(Shop Apotheke Europe N.V., a public limited company (naamloze vennootschap) incorporated under the laws of the Netherlands, with its corporate seat in Venlo, the Netherlands)

Listing and admission to trading on Euronext Amsterdam of €135,000,000 4.50% senior unsecured convertible bonds due April 2023

This document (the "**Prospectus**") is published in connection with the listing and admission to trading (the "**Listing**") of €135,000,000 4.50% senior unsecured convertible bonds due April 2023 (the "**Bonds**").

The Bonds have been issued by Shop Apotheke Europe N.V. (the "**Company**" or the "**Issuer**") in two tranches. The first tranche of Bonds in an aggregate amount of €75,000,000 were issued by the Company on 12 April 2018, and the second tranche of Bonds in an aggregate amount of €60,000,000 were issued by the Company on 10 April 2019. The Company issued the Bonds to raise funds for its continuous growth strategy, including taking full advantage of the e-script opportunity, a marketplace rollout, enhanced product offering and general corporate purposes. The Bonds bear interest on their principal amount of €135,000,000 ("**Principal Amount**") at a rate of 4.50% per annum payable semi-annually in arrear in equal instalments on 19 April of each year, as from 19 April 2018 for the first tranche of Bonds and as from 19 April 2019 for the second tranche of Bonds. The Bonds have been issued in denominations of €100,000 each. The initial conversion price of the Bonds has been set at €46.6864 per Share, subject to adjustment in certain circumstances. Unless previously redeemed, converted or repurchased and cancelled, the Convertible Bonds will be redeemed at the Principal Amount plus accrued interest on 19 April 2023.

The issued and outstanding ordinary bearer shares in the share capital of the Company each with a nominal value of €0.02 are admitted to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange, and simultaneously to the sub-segment thereof with additional post-admission obligations (Prime Standard), International Securities Identification Number (ISIN) NL0012044747. Application has been made to list and admit the Bonds to trading on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**").

The Bonds are expected to be listed and admitted to trading on 25 June 2019. Any transactions in the Bonds prior to the Listing are at the sole risk of the parties concerned. The Company, ABN AMRO Bank N.V. ("**ABN AMRO**") as listing agent for the Bonds and Euronext Amsterdam do not accept responsibility or liability towards any person as a result of the withdrawal of the Listing or the (related) annulment of any transactions in the Bonds. ABN AMRO accepts no responsibility for the information contained in this Prospectus.

INVESTING IN THE BONDS INVOLVES RISKS. PROSPECTIVE INVESTORS SHOULD READ THE ENTIRE DOCUMENT, IN PARTICULAR THE CHAPTER "RISK FACTORS" BEGINNING ON PAGE 12 OF THIS PROSPECTUS FOR A DESCRIPTION OF CERTAIN RISKS THAT SHOULD BE CAREFULLY CONSIDERED BEFORE INVESTING IN THE BONDS.

The Bonds have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Bonds may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirement of the Securities Act.

As a result of the listing of the Bonds on Euronext Amsterdam and the publication of this Prospectus, the listing of shares in the Company's share capital to be issued upon conversion of Bonds may take place without the publication of a new prospectus.

This Prospectus constitutes a prospectus for the purposes of Section 3 of Directive 2003/71/EC of the European Parliament and of the Council, and amendments thereto (including those resulting from Directive 2010/73/EU) and has been prepared in accordance with Section 5:9 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) and the rules promulgated thereunder. This Prospectus has been approved by and filed with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*).

The date of this Prospectus is 21 June 2019

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1. SUMMARY OF THE PROSPECTUS

Summaries are made up of disclosure requirements known as elements ("Elements"). These Elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In such cases, the summary includes a short description of the Element with the words "not applicable".

SECTION A - INTRODUCTION AND WARNINGS

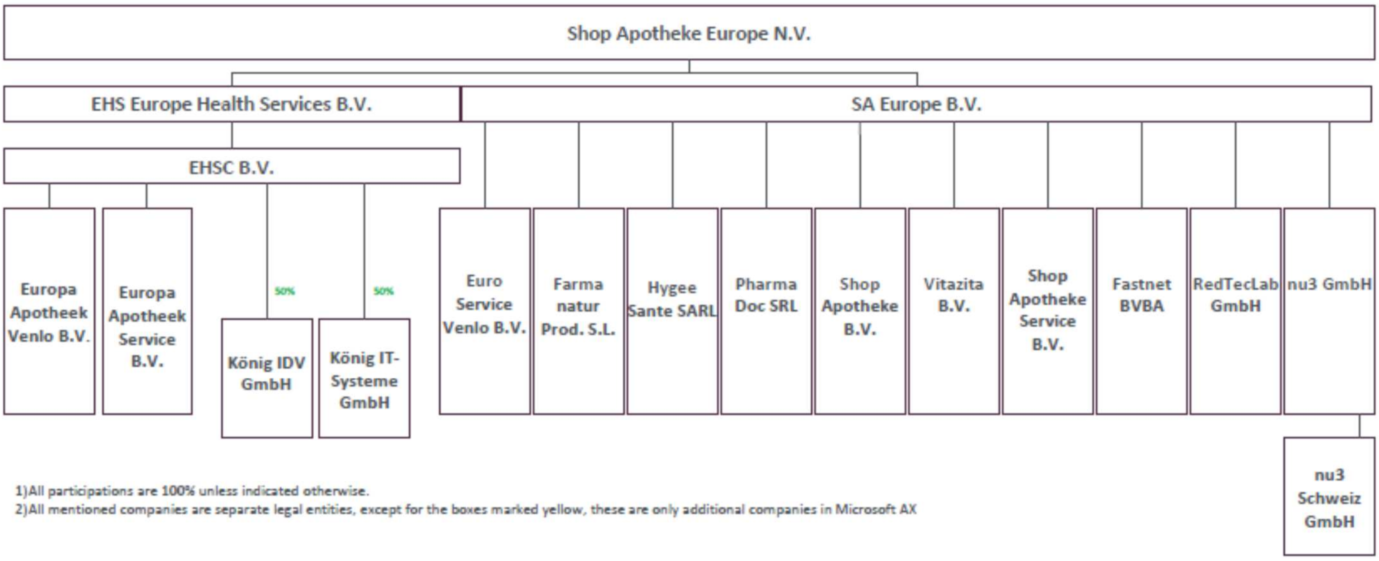
A.1	**Warnings**	This summary should be read as an introduction to this prospectus (the "**Prospectus**") relating to the listing and admission to trading (the "**Listing**") by Shop Apotheke Europe N.V. (the "**Company**" or the "**Issuer**", and, together with its consolidated subsidiaries, the "**Group**", "**we**", "**us**", "**our**" or "**our Group**") of €135,000,000 4.50% senior unsecured convertible bonds due April 2023 comprising (i) EUR 75,000,000 aggregate amount of bonds issued on 12 April 2018 (the "**Original Bonds**") and (ii) EUR 60,000,000 aggregate amount of bonds issued on 10 April 2019 (the "**New Bonds**") (the Original Bonds and the New Bonds collectively, the "**Bonds**") on Euronext in Amsterdam, a regulated market of Euronext Amsterdam N.V. ("**Euronext Amsterdam**"). An investor should base any decision to invest in the Bonds on the review of the Prospectus as a whole. In case a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have filed the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Bonds.
A.2	**Information regarding the subsequent use of the Prospectus**	Not applicable. Consent of the Company regarding the use of the Prospectus for a subsequent resale or placement of the Bonds by financial intermediaries has not been granted.

SECTION B - ISSUER

B.1	**Legal and commercial name**	The Company's legal name is "Shop Apotheke Europe N.V." The Group currently operates primarily under the commercial names which comprise the different domain names under which it is active: "shop-apotheke.com", "shop-apotheke.at", "shop-pharmacie.fr", as well as domain names related to our subsidiary, Farmaline N.V., (including farmaline.be, farmaline.nl, it-farmaline.it and es-farmaline.es, while the Vitazita branded shops operate on vitazita.com for the several countries with declination such as be.vitazita.com and nl.vitazita.com) and those related to our subsidiaries, EHS Europe Health Services B.V. and nu3 GmbH.

