

SHOP APOTHEKE
EUROPE

HALF-YEAR REPORT

30 JUNE 2019

LETTER TO SHAREHOLDERS.

Dear Shareholders, Ladies and Gentlemen,

SHOP APOTHEKE EUROPE has continued its dynamic growth since the start of the year. Consolidated revenues rose by 32 % to EUR 338 million during the first half of the 2019 fiscal year after EUR 257 million for the same period last year. As a result, we again extended our leading position in all relevant markets with now 4.2 million customers (+ 50 % YoY). We also successfully completed the integration of both Europa Apotheek Venlo into Shop Apotheke and of nu3 into our Venlo operations.

Half-year revenues for the DACH segment – which consists of Austria and Switzerland as well as our largest market, Germany – increased by 27 % to EUR 298 million. In the International segment – which comprises the Netherlands, Belgium, France, Italy and Spain – revenues rose by an even stronger 83 % to EUR 40 million.

Despite our strong organic growth, DACH segment EBITDA rose to EUR 3.7 million, up EUR 5.4 million compared to Q1. International Segment EBITDA of EUR – 3.4 million reflects our investment in market opportunities as we expect further OTC markets to liberalize for prescription mailorder in future. Total consolidated in Segment EBITDA was EUR + 0.3 million for the first half-year 2019.

The ground-breaking for our new pharmacy site on June 14 shall facilitate future growth. It can process up to 35 million parcels per year, taking Shop Apotheke to the next level. The new site will be the first “all-electric” building of Greenport Venlo and meet high ESG standards.

Also in June, the GSAV (law for secure supply of medicines) passed both Germany’s lower house of parliament (Bundestag) and the upper house (Bundesrat). With the successful EUR 110 million growth financing in April, SHOP APOTHEKE EUROPE is in a strong position to drive future growth expected from the planned introduction of electronic scripts in 2020.

We confirm our sales guidance of EUR 700 million in 2019 and an adjusted EBITDA margin expected at least at 2018 level. We also plan for positive EBITDA in 2020, and a long-term target profitability of at least 6 % EBIT.

We thank you for your continued trust and support.

The Management Board

Venlo, the Netherlands, 14 August 2019

KEY FIGURES.

Performance indicators Group	2017				2018				2019	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Page visits (millions)	18.6	17.9	18.0	17.1	21.9	20.9	24.0	26.3	32.5	29.5
Mobile page visits (millions)	8.9	9.2	9.4	8.9	12.3	11.5	13.3	17.5	21.4	19.8
Ratio mobile (in %)	48	51	53	52	56	55	55	66	66	67
Orders (millions)	1.4	1.4	1.4	1.6	2.1	2.0	2.1	2.50	3.1	2.8
Orders by existing clients (in %)	71	75	76	82	82	81	81	81	78	81
Return rate (in %)	0.8	0.7	0.8	0.7	0.7	0.9	0.9	0.8	0.8	0.8
Active customers (millions)	2.1	2.2	2.4	2.7	2.7	2.8	3.2	3.5	3.8	4.2
Average shopping cart (in €)	52.2	53.3	54.2	70.3	73.4	75.0	72.3	69.6	65.0	67.7

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SHOP APOTHEKE
EUROPE

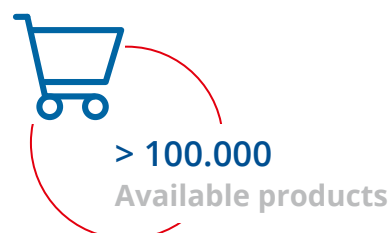
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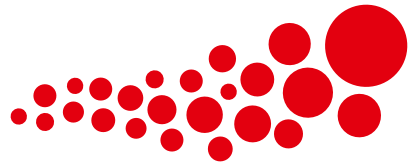
HIGHLIGHTS.

SHOP APOTHEKE EUROPE N.V. continues its growth course during the first half of 2019; consolidated revenues increase by 32 % to EUR 338 million.

- Revenues for DACH-segment grow by + 27 % to EUR 298 million.
- International revenues rise by + 83 % to EUR 40 million.
- Number of active customers increases by 50 % to 4.2 million.
- Guidance for the 2019 fiscal year confirmed.

KEY FIGURES.





SHOP APOTHEKE
E U R O P E

02

SHOP APOTHEKE EUROPE:
THE SUCCESSFUL
EUROPEAN GROWTH STORY.

