well positioned to execute our strategy on a standalone basis. But again, principally, we don't comment on market speculations.

Another question from O. How do you see the probability that Rx bonuses be banned till date?

I think, I already talked about this. Again this discussion has gained some speed again with the law being introduced in the German Parliament. It's an open – the question for us is the German Government, while it has the presidency of the European Union in the second half of this year, is this the time when they want to pass a law that according to the European Commission, according to the German Ministry of Justice, at least they have some serious doubts and we are dead fast convinced that it would be violation of European law, would the German Government be willing to pass such a law while they are having the presidency of the European Union, it's a big question mark. But again, that is outside of our hands, at this point of time.

Next question, I think, that's the last question from O. In your ex – in your opinion or experience, how long would you take to get a pharmacy license in the Netherlands?

O, all – we don't want to answer this question at this point of time, I think that would be competitively sensitive information. If somebody wants to find out, I think they have to do the work.

Let's go to the top of the list. Okay. We have a question from TD. What are the reasons for the strong performance in Belgium, you just mentioned? What can we expect in regard to growth rates in national segment in the rest of the year? Jasper, you want to take this?

Jasper Eenhorst: And we're fairly proud of the effect of the marketing positions with our branch in Germany, Austria and also in Belgium. It was just a very strong performance that we did as a compliment to the team overall. Also in the other areas of international, we had a very strong percentage growth within Belgium also perfectly available information for new growth[?] or Google Trends. Please see the impressive performance that we have achieved there. So, what can we expect that the growth rates the remainder of the year, they will be – this is our current expectations continuing the momentum that we saw in the Q2.

Stefan Feltens: Okay.

Jasper Eenhorst: Yeah.

Stefan Feltens: Then we have another question. Perhaps to add to Belgium, you might remember in 2016 we acquired Farmaline a local online pharmacy, that has truly been a success story. Really, I want to leave it at this, but I would be remised if we didn't give credit to the team in Belgium that has scaled up this business just fantastically.

And we have another question from AT. Could you give us more info on your customer acquisition cost in the Rx segment plus the average bonus spend per customer and per month? I sound like a broken record but this is information, A, as you probably know and you're not surprised by the answer that we choose not to disclose.

We have a question from AR. How has the cross selling developed since the acquisition of [inaudible] Apotheke? Is the share of mix baskets, OTC and Rx higher today versus last years? Should Rx acceleration as of 2022 immediately help OTC based on your projections? Jasper, you want to take this?

Jasper Eenhorst: Yeah, I think, thank you, yeah, one of the successes, I think of 2019, it's a successful integration from front and back over Shop Apotheke. And the Shop Apotheke and that significantly improves the custom experience. I think, in the current process with paper in Rx, it's still difficult for an OTC customer to get an Rx project just like that. You also asked the question all the way around and that's absolutely be happening. It is now easy for an Rx customer to also get OTC for health and beauty care products or our health nutritional foods [inaudible] in the baskets, so that's, it's increasing the effort basket, yes.

Stefan Feltens: And we have a question, another question from US. Once you have moved to the new facility in full, what is the revenue that you can handle from this side, assuming a two shift model? How many parcels can it handle assuming unchanged basket sizes? Well, I think, what we have conveyed in the past and of course we still stand behind this, we will be able to handle at least EUR2 billion from the new site. But again this is before any continuous improvement effects. And the number of parcels we'll be able to handle at least 35 million parcels on an annual basis.

We have a question from, G. Hey, guys, can you please talk about penetration of private label today and the 2% mix in the long-term 6% margin target? Jasper, you want to take this?