B.2	**Domicile, legal form, legislation under which the Issuer operates, country of incorporation**	The Company has its corporate seat (*statutaire zetel*) in Venlo, the Netherlands, and its registered business address at Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands, and is registered with the trade register of the Chamber of Commerce (*Kamer van Koophandel,* "**Trade Register**") under number 63986981. The Company is a public company with limited liability (*naamloze vennootschap*) incorporated in the Netherlands and governed by Dutch law.
B.5	**Description of the Group and the Issuer's position within the Group**	The Issuer is the parent entity of the Group. The following chart provides an overview of the Group as of the date of this Prospectus:

SHOP APOTHEKE EUROPE N.V.: COMPANY STRUCTURE AS OF NOVEMBER 2018



B.9	**Profit forecast or estimate**	Our managing board forecasts an acceleration of the Group's organic growth to approximately 30% (2018: 25%) for the whole 2019 fiscal year, equivalent to an increase in revenue to around €700 million (2018: €540 million). The adjusted earnings before interest, tax, depreciation and amortization ("**EBITDA**") margin, which is EBITDA before certain non-recurring items related to the acquisition of EHS Europe Health Services B.V. in 2017, the acquisition of nu3 GmbH in 2018, and capital markets transactions (the issuance of the Original Bonds in 2018), expressed as a percentage of revenue, is projected to be at least on the previous year's level or slightly improved during the current fiscal year. In addition, target earnings before interest and taxes expressed as a percentage of revenue is expected to reach at least 6%, with EBITDA break-even expected to be achieved in 2020.
B.10	**Qualifications in the audit report on the historical financial information**	Not applicable. The audit reports on the historical financial information incorporated by reference in this Prospectus have been issued without qualifications.
B.12	**Selected key historical financial information**	The financial information contained in the following tables is taken or derived from our audited financial statements as of and for the years ended 31 December 2017 and 31 December 2018 ("**Annual Financial Statements"**) and our internal reporting system. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**").

in '000 euro (unless otherwise indicated)	For the financial year ended 31 December 2017 (Consolidated)	 2018 (Consolidated)
	(audited)	
Revenue	284.0	539.7
Cost of sales	(226.4)	440.4
Gross profit	57.6	99.3
Other income	3.0	0.2
Selling and distribution	(66.4)	(105.6)
Administrative expense	(13.4)	(22.7)
Result from operations	(19.2)	(28.7)
Finance Costs		
Finance income	0.0	0.3
Finance expense	(2.2)	(6.2)
Net finance costs	(2.2)	(5.9)
Result before tax	(21.4)	(34.6)
Income tax income / expense	0.0	1.0
Loss for the period	(21.4)	(33.6)
of which attributable to owners of the Company:	(21.4)	(33.6)
Earnings per Share, basic & diluted (*in €*)	(2.25)	(2.79)

Selected Items from the Consolidated Statement of Financial Position

The following table shows selected items from the consolidated statement of financial position of the Company, as of the dates presented:

in '000 euro	As of 31 December 2017 (Consolidated)	 2018 (Consolidated)
	(audited)	
Non-Current Assets		
Total non-current assets	202.5	214.2
Current Assets		
Total current assets	95.4	136.7
Total Assets	297.8	350.9
Capital and Reserves		
Shareholders' equity	239.0	214.0
Provisions	0.0	0.0
Non-current Liabilities		
Total non-current liabilities	17.0	83.3
Current Liabilities	]	
Total current liabilities	41.8	53.7
Total Equity and Liabilities	297.8	350.9

Selected Items from the Consolidated Statement of Cash Flows

The following table shows selected items from the consolidated statement of cash flows of the Company for the periods presented:

in '000 euro	As of 31 December 2017 (Consolidated)	 2018 (Consolidated)
Net cash (used in)/generated by operating activities	(23.2)	(23.5)
Net cash (used in)/generated by investing activities	(0.6)	(38.147)
Net cash (used in)/generated by financing activities	(3.5)	65.3
Net increase/(decrease) in cash and cash equivalents	(27,565)	3.6

	No material adverse changes	Not applicable. There has been no material adverse change in the Company's prospects since 31 December 2018.
	Significant changes in the financial or trading position	On 17 April 2019, the Company completed a EUR 50 million capital increase with the issue of additional shares in its share capital and a concurrent EUR 60 million tap of the Original Bonds with the issue of the New Bonds. Other than that, there has been no significant change in the financial or trading position of the Group since 31 December 2018.
B.13	**Description of all recent Issuer-specific events which are to a material extent relevant to the evaluation of the Issuer's solvency**	There are no recent events which are to material extent relevant to the evaluation of the Issuer's solvency.
B.14	**Dependence on entities within the Group**	Not applicable.
B.15	**Description of the main activities of the Issuer**	We are a leading online pharmacy in terms of revenue, offering non-prescription, over-the-counter medications ("**OTC Medications**"), beauty and personal care products that are otherwise almost preferentially distributed through pharmacies, which we refer to as "**Pharmacy-Related BPC Products**", prescription medications sold only to a customer possessing a valid prescription. ("**Prescription Medications**") and natural food and health products, low carb products and sports nutrition (together, "**Nutrition Products**". Our vision is to create the leading online pharmacy brand focused on Prescription Medications, OTC Medications and Pharmacy-Related BPC Products for the whole family in terms of revenue in Continental Europe, where currently no established pan-European offline or online brand exists. (We define "**Continental Europe**" as Germany, France, Italy, Spain, Switzerland, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway, Greece, Slovenia and Austria.) Since our foundation in 2001, with the launch of the shop-apotheke.com website as the online platform of a Cologne-based pharmacy, we have continually expanded our business. Over the last several years, we have extended our geographic reach within Continental Europe
B.16	**Controlling entity**	To the extent known to the issuer, the issuer is not directly or indirectly owned or controlled by another entity.
B.17	**Credit Rating**	Not applicable. Neither the Issuer nor the Bonds have been given any financial capability assessment (rating) by any rating agency.

SECTION C - SECURITIES

C.1	**Type and class of the securities being offered and/or admitted to trading**	€135,000,000 4.50% senior unsecured convertible bonds due April 2023 have been issued in bearer form in denominations of €100,000. The Bonds are represented by a global bond without interest coupons. Listing and admission to trading of the Bonds on Euronext Amsterdam is expected to take place on 25 June 2019.
	Security identification number	International Securities Identification Number (ISIN): DE000A19Y072. Common Code: 181001178
C.2	**Currency**	The Bonds are denominated in, and will trade in, euro.

C.5	**Description of any restrictions on the free transferability of the securities**	Not applicable. There are no restrictions on the free transferability of the Bonds.
C.8	**Description of rights associated with the Notes, including ranking and limitations of those rights**	Rights Rights and obligations of the Issuer arising from the Bonds are governed by terms and conditions of the Original Bonds dated 12 April 2018 and of the New Bonds dated 10 April 2019 (such two sets of terms and conditions collectively, the "**Bonds Terms and Conditions**"). The Bondholders are entitled to interest rate payments in the amount of 4.50% per annum, payable semi-annually in arrears on each 19 April and 19 October. In addition, to the extent the Bonds have not previously been redeemed, converted, or repurchased and cancelled Bondholders have right to be redeemed at their principal amount of €135,000,000 ("**Principal Amount**") plus accrued interest on the Maturity Date. Besides that, each Bond will (unless previously redeemed, cash settled or purchased and cancelled) be convertible, at the option of any holder of a co-ownership interest or similar right in the global bond that represents the Bonds, into shares in the share capital of the Company on any business day falling in the period from and including 30 May 2018 up to and including the earlier of the following days: (i) the 35th business day prior to 19 April 2023 and (ii) if the Bonds are redeemed by the Issuer, the 10th business day prior to the date of such redemption. If the Bonds are called for redemption prior to 19 April 2023, pursuant to the Bond Terms and Conditions, the conversion period will end at 4:00 p.m. (Frankfurt time), as set forth in paragraph 8 of the Bonds Terms and Conditions. Under paragraph 16 of the Bonds Terms and Conditions the period for presentation of the Bonds is 10 years. The period of limitations for claims under the Bonds presented during the period for presentation is two years calculated form the expiration of the relevant presentation period. Bondholders are entitled to pass resolutions in accordance with the Bonds Terms and Conditions in a meeting (*Gläubigerversammlung*) in accordance with German Bond Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*). Ranking The Bonds constitute unsubordinated and (subject to the negative pledge) unsecured obligations of the Issuer ranking pari passu and without preference among themselves and, in the event of the dissolution, liquidation or insolvency of the Issuer or any proceeding to avoid insolvency of the Issuer, pari passu with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations which may be preferred by applicable law. Limitations Not applicable; the rights are not limited by the Bonds Terms and Conditions beyond what results from the applicable law.
C.9	**Interest**	The Bonds will bear interest on their Principal Amount at a rate of 4.50% per annum payable semi-annually in arrear in equal instalments on 19

		April of each year, as from 19 April 2018 for the first tranche of Bonds in an aggregate amount of €75,000,000, and as from 19 April 2019 for the second tranche of Bonds in an aggregate amount of €60,000,000.
	Maturity Date	The maturity date of the Bonds is 19 April 2023.
	Indication of yield	The effective yield of the Original Bonds equals their initial interest rate of 4.5% per annum, calculated as at 19 April 2018. The effective yield of the New Bonds is 4.6465% per annum, calculated as at 17 April 2019.
	Name of holders' representative	Not applicable. A representative has not been appointed.
C.21	**Indication of the market where the securities will be traded and for which prospectus has been published.**	An application has been submitted for the listing of the Bonds and their admission to trading on Euronext Amsterdam.