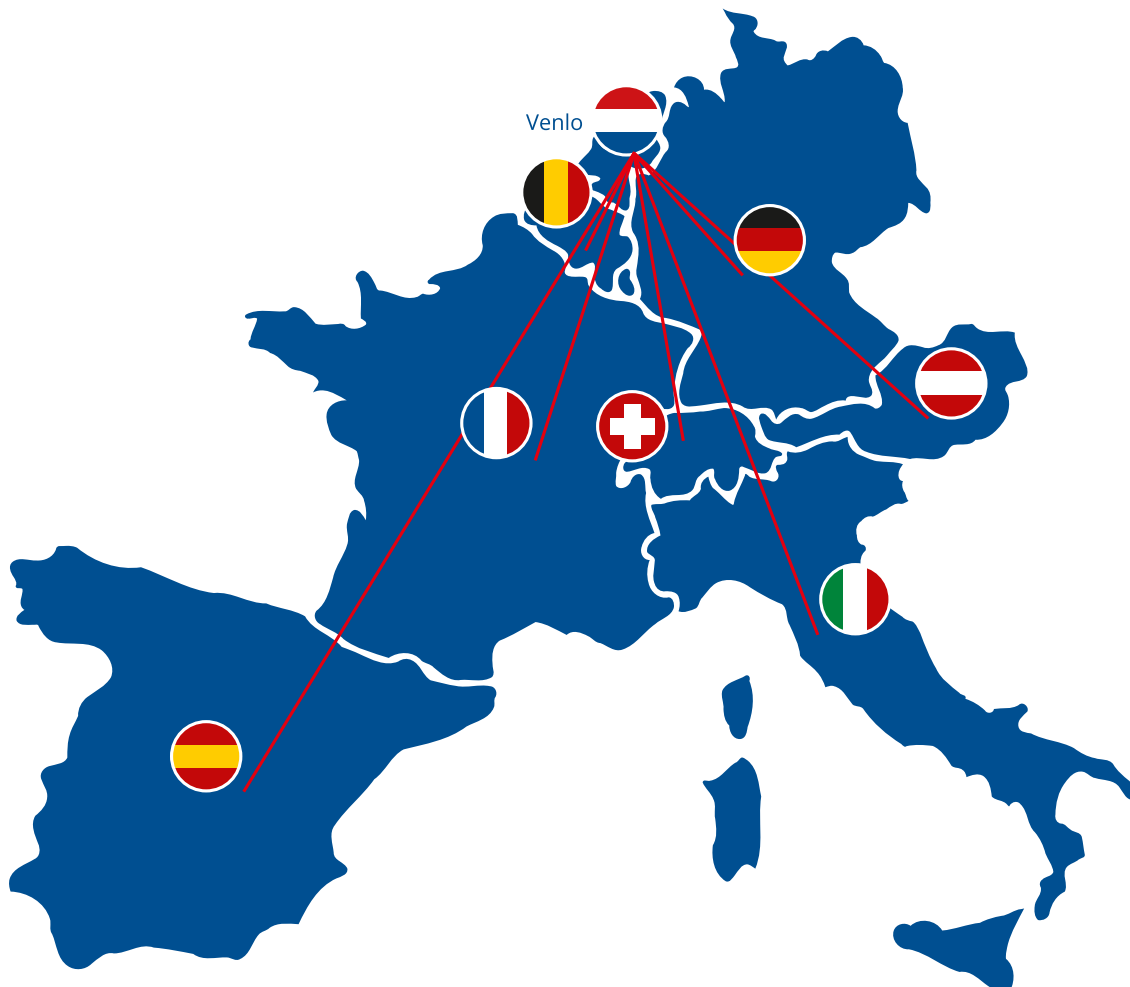
BUSINESS MODEL.

Our online pharmacy is a European success story.

SHOP APOTHEKE EUROPE is the fastest-growing online pharmacy in Continental Europe. With the acquisition of Farmaline in September 2016 and the takeover of Europa Apotheek in November 2017, SHOP APOTHEKE EUROPE has significantly extended its European market leadership. The portfolio for the whole family in the OTC, beauty and personal care and prescription medications areas is now complemented by high quality natural foods and health products, low carb products and sports nutrition following the acquisition of nu3 GmbH in July 2018.

The founder-led company delivers an extensive range of over 100,000 original products fast and at attractive prices to currently more than 4.2 million customers. The offering is supplemented by comprehensive pharmaceutical consulting services. The modern and centrally located logistics infrastructure in Venlo, the Netherlands, enables SHOP APOTHEKE EUROPE to significantly expand its business volume while benefitting from effects of scale. All processes in the technology and logistics areas are being prepared for future growth through investments in capacity expansion and automation in a new site.

In addition to further growth in our established markets, achieving the leading position in all relevant Continental European markets is the key element of our European growth strategy.



GROUP STRUCTURE AND CORPORATE GOVERNANCE PRACTICES.

The business activities of SHOP APOTHEKE are managed by its parent company SHOP APOTHEKE EUROPE N. V. in Venlo, the Netherlands.

SHOP APOTHEKE EUROPE's internal reporting structure is based on geographic segmentation with the two business segments DACH (Germany, Austria and Switzerland) and International, consisting of all our other markets.

The business success of SHOP APOTHEKE EUROPE depends to a large extent on the company's international revenue growth and European online market leadership. Results-based financial key performance indicators (KPIs) are used to manage the Group include gross margin and segment EBITDA.