Jasper Eenhorst: Yes, absolutely G, thank you. The good thing is if you now look to our numbers, our P&L and the improvements that we have, you will not find any impact of our own rental private label in those numbers because the share is too small. With what we are doing in own rental private label, the introduction that we did here are very successful and it started with paracetamol and nasal spray, and Stefan talked about the other introductions that we have. But the good thing is in the [inaudible] don't see that but we expect a lot of that in the total mix in future from a customer loyalty perspective, it's a traditional win-win, normal prices for the customer at the same quality and better margins for us. That's our current standpoint that we have the idea that there's much more to come in the future, yeah.

Stefan Feltens: Thank you. There is a second question from G. Can you please talk to how many customers in your existing days you have with a chronic disease fit the age profile and have no hanging fruit on eRx conversion? G, when we look at our Rx business today, the majority of our customers in the Rx segment are chronic patients, they have chronic diseases. They are compared to our average customer in the non Rx segment, they are older, in terms of the eRx conversion of – we focus on organic growth or we focus on growth in general at this point of time to have a large customer base with the introduction of e-prescriptions because that is of course the first customer group that we are going to go after the people who are already happy, who are already satisfied with the

customer journey offered by Shop Apotheke and we want to convert them from a non Rx customer to an Rx customer. Again, that is certainly focus of all of our marketing efforts in preparation for the launch of electronic prescriptions.

We have a – the question from AH.

Jasper Eenhorst: I think, Stefan, it's – see how many questions we still have and then looking at the time, thanks for all your questions, I would say. Let also – we will respond to the couple more but then I think, the time, that is until 12:00 we have. So, we will look at those questions, like – I think then after this meeting, I would say, yeah.

Stefan Feltens: Okay.

Jasper Eenhorst: So, let's continue for – with another two or three questions, I would say.

Stefan Feltens: Okay.

Jasper Eenhorst: Yeah.

Stefan Feltens: So, and let – but let's take then A's question. Would you expect to see Rx growth accelerate significantly in the second half of '21 rather than '22 when it becomes mandatory? Secondly, clearly recent months you have one more new customer they've grown faster than zero[?], would you expect to be able to retain these customers as Rx move electronic from the second half of next year?

So, A, based on everything we know, we think, we're going to see electronic prescriptions in the second half of next year, but we don't anticipate a massive number of electronic prescriptions because it's not mandatory for physicians in Germany to issue electronic prescriptions. Again, we'll see initially it will be a trickle and then it will be – it will get bigger towards the end of the year. But we really think we're going to see a very significant scale up in e-prescriptions with the mandate to issue electronic prescriptions as of January '22.

In terms of our growth over the last few months again, I think, we already talked to this, yes, our focus is on converting and reaching out in many, many different ways to our existing customers, in order to convert them from being in just, quote-unquote, 'just' a non-Rx customer who also becoming an eRx customer in the future.

And then we'll take the last question from NB. You expect any meaningful impact on growth and margin from initiatives such as marketplace and same day delivery in the near term? And Jasper, probably it's for you.

Jasper Eenhorst: Yeah, I know, thank you. You asking the near term, then the easy answer would be no. But I will give a little bit more colour in the guidance that we have of achieving an EBIT margin in the longer term of 6%. Those initiatives are not even yet included. Those initiatives are key initiatives for us. So, in both ends, it could change our business model also here and that's why we have a guidance of 6% EBIT or more for an excess of 6%. So in the near term, I don't expect it, in the future, both marketplace and same day delivery, I expect to have positive impact on our total P&L[?].

Stefan Feltens: Okay. So, again, we want to respect everybody's time. So we once again want to thank you for your interest in Shop Apotheke. I assume, I hope you're going to

share the statement at the beginning of this call that this was a truly extraordinary quarter for Shop Apotheke. But I can assure you, and hopefully we gave you a flavour for this as well, there's more to come over the coming months, over the coming years. Obviously the Q&A chat function was very popular, so thanks for your questions. We want to assure we're going to reach out to everybody who have submitted the question that we haven't answered yet. So that is a commitment from Jasper and me. But again to respect your time thank you very much for the interest. Have a great day and we'll talk to you soon. Bye-bye.