SECTION D - RISKS

D.2	**Key risks specific to the Issuer**	Related to the Issuer: • We have incurred significant operating losses since our inception, and there is no guarantee that we will be able to successfully grow and operate our business and achieve profitability and positive cash-flows in the future. • We may experience significant fluctuations in our results of operations and rate of growth. • Our future success depends on the continued growth of e-commerce for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products, supplemented by Nutrition Products as well as the introduction of e-scripts. • If we are unable to manage our growth effectively, this could have a material adverse effect on our business, financial condition and results of operations. • Our actual future profits may differ materially from our profit forecast. • We are dependent on our advertising partners, and there is a risk that these partners will change their policy regarding publishing pharmacy-related advertisements on their platforms or will not adapt their policies to changes in certification, which would impair our ability to attract customers. • Any changes to search engines' algorithms or terms of services could exclude our websites from search results, rank them lower in search results and/or require raising marketing expenses. • Our market entry in additional countries as well as our plan to expand our business in Continental Europe will expose us to a variety of different local legal, regulatory, tax and cultural standards which we might fail to address or comply with. • We have a limited operating history and operate in fragmented and for us new geographical markets, making it difficult to evaluate our future prospects. • We may not be able to maintain an effective system of internal controls over financial reporting, and our internal reporting and/or risk management procedures may not be adequate to meet the needs of our growing business. • We have limited experience in acquiring companies and may not be able to execute our acquisition strategy effectively or successfully integrate acquired businesses. • We may need to write down goodwill, which would adversely affect our financial position and our financial results.

- We are dependent on a limited number of suppliers of Prescription Medications, OTC Medications, Pharmacy-Related BPC Products and Nutrition Products, and there is a risk that our suppliers could discontinue selling to us on financially viable terms, fail to supply us with products that meet our requirements, or fail to comply with applicable laws or regulations.
- We may fail to operate and manage our logistics center efficiently or to expand our logistics capacity successfully as our business grows.
- If we are unable to manage the transition of our operations to greater automation, the evolution of our warehousing system could be impaired.
- We are subject to payment-related risks.
- We depend on key management and employees and may be unable to attract, train, motivate and retain suitably qualified personnel and to maintain good relationships with our workforce.
- Our management team has limited experience in managing a public company and publicly traded company reporting and compliance requirements could divert resources from the day-to-day management of our business.

Related to regulation:

- Our Prescription Medications business in Germany fundamentally depends on the continued ability to engage in mail-order Prescription Medication sales in Germany.
- If a regulatory body alleges that we have engaged in the unauthorized practice of medicine or that our business proposition violates applicable country-specific pharmacy laws, we may be subject to significant liabilities and may need to restrict our pharmaceutical offering in the future.
- If one or more of our pharmacy licenses is withdrawn, we may not be able to ship our products into markets into which we currently deliver our products.
- Adverse judgments or settlements resulting from legal proceedings could expose us to monetary damages and limit our ability to operate our business.
- We are subject to intense competition that presents a constant threat to the success of our business

D.3 Key risks specific to the securities

- The rights of Bondholders are effectively subordinated to those of creditors of the Company's subsidiaries.
- The Company cannot be certain that an active trading market will also develop on Euronext Amsterdam.
- The price of our Bonds could fluctuate significantly.
- Bondholders have limited protection in respect of conversion price adjustments.
- The Bonds may be redeemed prior to maturity.
- Future offerings of debt or equity securities by us could adversely affect the market price of the Bonds.
- Future sales of the shares in the share capital of the Company by our existing Shareholders could depress the price of the shares.
- Compliance with the laws and regulations affecting public companies encompasses significant administrative requirements, resulting in high costs and requiring significant management attention.

- Our ability to pay interest and redeem the Bonds, as well as our ability to pay dividends, depends, among other things, on our financial condition and results of operations.

SECTION E - OFFER

E.4	**Interests material to the issue/offer including conflicting interests**	Not applicable. The Issuer is not aware of any interest of any individuals/or entities participating in the issue of the Bonds that would be significant, material and/or with the issue of the Bonds.
E.7	**Estimated expenses charged to the investor by the Issuer**	Not applicable. Investors will not be charged any expenses by the Company in connection with the acquisition of the Bonds.

2. **RISK FACTORS**

*An investment in the convertible bonds comprising (i) EUR 75,000,000 aggregate amount of bonds issued on 12 April 2018 (the "**Original Bonds**") and (ii) EUR 60,000,000 aggregate amount of bonds issued on 10 April 2019 (the "**New Bonds**") (collectively, the "**Bonds**") issued by Shop Apotheke Europe N.V. (the "**Company**" or the "**Issuer**" and, together with its consolidated subsidiaries "**we**", "**us**", "**our**" or "**our Group**"), is subject to a number of risks. Prospective investors should read the entire prospectus (the "**Prospectus**") and carefully consider the following risks together with all the other information contained in this Prospectus prior to making any investment decision regarding the Bonds. The following risks, alone or together with additional risks and uncertainties not currently known to us, or that we might currently deem immaterial, could materially adversely affect our business, financial condition and results of operations. The market price of the Bonds could fall if any or all of these risks were to materialize, in which case prospective investors could lose all or part of their investment.*

Prospective investors should carefully consider whether an investment in the Bonds is suitable for them in light of the risks described below, the other information in this Prospectus and their personal circumstances.

The order in which the following risks are presented is not an indication of the likelihood of these risks actually materializing, or their likely significance or degree, or the scope of any potential harm to our business, financial condition, or results of operations that might result.

2.1 **Risks Related to Our Business**

2.1.1 We have incurred significant operating losses since our inception, and there is no guarantee that we will be able to successfully grow and operate our business and achieve profitability and positive cash-flows in the future.

The Group incurred a net loss of €33,609 thousand in the year ended 31 December 2018 and of €21,358 thousand in the year ended 31 December 2017. There is no assurance that our Group will ever become profitable. Our net loss for the periods presented in this Prospectus is largely attributable to costs associated with marketing and investments relating to the expansion of our business. Our strategy to maintain and enhance the positive awareness of our existing brands and domain names required significant financial resources to cover marketing expenses in the past and will continue to require such resources in the future. Furthermore the strategy to grow our operations, to enhance the online penetration of the Continental European markets in which we are currently active and to expand our business into new Continental European countries, may require significant investments and may also prove more expensive than we currently anticipate.

If we are unable to successfully generate increased revenue through our brand-building or geographic expansion, we may not be able to cover our operating costs or required capital expenditures. Accordingly, there can be no assurance that we will be able to achieve profitability over time. In addition, our costs, in particular, costs of sales, selling and distribution expenses, which include, among other things, marketing expenses, as well as our administrative expenses, could increase for a number of reasons. For example, it may be the case that, due to additional and stricter regulatory requirements, we could be forced to increase the number of employees which would lead to an increase of personnel expenses.

Any failure to compete against current or future competitors successfully could negatively affect our ability to attract and retain competitors, which could in turn have a material adverse effect on our business, financial condition and results of operations. This could also result in financial reporting risks such as the partial or complete impairment of the goodwill related to the Company, Farmaline, the Europa Apotheek Group and our business.

Furthermore, our sales of prescription medications in Germany are dependent on local legislation in Germany. The current German health minister has stated that he plans to introduce e-scripts in 2020. This could open up huge market opportunities for the Company but could also result in additional growth financing needs (see Section 2.2.1 for additional details). Many factors driving our cost base are beyond our control and we may not be able to recover any increased costs by raising the prices charged to our customers. Should our costs increase, we would have to accept lower margins to remain competitive or increase prices, both of which would adversely affect our plan to become profitable, which would in turn have a material adverse effect on our business, financial condition and results of operations.