The management of SHOP APOTHEKE EUROPE also uses the following operational performance indicators to manage the business:

Number of site visits/number of mobile site visits:

As a performance indicator with a significant impact on the growth of the SHOP APOTHEKE EUROPE Group, the number of website visits is a central focus for the company's management. As a growing number of customers use mobile devices to access the internet, the number of mobile website visits is recorded separately. This indicator is also used to analyze the success of the mobile websites and apps that SHOP APOTHEKE EUROPE is permanently developing and expanding specifically for this target group.

Number of active customers:

SHOP APOTHEKE EUROPE also evaluates its business success according to how the number of customers develops. An active customer is defined as a customer who has placed at least one order over the last 12 months (as of the reporting date).

Number of orders:

The number of orders is an important growth driver. It is measured without reference to the average shopping basket size.

Average gross basket size:

In addition to the number of orders, there is a direct correlation between the average shopping basket size and the development of consolidated revenues.

Repeat orders:

This performance indicator shows the proportion of orders placed by existing customers and is an important indicator of customer loyalty. Since marketing costs for existing customers are lower than for acquiring new customers, there is also a correlation with consolidated net profit.

Return rate:

One key advantage of trading in pharmaceuticals and medicines is the negligible return rate. As returns are a significant cost factor in e-commerce, there is a direct correlation with the company's earnings.



SHOP APOTHEKE
EUROPE

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BUSINESS DEVELOPMENT.

OVERALL ASSESSMENT BY THE MANAGEMENT BOARD.

SHOP APOTHEKE EUROPE has continued on its accelerated growth course with revenue growth in line with the forecast while also reaching important milestones for the company's long-term development. Thanks to its rapid growth, SHOP APOTHEKE EUROPE has gained market share and added Switzerland as a new market. At the same time, SHOP APOTHEKE EUROPE made investments in software, capacity expansion and automation to increase efficiency and optimize the customer experience.

By issuing new shares and convertible bonds in April 2019, the Group ensured its growth financing, putting it in a strong position to benefit from the planned introduction of electronic prescriptions in Germany.

In summary, the profit, revenue and financial situation show that the company is in a strong economic position as of the reporting date.

OVERALL ECONOMIC SITUATION.

The economic expectations of financial analysts and institutional investors for Germany continued to deteriorate slightly in July after a slump in the previous month, according to new data from the Centre for European Economic Research (ZEW). The economic expectations index surveyed by the institute fell to minus 24.5 points from minus 21.1 in the previous month and thus slightly more than expected. The Iran conflict seems to be intensifying and the ongoing trade dispute between the US and China is not only a burden on China's economic development. In addition, no discernible progress has been made on the Brexit.

In June 2019 compared with May 2019, the seasonally adjusted volume of retail trade increased by 1.1 % in the euro area and by 1.2 % in the EU28, according to estimates from Eurostat, the statistical office of the European Union. Compared with June 2018, the calendar adjusted retail sales index increased by 2.6 % in the euro area and by 2.8 % in the EU28.

Market research institute Sempora Consulting projects a steady annual growth rate of around 4 % until 2020 for the sale of OTC medications. Online pharmacies are forecast to benefit disproportionately, with Sempora Consulting projecting a 21 % growth rate across Europe for this year and an average growth rate of 17 % until 2020. In less developed online markets such as France, Spain and Italy, the growth projections are substantially higher at ca. 30 %.

CONSOLIDATED REVENUES AND RESULTS OF OPERATIONS.

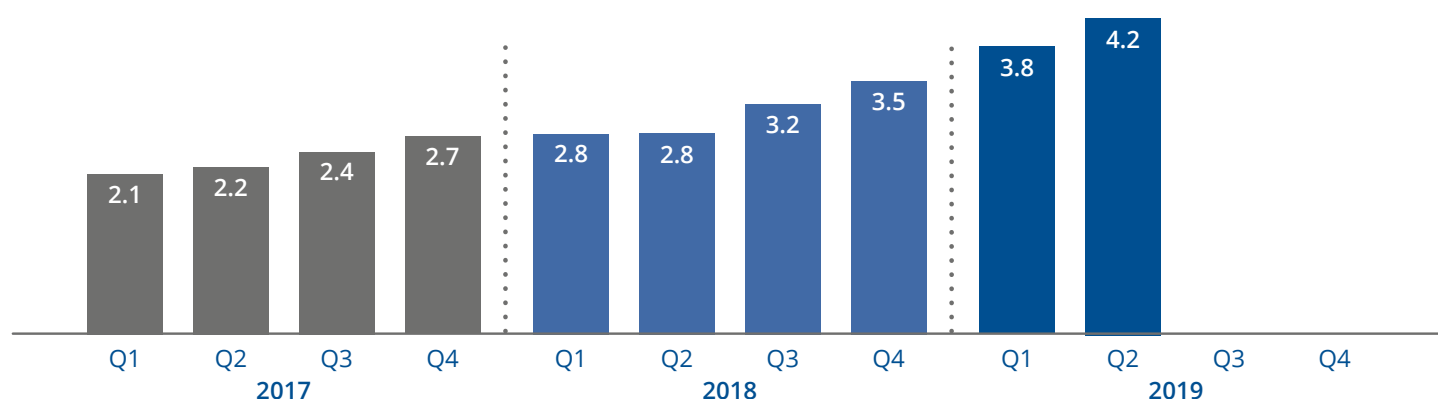
Sales of pharmaceuticals, medications and pharmacy-related beauty and personal care products are in part subject to seasonal fluctuations, with demand for pharmaceuticals and medications especially high during the first and fourth quarters of the year.