2.1.2 We may experience significant fluctuations in our results of operations and rate of growth.

Our revenues and results of operations may fluctuate for a variety of reasons, many of which are beyond our control. For example, without limitation, such reasons may include the following (in addition to the reasons described elsewhere in this Section):

- our ability to retain and increase sales to existing customers, attract new customers, as well as to determine and satisfy our customers' demands;
- the price we charge or the bonuses or rebates we offer for our products or changes in the pricing policies of our competitors;
- our marketing expenditures;
- the frequency and size of customer orders and repeat orders, the average order value, the quantity and mix of products our customers purchase and the realization of cross-selling opportunities;
- changes in consumer acceptance and usage of the internet, online services and e-commerce (for example, besides other potential reasons, due to consumer fear of receiving counterfeit medicine or products through online sales, or due to fear of data leaks) in particular as related to the continued shift from offline to online purchasing;
- our ability to purchase medications and other products at a competitive price, to manage inventory and to fulfill orders;
- the amount and timing of our operating expenses, as well as the expenses and timing of upgrades and developments in our logistics and IT systems and infrastructure;
- the effects of potential acquisitions, joint ventures and other business combinations, and our ability to integrate them into our business on a successful and timely basis;
- capital expenditures that we may incur to acquire or develop additional capabilities;
- changes in government regulation, for example impediments to the mail-order supply of medications sold only to a customer possessing a valid prescription ("**Prescription Medications**") and non-prescription, over-the-counter

medications (“**OTC Medications**”); see Section 2.2 for a more detailed description of the related regulatory risks; and

- economic and market conditions, in particular with respect to the e-commerce pharmacy market (for example, a liberalization of the pharmacy market through regulatory changes that would allow external ownership of pharmacies, proliferation of pharmacy chains, restrictions on bonuses on prescription products, restrictions on marketing of pharmacy services and changes in sales channels of products or product lines).

These factors make it difficult for us to predict future revenues and results of operations and to accurately forecast our rate of growth. Our revenues and results of operations have fluctuated in the past and may fluctuate significantly in the future. Consequently, comparing our results on a period-to-period basis may not be meaningful. For example, the necessary interruption of the prescription bonus offers in Federal Republic of Germany ("**Germany**") in 2012 led to a significant decrease of revenues from sales of Prescription Medications to customers in Germany, in particular with respect to the offering of OTC Medications, personal care products that are almost exclusively distributed through pharmacies (which we refer to as “**Pharmacy-Related BPC Products**”) and certain cosmetics online (together the "**Europa Apotheek Business**"). After the reintroduction of bonus offers following the decision issued by the European Court of Justice on 19 October 2016, sales of Prescription Medications and, consequently, revenue with respect to the offering of OTC Medications, Pharmacy-Related BPC Products and certain cosmetics online ("**Europa Apotheek Business**") have increased again. Investors should therefore not rely on our past results or investments as an indication of our future performance.

The occurrence of any such risk, individually or in the aggregate, could have a material adverse effect on our business, financial condition, results of operations or prospects.

*2.1.3 Our future success depends on the continued growth of e-commerce for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products, supplemented by natural food and health products, low carb products and sports nutrition (together, "**Nutrition Products**") as well as the introduction of e-scripts.*

Our strategy depends on the continued development and growth of e-commerce in Continental Europe, specifically for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products, supplemented by Nutrition Products, as well as our ability to reap the potential benefits of the introduction of e-scripts, particularly in Germany. (We define “**Continental Europe**” as Germany, France, Italy, Spain, Switzerland, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway and Austria.) We believe that such growth will be supported by increasingly greater acceptance of e-commerce by consumers. However, if consumers’ acceptance of e-commerce in general, or of e-commerce for Prescription Medications, OTC Medications, Pharmacy-Related BPC Products and Nutrition Products in particular, decreases, or ceases to increase at as strong a rate as it has to date, if e-commerce for Prescription Medications, OTC Medications, Pharmacy-Related BPC Products and Nutrition Products does not develop as expected, or if e-scripts are not introduced as broadly as anticipated, or not at all, or if we fail to achieve desired results following their introduction, our revenues could be adversely affected, which could have a material adverse effect on our business, financial condition and results of operations.

2.1.4 *If we are unable to manage our growth effectively, this could have a material adverse effect on our business, financial condition and results of operations.*

The rapid growth of our business has placed, and any future growth is expected to continue to place, significant demands on our management and our operational and financial infrastructure. As our operations grow further and become more international, we will need to continue to add personnel to manage growth in new markets, in particular in our online-marketing and IT team and finance department, and to improve and upgrade our systems and infrastructure to deal with the greater scale and complexity of operations, in particular our logistics, fulfillment and distribution infrastructure. Such expansion will require us to commit substantial management, operational and other resources in advance of any increase in the size of the business, with no assurance that our revenues or profits will increase accordingly.

Continued growth could, in particular, impair our ability to develop and improve our operational, financial and management controls, to maintain reliable service levels for our customers and to attract, train, motivate and retain our employees. In addition, continued growth could result in our business and IT systems and our logistics, fulfillment and distribution infrastructure being unable to accommodate the number of customers acquired or orders received. Any failure to manage effectively the increasing size and complexity of our business resulting from future growth could have a material adverse effect on our business, financial condition and results of operations.

2.1.5 *Our actual future profits may differ materially from our profit forecast.*

This Prospectus contains forward-looking information, including a profit forecast for the 2019 fiscal year. In arriving at such forecast, the managing board (*raad van bestuur*) of the Company (the "**Managing Board**") made certain assumptions regarding factors outside our influence, as well as other factors that we can influence only to a limited extent. Accordingly, these assumptions may vary and prove to be erroneous or inaccurate compared to actual future developments. Furthermore, additional aspects that are currently unknown to us may materially affect our forecast. Should one or more of these assumptions prove to be incorrect or inaccurate, or should additional factors occur which are currently unknown to us, our future results may differ materially from those forecasted in this Prospectus.

2.1.6 *We are dependent on our advertising partners, and there is a risk that these partners will change their policy regarding publishing pharmacy-related advertisements on their platforms or will not adapt their policies to changes in certification, which would impair our ability to attract customers.*

A significant part of our marketing and advertising activities are conducted via online advertising platforms, such as Google AdWords. In the past, Google stipulated country-specific rules regarding the possibility to use their platform for advertising pharmaceutical products or pharmacies. It cannot be excluded that Google, affiliated marketing partners or other advertising platforms will in the future increase similar restrictions which could limit our ability to launch marketing activities related to us, our websites or our product offering in the countries in which we are already active or in the countries into which we plan to expand in the future. Furthermore, it cannot be excluded that Google or other advertising platforms are unable to adapt their terms and conditions for advertisement to ongoing factual changes in certification of online pharmacies in a timely fashion or even fail to do so at all. In that case, we would not be able to use these advertising platforms in compliance with the terms and conditions and may be prohibited from using them in the future and no assurance can be given, that we could find new advertising platforms or develop other forms of advertising at the same costs and/or with the same reach. This could impair our ability to attract customers through these advertising channels and would have a material adverse effect on our business, financial condition and results of operations.

2.1.7 Any changes to search engines' algorithms or terms of services could exclude our websites from search results, rank them lower in search results and/or require raising marketing expenses.

We rely to a large extent on search engine advertising ("**SEA**") and search engine optimization ("**SEO**") to market our products. SEA is a form of internet marketing that involves the promotion of websites by increasing their visibility in search engine results pages through optimization and advertising, whereas SEO describes the process of affecting the visibility of a website or a web page in a search engine's search results. Any changes to search engines' algorithms or terms of services could exclude our websites from search results, rank them lower in search results and/or raise marketing expenses dramatically, which would have a material adverse effect on our business, financial condition and results of operations.

2.1.8 Negative developments in general economic conditions and/or economic deterioration, especially in Germany, could adversely impact consumer spending for some or all of our product categories with a consequent decline in revenue.