SHOP APOTHEKE EUROPE N.V. continued to grow revenues substantially during the first half of the 2019 fiscal year (January 1 – December 31). Consolidated first half-year revenues rose by 32 % to EUR 338.2 million compared to EUR 257.2 million during the first half-year a year earlier.

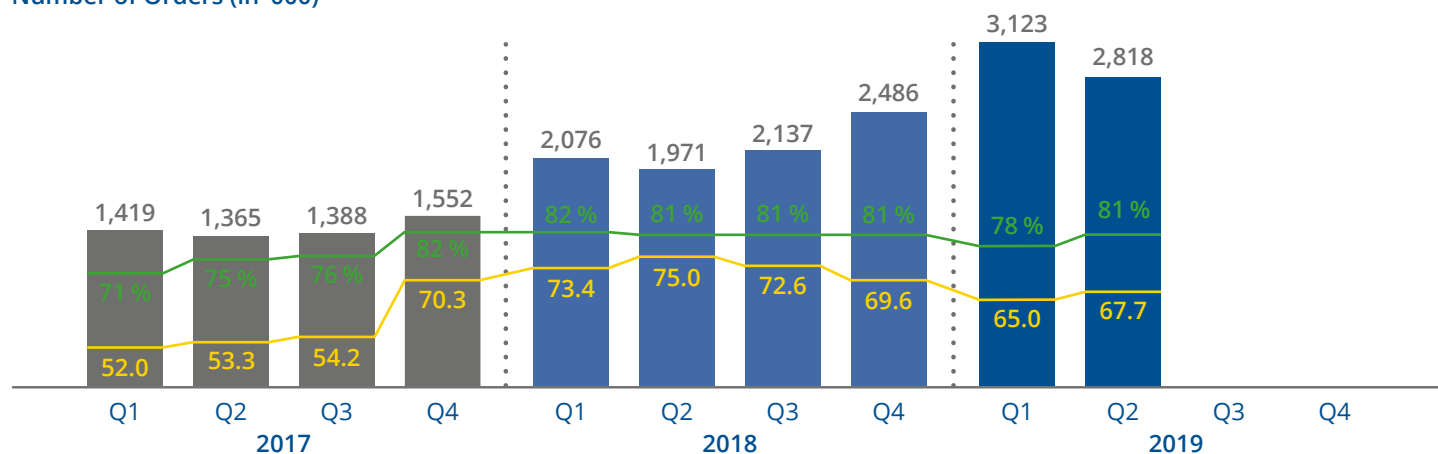
The number of active customers increased substantially from 2.8 million as of June 30 2018 to now more than 4.2 million as a result of the company's successful growth initiatives.

The number of orders increased by 44 % compared to the corresponding period last year, reaching 5.9 million (H1 2018: 4.1 million) with the size of the average shopping basket at EUR 66.26 during the first six months of the year, slightly below the previous year's high level of EUR 74.18. This is largely due to the changed product mix following the acquisition of nu3 GmbH in July 2018 and OTC online growth. The share of repeat orders was 80 % compared to 81 % in the previous year while the return rate remained minimal at less than 1 %. The share of mobile page visits rose to 67 % during the first half-year 2019 after 56 % during H1 2018.

Number of active customers (in million)