Our performance depends and will depend on general economic conditions in the markets globally or in one or more of the principle markets in which we currently operate or which we intend to enter. Some of these markets have shown significant economic disparities and volatility in recent years – as was especially noticeable during the European financial and debt crisis, in particular in the second half of 2008 and 2009. For example, some European countries with unstable economies could experience further recessions, and the economies of countries with stable or growing economies, such as Germany, could contract, potentially substantially, in the future. Several European economies have recently experienced a decrease in the general level of prices for goods and services. There is a risk of deflation affecting the European markets which may lead to a reduction of investment levels in the affected economies, increased unemployment and thereby to an aggravation of recessionary tendencies. In addition, due to the continuing economic disparities between the countries forming the Eurozone, there remains the risk of a possible breakup or restructuring of the Eurozone, which, if it were to occur, could further destabilize and adversely affect both the global economy and the European economies in which we operate or which we intend to enter.

Negative economic developments often have a disproportionately negative impact on consumer confidence and discretionary consumer spending and could therefore also have adverse effects on the demand for some or all of our product categories, particularly our Pharmacy-Related BPC Products. Consumers may reduce their spending or keep it at a low level in the future due to persistent uncertainty relating to the euro debt crisis – particularly in Greece – and in the context of geopolitical uncertainty, including the tensions between Russia and Western nations as a result of the ongoing conflict situation regarding Ukraine, the political and economic turmoil caused by the ongoing refugee crisis and the upcoming negotiations regarding an exit of Great Britain from the European Union.

Furthermore, there are a number of uncertainties in connection with the future of the United Kingdom of Great Britain and Northern Ireland ("**UK**") and its relationship with the European Union after the UK's notified the European Council of its intention to withdraw from the European Union on 29 March 2017.

The consequences of Brexit are uncertain, in particular (but without limitation) with respect to the application of the European Union integration process to the UK, the relationship between the UK and the European Union, and the impact of Brexit on economies, European businesses and the European Single Market. All of this could cause an increase in the cost of the debt of the Issuer with the consequential negative effects on its operations, results and economic and financial position.

There can be no assurance that the terms of the UK's exit from the European Union will include arrangements for the continuation of the existing passporting regime or mutual access rights to market infrastructure and mutual recognition of insolvency, bank recovery and resolution regimes. Such uncertainty could adversely affect the Issuer and impact the ability of third parties to provide services to the Issuer and could be materially detrimental to holders of the Bonds.

In the year ended 31 December 2018, we generated approximately 91% of our total revenue in our Germany, Austria and Switzerland (DACH) segment, our most important market. Unfavorable conditions in this market and a decline in the demand for our products in this market would therefore have a particularly significant negative impact on our revenue, growth and profitability. Moreover, as long as we generate most of our revenue in this market, we may be unable to compensate for any decline in demand in it by focusing on growth in other markets.

If any of these macroeconomic risks would materialize, this could have a material adverse effect on our business, financial condition and results of operations.

2.1.9 Our market entry in additional countries, as well as our plan to expand our business in Continental Europe, will expose us to a variety of different local legal, regulatory, tax and cultural standards which we might fail to address or comply with.

Our business is currently largely focused on Germany and, to a lesser extent, on Austria, Switzerland, Belgium, the Netherlands, France, Italy and Spain. With the entry into new markets such as Italy, Spain and Switzerland, which we are still familiarizing ourselves with, we are increasingly exposed to risks associated with the broader geographical footprint of our business. The penetration of these new markets and our expansion plans will require management attention and resources and may be unsuccessful. Furthermore, we may incur an increase in marketing costs and overall costs in order to popularize and enhance a positive awareness of our brands and domain names. We have limited experience in selling our products outside of our current markets and conforming to other countries' local cultures, standards, laws, regulations and policies. In addition, the products we offer may not appeal to customers in new markets which we intend to enter in the same manner as in our current markets, if at all. We may also need to alter our business practices in ways with which we have limited or no experience or which are less profitable or expose us to additional risks. When we enter new Continental European markets we will have to compete with local pharmacies which may have better understanding of the relevant local market than we do. Moreover, it may be necessary to establish a physical presence in these markets, such as logistics and customer service facilities, which would require us to make substantial investments before we can operate profitably in such markets.

The increased geographical footprint of our business operations will expose us to risks related to:

- the need to adapt the means by which we target customers in each of the local markets in which we will operate, including by offering country- and language-specific websites;
- compliance with local customer preferences, which may require us to adapt our product offering as well as the means by which we market our products and may require us to make changes in our logistics, fulfillment and distribution infrastructure, payment options and customer care/counseling practices;
- differences in the means by which customers purchase, pay for and return items, as well as differences in percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period ("**Return Rate**") and managing customer relations;
- difficulties in meeting our customers' expectations in terms of a timely delivery of the ordered products due to the need to create new distribution channels and establish good and reliable relationships to new logistics partners operating in the new markets;
- differing legal and regulatory requirements, including those relating to pharmacies, consumer protection, privacy and data protection laws, labor, intellectual property, tax and trade law and other trade restrictions;
- unexpected changes in legal, regulatory, political or economic conditions in the countries from which we source or into which we sell our products; and
- to the extent we expand our operations to countries that have not adopted the euro, fluctuations in foreign exchange rates against the euro.

Our failure to manage any of these risks adequately could have a material adverse effect on our business, financial condition and results of operations.

2.1.10 We have a limited operating history and operate in fragmented and for us new geographical markets, making it difficult to evaluate our future prospects.

The online pharmacy market in which we operate is relatively new and did not exist even a few years ago, which makes it, due to limited experience, difficult for us to assess the risks and opportunities it holds. As a result, we are subject to the risks and uncertainties experienced by early-stage companies in evolving markets. In particular, due to the novelty of our services and of the market segment in which we operate, we do not know whether we can continue to grow demand for our products and services, or whether such demand is sustainable over the long term. In addition, our limited operating history and experience with such market increases the risk that we make operational decisions that prove detrimental to our prospects.

Furthermore, the online pharmacy market comprises different fragmented local country markets within Europe. One of the principal reasons for such fragmentation relates to differing regulatory regimes affecting pharmacies, set by the respective member states of the European Union.

Because we are a relatively new company and have limited experience in some of the local markets in which we operate, we may not be experienced enough to efficiently address all the risks to our business. If we are unsuccessful in addressing any of these risks and uncertainties, our business may fail, which would have a material adverse effect on our business, financial condition and results of operations.

2.1.11 We may not be able to maintain an effective system of internal controls over financial reporting, and our internal reporting and/or risk management procedures may not be adequate to meet the needs of our growing business.

Our internal control, reporting and risk management structures may be inadequate, and we may be unable to detect and react to risks arising in the course of our business, and our auditors have recommended that internal control structures with respect to information technology and banking ought to be strengthened. In response to this recommendation, we have implemented enhanced webshop features, internet fraud control software and additional information technology security measures, but there is no guarantee that such measures will be effective. In addition, any failure to maintain an effective system of internal controls over financial reporting could limit our ability to report our financial results accurately and in a timely manner or to detect and prevent fraud. The occurrence of any of the risks described above could have a material adverse effect on our business, financial condition and results of operations.

2.1.12 Our ability to raise capital in the future could be limited.

In the future, we might determine to raise additional capital through public or private financing or other arrangements or need to raise additional capital to cover losses. In particular, this could be the case if we were to acquire further new companies through M&A activities. Such financing might not be available on acceptable terms, or at all. Factors that could increase the difficulty of obtaining financing include, but are not limited to, a deterioration in general economic conditions globally or in the markets in which we operate, higher interest rates, a deterioration in our financial results or condition, insufficient competition among banks or other potential sources of financing, and insufficient demand for securities in the debt or equity capital markets. Any inability to raise capital as needed could harm our business, prevent us from realizing business opportunities, prevent us from growing our business or responding to competitive pressures, and could, thus, have a material adverse effect on our business, financial condition and results of operations.

2.1.13 Any pharmacy errors with respect to the filling or packaging of medications and other products that we sell may expose us to liability and result in negative publicity.

We may incur liability resulting from pharmacy errors relating to prescriptions, dosage and other aspects of the medications dispensing process. Such pharmacy errors may happen for example when we supply the wrong quantity or wrong dosage of an ordered product, a defective product or fail to send the respective ordered products at all to our customers, whether or not as a result of a fault on our part, in relation to medications but also in relation to personal care products.

Due to the fact that we distribute medications directly to consumers, we are often the most visible participant in the medications distribution chain to our customers and therefore may have more exposure to liability claims than our suppliers and the producers of our products. We may be subject to product liability claims or damage claims relating to personal injuries or even death, caused by defective products and other claims by our customers, which may expose us to financial and reputational risks. In the case of a product liability claim we may, in turn, be held liable for those claims and, as a result, unable to hold ourselves harmless against our suppliers.

Pharmacy errors by us or our competitors may produce significant adverse publicity for us, either directly or indirectly, through negative publicity for the entire online pharmacy industry. The amount of negative publicity that we or the online pharmacy industry receive as a result of pharmacy errors could be much higher than the negative publicity received by traditional pharmacies making similar mistakes. We cannot ensure that our pharmacists or our prescription processing will be able to operate without error. We believe customer acceptance of our online shopping experience is based in large part on consumer trust, and negative publicity could erode such trust, or prevent it from growing. This could result in an immediate reduction in the amount of orders we receive.

In particular, pharmacy errors or other issues arising in connection with Prescription Medications may produce significant adverse publicity for our business and, therefore, negatively impact our business.

If any of the aforementioned risks materializes, this could have a material adverse effect on our business, financial condition and results of operations.

2.1.14 Information provided by our pharmacists or on our websites may result in liability or negative publicity.

In the event that our websites or our pharmacists provide erroneous or misleading information to our customers, we may incur liability or be subject to negative publicity that could have an adverse impact on our business. Our pharmacists are required by law to offer pharmaceutical counseling, without additional cost, to our customers about medications, including dosage, administration, common side effects and other information deemed significant by the pharmacists. Our pharmacists may have a duty to warn customers against potential adverse effects of a prescription drug and against adverse interactions between medications ordered if the warning could reduce or eliminate such effects. This counseling is provided, among other means, through our website, which, among other things, includes videos, by telephone and email and through inserts included with the medications that we sell. Any of these means of communication may increase the risk of miscommunication because the customer is not personally present or may not have been provided with all relevant information.

In addition, we may incur liability for information that we provide on our websites to the extent that it contains any inaccuracies. For instance, we post product and health-related information on our websites. All this creates the potential for claims to be made against us for negligence, personal injury, wrongful death, product liability, and unauthorized use of intellectual property, claims under applicable health laws, medical malpractice and breach of privacy laws or other causes of action. In addition, our reputation could be harmed, to the extent that the content of our websites is perceived as recommending high-price products or promoting one product over another leading to the impression of our customers that we only focus on profit margins and not on their well-being.

Because online pharmacies are at an early stage of development in most countries in Continental Europe, the amount of negative publicity that we or the online pharmacy industry receive could be much higher than the negative publicity received by traditional pharmacies in similar circumstances.

Our failure to manage any of these risks adequately could have a material adverse effect on our business, financial condition and results of operations.

2.1.15 Any publicly announced dissatisfaction with our products, services or offering or complaints in social media or critical media coverage or negative lobbying could damage our reputation and our brands.

A large part of our customer base is well versed in the internet and also the target audience of social media websites, such as Facebook (where we hold a presence), blogs or micro-blogging providers, such as Twitter, or customer complaint websites. Any dissatisfaction with our products, services or offering may lead to complaints on the internet, which are available to the public. Due to the general viral potential of spreading bad news over the internet, we are not in control of such complaints and may not adequately react to such complaints. Furthermore, critical media coverage relating to our offering or our business may have a negative impact on our ability to attract and retain customers. In addition, we could be subject to substantial negative publicity if we are sued on any grounds in relation to our products and services, which could hurt our brand and prevent us from attracting and retaining customers.

At the same time, similar negative repercussions could stem from dissatisfied offline customers who are informed about the products we offer through television and other more traditional media.

Furthermore, we are subject to lobby campaigns launched by pharmacist associations. Such campaigns, for example those launched in Germany, are directed against mail-order pharmacies in general. If such campaigns are successful, our reputation and our business model may be negatively impaired, for example by a potential prohibition of the mail-order of Prescription Medications in Germany.

Any of these risks could have substantial impact on our reputation and could have a material adverse effect on our business, financial condition and results of operations.

2.1.16 Dissatisfaction with our customer service could prevent us from retaining customers.

A satisfied and loyal customer base is crucial to our continued growth as we strive to cross-sell various product categories to new and existing customers. Effective and responsive customer service is required to ensure that customer complaints are dealt with in a timely manner and to each customer's satisfaction. Because we do not have the direct face-to-face interaction with our customers which is afforded through offline retail, the way we interact with customers is of paramount importance to maintaining customer relationships. For instance, we respond to customer requests and inquiries through telephone, email, facsimile, post and social media channels, such as Facebook. In the future, we may rely on other platforms and devices, such as web chat. Any actual or perceived failure or unsatisfactory response or consultation by our customer service could negatively affect customer satisfaction and loyalty. Our inability to retain customers due to a lack of satisfactory customer service could have a material adverse effect on our business, financial condition and results of operations.

2.1.17 We have limited experience in acquiring companies and may not be able to execute our acquisition strategy effectively or successfully integrate acquired businesses.

Since our founding, we have grown both organically, and with the acquisitions of RedTecLab GmbH (formerly Xsite GmbH) in 2013, Farmaline N.V. ("**Farmaline**") in 2016, EHS Europe Health Services B.V. (together with its direct and indirect subsidiaries, the "**Europa Apotheek Group**") in 2017 and nu3 GmbH ("**nu3**") in July 2018. Furthermore, as part of our business strategy to further expand our offering across Continental Europe, we expect to engage in opportunistic acquisitions of other companies, businesses or assets. Acquisitions involve numerous risks, any of which could adversely affect our business, including but not limited to:

- unanticipated difficulties associated with higher than expected costs in integrating the technologies, operations, existing contracts and personnel of acquired businesses;
- difficulties associated with higher than expected costs in integrating and coordinating sales and marketing functions and other administrative functions;
- difficulties associated with higher than expected costs in integrating financial, technological, management and risk management standards, processes, controls and policies; inability to handle any increases in the volume of orders resulting from an acquisition;
- difficulties in supporting and transitioning customers or suppliers of an acquired company and/or businesses;
- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- difficulties in managing the increased scope, geographic diversity and complexity of operations;
- failure to realize the anticipated cost-savings, sales increases and benefits of a transaction in the anticipated timeframe or at all;
- failure to identify in advance all of the issues associated with an acquisition, including those related to intellectual property, regulatory compliance, accounting practices, pending and imminent litigation or employee or customer issues;
- liability for activities of the acquired company before an acquisition, including intellectual property, infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;

- risk of entering new markets in which we have limited or no experience;
- potential loss of key employees, customers and suppliers from either our current business or an acquired company's business;
- inability to generate sufficient revenues to offset acquisition costs;
- additional costs and/or equity dilution associated with funding an acquisition or potential earn-out agreements;
- non-cash impairment charges or other accounting charges relating to acquired assets; and
- potential write-offs or impairment charges relating to acquired businesses.

In addition, we may be unable to find suitable acquisition targets such as other companies or businesses necessary to facilitate our future growth. Any acquisition may also be subject to merger clearance by the relevant authorities which may deny approval or make the acquisition subject to certain conditions increasing the cost of or reducing the benefits of such acquisition.

The occurrence of any of the factors above could have a material adverse effect on our business, financial condition and results of operations.

2.1.18 We may need to write down goodwill, which would adversely affect our financial position and our financial results.

At 31 December 2018, our goodwill balance was €129,287 thousand or 36.8% of our total group assets. The goodwill derives mostly from the acquisition of Farmaline in 2016, the Europa Apotheek Group in 2017 and nu3 in 2018. Goodwill arising from an acquisition represents the excess of the consideration transferred over the acquisition date fair values of the assets acquired, liabilities assumed and contingent liabilities recognized. Goodwill is recognized at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortized but tested for impairment annually whenever events or changes in circumstances indicate that the carrying amount of a cash generating unit may not be recoverable. Preparation of these calculations requires the use of estimates and assumptions.

Due to its focus on prescription medication, the acquired Europa Apotheek Group business is exposed to a potential ban of prescription medication mail-order in Germany which could result in a partial or complete impairment of the goodwill related to that business (also see Section 2.2.1 for additional details on the regulatory environment). There is still a risk, however, that one of these legislative actions will enter into effect within the current or a future legislative period. In particular, the implementation of any restrictive measures and especially a prohibition of mail-order sales of Prescription Medications would have a massive material adverse effect on our business, financial condition and results of operations, as we would no longer be able to provide mail-order Prescription Medications to German customers.

Further, declines in our projected profitability or the value of comparable companies may impact the fair value of our reporting units, which could result in a write-down of goodwill and a reduction in net income, and if we acquire new businesses in the future, we may recognize additional goodwill, which could be significant. We could also be required to recognize additional impairments in the future and such an impairment charge could have a material adverse effect on our financial position and results of operations in the period of recognition.