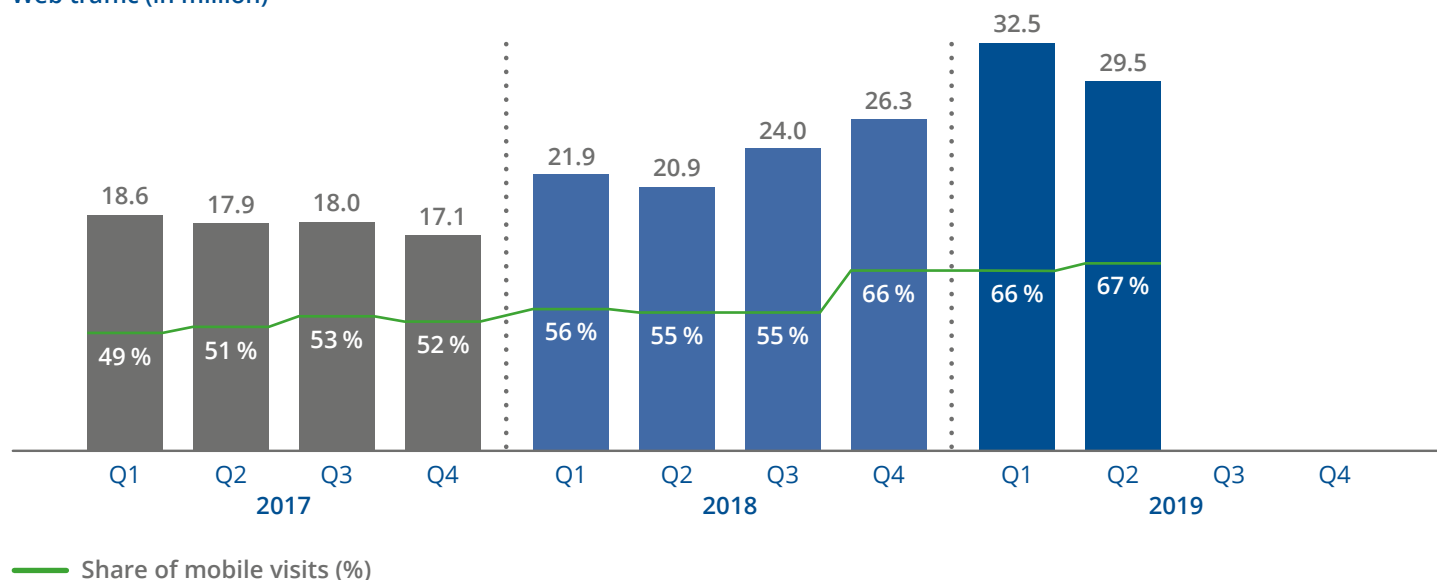


Number of Orders (in '000)



— Share of repeat orders (%)
— Average basket size (€)

Web traffic (in million)



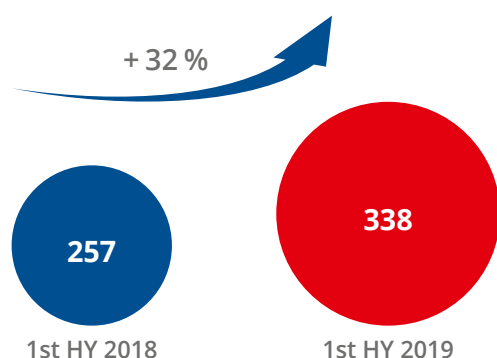
SHOP APOTHEKE EUROPE increased its consolidated gross earnings by 45 %, from EUR 46.4 million during the first six months of 2018 to EUR 67.4 million over the period under review. Compared to a year earlier, the consolidated gross margin rose by 1.9 pp to 19.9 %

At EUR +0.3 million, segment EBITDA was slightly below last year's figure of EUR +0.6 million largely due to increased marketing spending to further fuel organic growth.

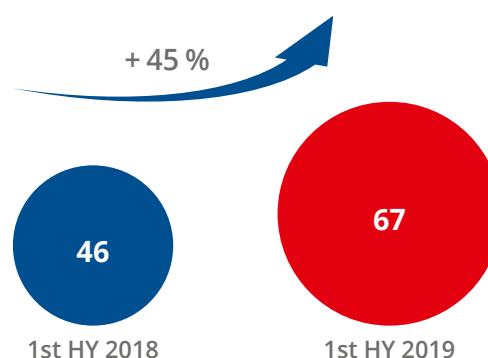
Administrative costs for H1 were EUR 12.4 million (previous year: EUR 9.0 million); the administrative costs included one-time costs amounting to EUR 1.4 million, mainly related to the employee stock option plan. Adjusted by these one-offs, the administrative cost ratio was 3.3 %. Due to the company's strong growth and related costs for new customer acquisition, selling expenses increased significantly by 44 %, from EUR 50.9 million during H1 2018 to EUR 73.2 million for the period under review.

Adjusted consolidated EBITDA was EUR -9.6 million compared to EUR -7.0 million for the first six months of 2018. Including depreciation and amortisation of EUR 7.3 million (previous year: EUR 6.0 million), the adjusted EBIT was EUR -16.9 million (H1 2018: EUR -13.0 million). Adjusted earnings after taxes were EUR -19.9 million compared to EUR -14.5 million a year earlier.

Consolidated revenues (in € million)



Consolidated gross earnings (in € million)



SEGMENT PERFORMANCE.

Segment DACH.

During the first six months of 2019, DACH – SHOP APOTHEKE EUROPE's largest segment by revenues – grew by 26.7 % compared to the corresponding period last year. Revenues rose to EUR 298.0 million compared to EUR 235.2 million for the first half-year 2018. During the same time, gross earnings were up 39.9 % year-on year, from EUR 40.9 million to EUR 57.2 million. The gross margin rose by 1.8 pp to 19.2 % compared to 17.4 % last year. Segment EBITDA for the first six months of the year was EUR 3.7 million compared to EUR 3.0 million for the same period last year, despite increased marketing expenditures in order to further drive organic growth.

Segment International.

SHOP APOTHEKE EUROPE significantly increased its revenues outside the DACH region, up 83.0 % to EUR 40.3 million (previous year: EUR 22.0 million). Segment gross earnings rose in line with revenues by 83.6 % from EUR 5.5 million to EUR 10.1 million during the reporting period with the gross margin at 25.2 %, nearly on the same level as last year's 25.1 %.

In line with the share expansion in the company's younger markets, the segment also increased in customer numbers. Due to the high ratio of orders by new customers – which require higher acquisition costs – segment EBITDA for the first six months of 2019 declined to EUR – 3.4 million from EUR – 2.4 million a year earlier.

ASSETS AND FINANCIAL POSITION.

Assets.

As of the reporting date the balance sheet total was EUR 456.0 million after EUR 350.9 million at the end of the 2018 fiscal year. The increase is mainly related to the higher cash position resulting from a capital increase and a tap of the convertible bond, both performed in April 2019.

During the reporting period, cash and cash equivalents – including short-term investments in securities and credit line – increased from EUR 58.8 million as of December 31, 2018, to EUR 158.1 million.

The equity capital ratio was nearly 54 percent as of the reporting date.

Liquidity situation.

Operational cash flow was EUR 4.3 million, mainly due to a positive working capital movement resulting from an increase in trade payables due to the higher business volume.

Cash outflow of EUR – 23.8 million from investing activities is largely due to investments in short-term securities as well as in software, e. g. for the ERP system and international webshops.

Cash flow from financing activities included interest payments equivalent to EUR – 2.3 million some of which are related to the cash payment providers active for SHOP APOTHEKE EUROPE. Additional cash outflow of EUR – 1.1 million met payment obligations as a result of the FARMALINE acquisition. EUR 107.7 million cash were generated through a capital increase and the tap of the existing convertible bond in April 2019. Total cash flow from financing activities amounted to EUR 103.3 million.

RISKS AND OPPORTUNITIES.

Our evaluation of the company's risks and opportunities has slightly improved compared to the 2018 annual report as the E-script legislation in Germany (GSAV) passed the Bundestag and Bundesrat in June 2019, paving the way for the introduction of electronic scripts in 2020.

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

For risk management, see also page 29 in the appendix.

IMPORTANT EVENTS DURING THE REPORTING PERIOD.

SHOP APOTHEKE EUROPE N.V. on April 10, 2019 successfully completed a transaction worth a total of EUR 110 million on April 10, 2019. As part of the transaction, SHOP APOTHEKE EUROPE placed approximately 1.39 million additional new bearer shares in the company - which represents approximately 11.5 % of the company's outstanding share capital prior to the transaction - with institutional investors via accelerated bookbuilding. The new shares were placed at an issue price of EUR 36.00 per new share. In addition, the company concluded a simultaneous tap issue of primarily unsecured convertible bonds with a total nominal value of EUR 60 million at an issue price of 99.47 %, listed in Frankfurt and at Euronext Amsterdam.

After ten years as CFO, Dr. Ulrich Wandel will leave Shop Apotheke Europe at his own request as per 30 September 2019 and pursue new tasks. With the successful IPO and the subsequent capital market transactions, Dr. Ulrich Wandel made a significant contribution to the growth story of Shop Apotheke Europe. The Managing Board and Supervisory Board very much regret Dr. Ulrich Wandel's resignation, but accept his decision and thank him for his extraordinary commitment and his successful work. The Supervisory Board has initiated the search for a successor and discussions with suitable candidates are already underway. Until a successor is appointed, CEO Stefan Feltens, who was CFO of Teva Global Operations for many years before joining Shop Apotheke, will temporarily assume the CFO function.

FORECAST.

The Management Board expects SHOP APOTHEKE EUROPE to accelerate its organic growth rate to approximately 30 % (2018: 25 %) equivalent to an increase in consolidated revenues to ca. EUR 700 million for the 2019 fiscal year. The planned (adjusted) EBITDA margin is projected to be at the level of the previous year or slightly better. Break-even is expected in 2020.

Responsibility statement from legal representatives.

Venlo, the Netherlands, 14 August 2019

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

SHOP APOTHEKE EUROPE N. V.
The Management Board



SHOP APOTHEKE

E U R O P E

04

APPENDIX.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS.

	30. 6. 2019	30. 6. 2018
	EUR 1.000	EUR 1.000
Revenue	338,276	257,231
Costs of sales	- 270,916	- 210,803
Gross profit	67,360	46,428
Other income	16	8
Selling and Distribution	- 73,239	- 50,907
Administrative Expense	- 12,442	- 8,970
Result from operations	- 18,304	- 13,441
Finance income	78	77
Finance expense	- 3,755	- 2,158
Net finance cost	- 3,677	- 2,081
Result before tax	- 21,981	- 15,522
Income tax	653	593
Result after tax	- 21,328	- 14,929
Attributable to:		
Owners of the Company	- 21,328	- 14,929

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.

	30. 6. 2019	30. 6. 2018
	EUR 1.000	EUR 1.000
Loss for the year	- 21,328	- 14,929
Other comprehensive income/loss	0	0
Total comprehensive loss	- 21,328	- 14,929
Attributable to:		
Owners of the company	- 21,328	- 14,929
Earnings per share		
Basic and diluted per share 30 June 2019	- 1.68	- 1.24
Calculation of earnings per share:		
Result for the six month period	- 21,328	- 14,929
Weighted average number of shares	12,658,106	12,020,456
Earnings per share	- 1.68	- 1.24

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS.