2.1.19 We might decide to pursue new business opportunities, develop new websites or offer new products, sales formats or services, which could prove not to be cost-efficient or otherwise may be unsuccessful.

In the future, we may decide to pursue new business opportunities by expanding our current product offering, launching new product categories, market places, marketing our products via new websites or other service or in different sales formats. There can be no guarantee that any such endeavor will succeed. Any such initiative that is not favorably received by customers or suppliers could damage our reputation and brand, and any such initiative would likely require significant additional expenses and divert management and other resources, which could in turn negatively affect our results of operations, particularly if our customers' reactions are negative. If we launch but fail to generate satisfactory returns from any such initiative, it could have a material adverse effect on our business, financial condition and results of operations.

2.1.20 *Our business depends on our ability to maintain and further enhance positive awareness of our existing brands and domain names and to establish or acquire and raise awareness of new brands and domain names as we enter new geographic markets, which may only be accomplished at high marketing costs.*

The success of our business depends on our ability to further enhance positive awareness of our existing domain names and brands associated with our domain names as e-commerce destinations for our customers. We believe that the strength of our brands has contributed to the growth in sales of our Prescription Medications, OTC Medications and Pharmacy-Related BPC Products and Nutrition Products at relatively low marketing costs in Germany.

The positive awareness of our existing brands and domain names is also driven by our marketing activities. For example, we have launched several television campaigns in Germany and Austria to strengthen our respective brands. In order to maintain and enhance positive awareness of our existing brands and domain names we may be forced to increase our marketing spending or bind more capabilities of our management in this regard.

As we expand into new countries in Continental Europe, we intend to establish and raise awareness of new brands and domain names that are tailored to the respective languages and markets of such countries. This will affect our overall marketing and customer acquisition costs. We may also determine to pursue acquisitions in such new geographical markets to be able to use established brands and domain names or where we believe that acquisitions will help us to grow faster than would otherwise be the case.

Countries in which we are already active or the countries into which we expand our operations may impose legal restrictions on advertisement of medications, pharmaceutical products or pharmacies, such as a ban on television, Internet, or any other type of advertisement. To the extent that we seek to expand our business into such countries, we may find it difficult to establish and increase the positive awareness of our brands and domain names or may only be able to do so at a relatively high cost.

Furthermore, we are dependent on our advertising partners, like Google, which may restrict possibilities to place advertisements on their websites. All these factors may limit our ability to increase market awareness of our brands and domain names.

Furthermore, our brands may be adversely affected if our public image or reputation is impaired by negative publicity. Customer complaints or negative publicity relating to our websites, products and sales processes (including our pharmaceutical counseling services, the accuracy of our order processing, delivery times for our products and product return processes), the working conditions of our employees (or the employees of our subcontractors or suppliers), and the way in which we handle and protect customer data and provide customer support, could have a significant negative impact on our reputation and on the positive awareness of our brands.

If we are unable to establish, maintain or further enhance our brand image, which is associated with our domain names, if our brand image is adversely affected by negative publicity or if our brand image is not accepted by customers, this could have a material adverse effect on our business, financial condition and results of operations.

2.1.21 Failure to provide our customers with an attractive online shopping experience or to meet their expectations could limit our growth and prevent us from achieving or maintaining profitability.

We believe that one of the foundations of our success as an online pharmacy is our ability to provide our customers with a highly attractive and convenient online shopping experience. We do this by providing a wide range of products and brands demanded by our customers on a convenient platform, along with attractive prices, supported by attractive payment and delivery options meeting local market expectations. Furthermore, the online shopping experience is supported by our pharmaceutical counseling. If any aspect of our online shopping experience is not viewed favorably by our customers, or does not meet their expectations, *e.g.*, regarding timely delivery of our products, we may be unable to win new customers, may lose existing customers or may be faced with reduced volumes of purchases on our websites or an increase of the percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period (the "**Return Rate**") of the ordered products, any of which would have a material adverse effect on our business, financial condition and results of operations.

2.1.22 The healthcare content, interactive tools and other features that we provide to our customers require the commitment of substantial resources. If we fail to provide content and other features that consumers demand, we will not be able to attract or retain customers, which would result in slower revenue growth and higher marketing costs.

As part of our customer offering, we provide, among other things, pharmaceutical advice videos, automated medication interaction checks, detailed product information, pharmaceutical counseling, personalized product recommendations and customized user content. These additional services are restricted by laws on pharmaceutical advertising. Such restrictions prevent us for example from using recommendations by scientists or persons active in the healthcare sector who could, due to their prominence, encourage the consumption of a certain medication or from publishing statements suggesting that the non-use of a medication could affect health or its use could improve health. If we fail to develop attractive content and interactive tools, we may not be able to attract or retain customers which would have a material adverse effect on our business, financial condition and results of operations or we may be forced to increase our marketing activities to attract and maintain customers, which would be accompanied by an increase of marketing costs, which could also have a material adverse effect on our business, financial condition and results of operations.

We are dependent on the successful provision of professionally created healthcare content, interactive tools and other features that consumers demand, which requires the commitment of substantial resources, including financial assets and time on the part of our management, the absence of which could have a material adverse effect on our business, financial condition and results of operations.

2.1.23 Use of smartphones, tablets and other mobile devices by our customers is rapidly evolving and failure to successfully adapt to these changes could have an adverse effect on the reception of our online product offering by our customers.

Purchases by our customers using mobile devices, such as tablets, have increased significantly over the past two years, and we expect this trend to continue. However, there can be no assurance that the percentage of Mobile Visits will continue to increase.

As new mobile devices, like the Apple Watch, platforms and applications are released, it is difficult to predict the issues we could encounter in developing mobile-optimized websites that operate on such devices and platforms, and we might need to allocate significant resources and investments to create, support and maintain such mobile websites. There is also no assurance that we will experience the same conversion rates and shopping basket size from visitors browsing our mobile websites as from those browsing our desktop websites.

We also depend on the interoperability of our websites with popular mobile operating systems that we do not control, such as iOS and Android. Changes in such systems that degrade the functionality of our websites or give preferential treatment to competing websites could adversely affect our mobile offering. If our customers have difficulties accessing and using our websites on their tablets and other mobile devices, or if our customers choose not to use our mobile offerings because they prefer other mobile solutions not supported by us, our customer and revenues growth, if any, could be limited, which could have a material adverse effect on our business, financial condition and results of operations.

2.1.24 We are dependent on a limited number of suppliers of Prescription Medications, OTC Medications, Pharmacy-Related BPC Products and Nutrition Products, and there is a risk that our suppliers could discontinue selling to us on financially viable terms, fail to supply us with products that meet our requirements, or fail to comply with applicable laws or regulations.

We do not have long-term or exclusive contracts with our suppliers, and many of our suppliers sell their products to us by granting payment targets, including early payment discounts. Therefore, establishing and maintaining strong relationships with suppliers is an important aspect of our being able to offer an attractive shopping experience to our customers and to grow our business. If our key suppliers cease doing business with us, stop supplying products to us on favorable terms reduce the number of products they are selling to us or significantly change to our disadvantage the terms on which they supply their products, or if rebate restrictions between wholesalers and pharmacies are tightened, our ability to meet the demands of our customers could be adversely affected, which could have a negative impact on our revenues and results of operations. In the year ended 31 December 2018, approximately 75% of our total purchase volume was attributable to top 50 suppliers (of a total of approximately 600 active suppliers and wholesalers). A loss of one or more of our suppliers or the loss of popular product brands from our suppliers would likely result in the loss of existing or potential customers and material decrease in revenues. Furthermore, the pharmaceutical industry has been subject to an overall decrease in the number of suppliers in recent years due to a consolidation process and pharmaceutical suppliers have sought to reduce the number of retailers that they contract with. If these behaviors continue, we may be forced to procure our products from other wholesalers who cannot supply products to us on terms as favorable as the terms on which we currently obtain our products. This could have a negative impact on our gross margins and, consequently, our results of operations.

In Germany, there is legislation sanctioning corruption in the health care sector. We cannot exclude that in connection with this legislation our suppliers may take a more cautious approach regarding the granting of discounts and rebates and that, consequently, we cannot benefit at the same level from our procurement margins as we did in the past.