Assets	30. 6. 2019	31. 12. 2018
	EUR 1.000	EUR 1.000
Non-Current Assets		
Property, plant and equipment	12,120	11,924
Intangible assets	201,952	199,892
Deferred tax assets	1,031	973
Investments in equity- accounted joint ventures	1,002	1,002
Investments in associates	400	400
Investments in equity instruments	10	10
	216,515	214,201
Current Assets		
Inventories	42,770	43,349
Trade and other receivables	29,231	23,071
Other current assets	9,372	11,525
Other financial assets	50,010	34,422
Cash and cash equivalents	108,119	24,338
	239,504	136,705
Total assets	456,019	350,906

Equity and liabilities	30. 6. 2019	31. 12. 2018
	EUR 1.000	EUR 1.000
Shareholders' Equity		
Issued capital and share premium	341,192	292,045
Reserves/accumulated losses	- 95,150	- 78,069
	246,042	213,976
Non-current Liabilities		
Deferred tax liability	10,241	10,841
Other liabilities	127,414	72,411
	137,655	83,252
Current Liabilities		
Trade and other payables	36,092	28,436
Loans and Borrowings	7,582	6,488
Amounts due to banks	14,070	9,805
Other liabilities	14,578	8,949
	72,321	53,678
Total equity and liabilities	456,019	350,906

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS.

	30. 6. 2019	30. 6. 2018
	EUR 1.000	EUR 1.000
Cash flow from operating activities		
Result from operations	- 18,304	- 13,441
Adjustments for:		
- Depreciation and amortisation of non-current assets	7,254	6,072
- Corporate income tax	- 5	0
- Issuance of stock option plan	1,303	0
Operating result adjusted for depreciation and amortisation, taxes and provisions	- 9,751	- 7,369
Movements in working capital		
- (Increase)/decrease in trade and other receivables	- 4,008	- 3,945
- (Increase)/decrease in inventory	579	9,119
- Increase/(decrease) in trade and other payables	17,550	1,488
Working capital movement	14,120	6,662
Cash generated from operations	4,369	- 707
Interest received	78	77
Interest paid on financial lease	- 177	0
Net cash (used in)/generated by operating activities	4,270	- 630
Cash flow from investing activities		
Investment for property, plant and equipment	- 1,154	- 3,480
Investment for intangible assets	- 7,017	- 4,101
Investment in other financial assets	- 15,588	- 22,311
Net cash (used in)/generated by investing activities	- 23,759	- 29,892
Cash flow from financing activities		
Interest paid	- 2,303	- 1,313
Payment of earn-out obligations Farmaline	- 1,100	- 1,100
Issue convertible bond	58,592	73,497
Capital increase	49,147	0
Cash-out lease payments	- 1,047	0
Other non-current liabilities	- 18	1,241
Net cash (used in)/generated by financing activities	103,271	72,325
Net increase/(decrease) in cash and cash equivalents	83,781	41,803
Cash and cash equivalents at the beginning of the period	24,338	15,783
Cash and cash equivalents at the end of the period	108,119	57,586

UNAUDITED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY.

for the period ended 30 June 2019	ISSUED AND PAID-UP SHARE	SHARE PREMIUM	ACCUMULATED LOSSES	OTHER CAPITAL RESERVES	UNDISTRIBUTED RESULTS	EQUITY
	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000
Equity as of 1 January 2019	241	291,803	- 50,351	5,893	- 33,609	213,977
Transfer to accumulated losses	0	0	- 33,609	0	- 33,609	0
Equity reserve for stock options	0	0	0	1,303	0	1,303
Capital increase incl. share issue costs	28	49,120	0	0	0	49,148
Issue of convertible bond	0	0	0	2,942	0	2,942
Comprehensive loss for the period	0	0	0	0	- 21,328	- 21,328
Balance as at 30 June 2019	269	340,923	- 83,960	10,138	- 21,328	246,042

for the period ended 30 June 2018	ISSUED AND PAID-UP SHARE	SHARE PREMIUM	ACCUMULATED LOSSES	OTHER CAPITAL RESERVES	UNDISTRIBUTED RESULTS	EQUITY
	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000	EUR 1.000
Equity as of 1 January 2018	240	289,076	- 28,993	0	- 21,358	238,966
Transfer to accumulated losses	0	0	- 21,358	0	- 21,358	0
Issue of convertible bond	0	0	0	4,438	0	4,438
Comprehensive loss for the period	0	0	0	0	- 14,929	- 14,929
Balance as at 30 June 2018	240	289,076	- 50,350	4,438	- 14,929	228,475

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS.

1. Basis of preparation

These Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2018 annual report.

The Interim Consolidated Financial Statements have not been audited.

2. Significant accounting policies

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

Shop Apotheke Europe N. V. has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2018 annual financial statements.

Going concern

From 1 January through 30 June 2019, the Company incurred losses before tax of EUR 21.9 million and generated a positive cash flow from operating activities of EUR 4.3 million. The working capital position at 30 June 2019 is positive at EUR 30.7 million. Development of the working capital is in line with expectations.

	30. 6. 2019	31. 12. 2018
	EUR 1.000	EUR 1.000
Trade and other receivables	29,231	23,071
Other current assets	9,372	11,525
Inventory	42,770	43,349
Trade and other payables	- 36,092	- 28,436
Other liabilities	- 14,578	- 8,949
	30,704	40,560
% Revenue	4.95	7.52

The shareholder's equity developed to EUR 246.0 million as at 30 June 2019, with a cash and other financial assets position of EUR 158.1 million. In April 2019 the Company successfully completes EUR 50 million capital increase and a EUR 60 million concurrent tap of its existing convertible bonds due April 2023. The Company is on track with its investment in capacity expansion and automation, after the completion of these projects, the Company expects higher profitability and free operating cash flows. On the basis of the above, the Consolidated Financial Statements have been prepared on a going concern basis.

3. Use of estimates and judgements

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the annual financial statements 2018.

4. Development expenses

In determining the development expenditures to be capitalized, we make estimates and assumptions based on expected future economic benefits generated by products that are the result of these development expenditures. In particular, we have capitalized development work for our websites and the ERP system that supports the business.

Business development spending is not capitalized but reported under "Selling & Distribution Expenses".

5. Seasonality

For the business of the Shop Apotheke Group, the first and fourth quarter of the year tend to be slightly stronger than the second and third. Also, TV advertising focuses on the first quarter of the year.

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

6. Segment information

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

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

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

This is based on our different shops and products and services provided. Segment EBITDA shows profitability by geographic segment without central overhead functions (IT, finance and management) that serve all segments and are sized for future international roll-out.

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

No changes exist in the calculation methodology of this segment information in comparison to the 2018 annual report. No inter-segment revenues apply.

CONSOLIDATED SEGMENT FINANCIALS.

For the period ended 30 June 2019	DACH	INTERNATIONAL	UNAUDITED INTERIM CONSOLIDATED
	EUR 1.000	EUR 1.000	EUR 1.000
Revenue	297,959	40,317	338,276
Cost of sales	- 240,739	- 30,176	- 270,916
Gross Profit	57,220	10,141	67,360
% of revenue	19.2 %	25.2 %	19.9 %
Other income	15	2	16
Selling & Distribution	- 53,503	- 13,570	- 67,073
Segment EBITDA	3,732	- 3,428	304
Administrative expense			- 11,354
Adjusted AE			- 9,917
EBITDA			- 11,050
Adjusted EBITDA			- 9,613
Depreciation			- 7,254
EBIT			- 18,304
Adjusted EBIT			- 16,867
Net finance cost and income tax			- 3,024
Net Loss			- 21,328
Adjusted Net Loss			- 19,891

For the period ended 30 June 2018	DACH	INTERNATIONAL	UNAUDITED INTERIM CONSOLIDATED
	EUR 1.000	EUR 1.000	EUR 1.000
Revenue	235,198	22,033	257,231
Cost of sales	- 194,294	- 16,509	- 210,803
Gross Profit	40,904	5,524	46,428
% of revenue	17.4 %	25.1 %	18.0 %
Other income	0	7	8
Selling & Distribution	- 37,911	- 7,885	- 45,796
Segment EBITDA	2,994	- 2,354	640
Administrative expense			- 8,068
Adjusted AE			- 7,592
EBITDA			- 7,429
Adjusted EBITDA			- 6,953
Depreciation			- 6,013
EBIT			- 13,441
Adjusted EBIT			- 12,965
Net finance cost and income tax			- 1,488
Net Loss			- 14,929
Adjusted Net Loss			- 14,453

7. Fair Value

As at 30 June 2019, no significant changes of fair value calculations have occurred in comparison to the fair values from the 2018 annual report.

9. Risks and risk management

The Group's risk categories and risk factors that could have material impact on its financial position and results are described in Shop Apotheke's annual report 2018 (page 100 – 105). Those risk categories and factors are deemed incorporated and repeated in this report by this reference and Shop Apotheke believes that these risks similarly apply for the six-month period ending 30 June 2019.

The Group will publish its annual report 2019 in March 2020 with a detailed update of Shop Apotheke's principal risks.

10. Events after the reporting date

No subsequent events to report.

CONTACT AND FINANCIAL CALENDAR.

Investor Relations.

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Financial calendar 2019.

29 August 2019

Commerzbank Sector Conference, Frankfurt

4 September 2019

Citibank NY Conference, New York

24 September 2019

Goldman Sachs & Berenberg Munich Conference 2019

14 November 2019

Q3-2019 Capital Markets presentation with Kepler Cheuvreux in Frankfurt

5 December 2019

Berenberg European Conference, Pennyhill