Growth of the overall Prescription Medications, OTC Medications and Pharmacy-Related BPC Products market may also be a challenge for our suppliers. As a result of potential shortages of certain products due to increased market demands, our suppliers may not be able to respond or process our orders in a timely fashion, in the ordered quantity or at all. As a consequence, we, in turn, may be unable to sell products in the quantities sought by our customers, which could lead to customer dissatisfaction and, ultimately, the loss of customers. This could have a material adverse effect on our business, financial condition and results of operations.

2.1.25 We could become the subject of legal or regulatory actions if our suppliers provide us with, and we sell, products that do not comply with applicable laws or regulations.

We could become the subject of legal or regulatory actions if our suppliers provide us with, and we sell, products that do not comply with applicable laws or regulations, including laws and regulations relating to the admission of certain products by the regulators for resale. If our suppliers do not observe these regulations, we will be unable to sell the relevant products. If we fail to detect deficiencies in the products supplied to us before such products are shipped to our customers, we may have to recall such products or become subject to product liability claims. In the event of any failure by our suppliers to meet legally required quality standards or quality standards demanded by our customers, we may be unsuccessful in obtaining compensation from the relevant supplier, we could incur additional costs, our brand and reputation may be damaged by negative publicity due to such deficiencies, we or our management may face administrative fines or criminal charges and we may lose current or potential customers. The occurrence of any of such risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.1.26 Many of our suppliers rely on credit insurance to protect their receivables, and any changes to, or withdrawals of, such credit insurance might lead suppliers to seek to reduce their credit exposure to us.

We believe that many of our third-party suppliers have traditionally taken out credit insurance to protect their receivables against the risk of bad debt, insolvency or protracted default of their buyers, including us. Availability of credit insurance is of particular importance to our suppliers. Credit levels available to us from our suppliers remain dependent on the general economic environment and our financial position. If there is a significant decrease in the availability of credit insurance to our suppliers, or if an increase in credit levels is administered too slowly or such insurance is withdrawn in its entirety, and if such suppliers are unwilling or unable to take credit risk themselves or find alternative credit sources, they might choose to reduce their credit exposure to us, including seeking to change their credit terms or refusing to further contract with us. Any such actions could have a material adverse effect on our cash position, lead to an increase in our indebtedness or have a negative impact on our product offering and, thus, on revenue, which could have a material adverse effect on our business, financial condition and results of operations.

2.1.27 We may be unable to manage our inventory levels efficiently and shifting customer preferences may result in overstocking or under-stocking of products and we may be obliged to dispose expired unsold products, thus incurring additional costs.

We must maintain sufficient inventory levels to operate our business through our online webshops successfully. However, many of our products have limited shelf lives and we seek to avoid accumulation of excess inventory while at the same time seeking to minimize out-of-stock levels and maintain in-stock levels across all product categories. If we do not accurately anticipate the time it will take to obtain new inventory or sell existing inventory, our inventory levels will not be appropriate and this may result in a loss of sales, a loss of customers who are unsatisfied with our delivery times or increased costs of maintaining inventory. Furthermore, we may incur additional costs for the disposal of expired products which typically need to be disposed in accordance with applicable special waste regulations.

In addition, some of our products must be stored in a temperature-controlled environment. For example, due to regulatory requirements and their perishability, certain products must be stored between 2°C and 8°C. If our cooling systems malfunction, for whatever reason, and our products are not kept within this range, the efficacy of the products may be compromised and the products may decay and become unfit for sale, which would lead to a loss of all relevant stock and further supply costs. Additionally, due to regulatory reasons expired products can only be disposed of in certain ways such as by waste combustion. Proper disposal through specialized firms is accompanied by additional costs.

The occurrence of any of these factors may have a material adverse effect on our business, financial condition and results of operations.

2.1.28 We face the risk of inventory theft and diversion, which could result in increased operating costs.

Many of our products are valuable, and their small size and packaging render them particularly susceptible to theft and diversion in the course of fulfillment and distribution. If the security measures we use at our distribution center and during the distribution process do not prevent significant inventory theft and diversion, our gross profit margins and results of operations may be harmed.

Any of these developments, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.1.29 We rely on email, telephone and other messaging services in our marketing efforts, and restrictions on sending emails or messages, or delays in their delivery could negatively impair our customers' positive reception of our offering and our reputation.

We rely upon email, telephone and other external and proprietary messaging services to promote our sites and products. We circulate emails, newsletters and alerts to inform customers of products available for purchase on our websites, and we believe these emails help generate a substantial portion of our revenues. If we are unable to deliver emails or other messages to our customers, if such messages are delayed or if customers increasingly elect not to open them, our revenues and profitability could be adversely affected. In addition, we rely on a third-party service provider to deliver emails and delays or errors in the delivery of such emails or other messaging could occur and are largely beyond our control. Changes in how webmail apps organize and prioritize emails could reduce the number of customers opening our emails. For example, Google Inc.'s Gmail service introduced a new feature that organizes incoming emails into categories (for example, primary, social and promotions). Such categorization or similar inbox organizational features could result in our messages being labeled as "spam" or given lower priority in our customers' accounts, which could reduce the likelihood of customers opening or responding positively to them. Actions by third parties to block, impose restrictions on or charge for the delivery of emails or other messages, as well as legal or regulatory changes limiting our right to send such messages or imposing additional requirements on us in connection with them, could impair our ability to communicate with our customers using emails or other messages. Our use of email and other messaging services could also result in legal claims against us, which could increase our expenses and potentially expose us to additional liability.

We also rely on social networking and messaging services to communicate with our customers. Changes to the terms and conditions of these services could limit our promotional capabilities, and there could be a decline in the use of such social networking services by customers and potential customers.

The occurrence of these factors may have a material adverse effect on our business, financial condition and results of operations.

2.1.30 We may fail to operate and manage our logistics center efficiently or to expand our logistics capacity successfully as our business grows.

The adequate operation, management and expansion of our logistics, fulfillment and distribution infrastructure are key to our business and growth. Any inability to operate and optimize our logistics, fulfillment and distribution infrastructure successfully and efficiently, in particular as our business continues to grow, could result in excess or insufficient logistical capacity, increased costs or harm our business in other ways.

Our Venlo logistics center handles inventory, processes customer orders, arranges the distribution of our products and handles returns. These processes are complex and depend on sophisticated know-how and our IT systems. Any failure or interruption, partial or complete, of these systems, for example as a result of software malfunctions, fire, natural disasters, acts of terrorism, vandalism or sabotage, could impact our ability to timely deliver our customers' purchases and harm our reputation. If we continue to add fulfillment capabilities, add new businesses or product categories with different logistical requirements or change the mix of products that we sell, our logistics, fulfillment and distribution infrastructure will become increasingly complex and operating it will become even more challenging.

In January 2019, our affiliate, Shop Apotheke Service B. V. signed a 15-year building rental agreement with a break option after 10 years under the condition of receiving a building permit. We expect that our current facility will be vacated and we will relocate to the new location by the end of 2020 or early 2021.

Any delay with relocating our old facility or an inability to obtain financing for the equipment in our new facility could have a material adverse effect. If we do not achieve the planned business growth we could suffer losses due to the higher expenses connected with the maintenance of the new and old facility at the same time.

As we expand into new markets in Continental Europe, we might encounter operational difficulties which could result in distribution delays and customer dissatisfaction or cause our costs associated with logistics, fulfillment and distribution to increase. Any failure to address such challenges successfully, in a cost-efficient and timely manner, could severely disrupt our business and harm our reputation.

Delivery times of our products can vary due to several factors such as the location and characteristics of products ordered, inventory levels, the number of items in a customer's shopping basket, the country in which a customer is located, the number of overall current orders, the number of available personnel, as well as the occurrence of strikes or other service interruptions by our third-party logistics providers or by another entity that affects our logistics providers. There can be no assurance that customers will not expect or demand faster delivery times than we can provide in the future. If we are unable to meet customer expectations or demands in respect of delivery times or convenience, or if our competitors are able to deliver the same or equivalent products faster or more conveniently, we could lose current or potential customers, our brand and reputation could suffer, and we could experience shortfalls in revenues. In addition, there is also a risk that our current logistics, fulfillment and distribution infrastructure will prove insufficient to accomplish our continued growth. For instance, we may be unable to locate suitable facilities on commercially acceptable terms in accordance with any future expansion plans, and there is no assurance that we will be able to recruit qualified managerial and operational personnel to support such expansion plans. In such cases, we could experience difficulties fulfilling orders in a timely manner or our customers could experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers. We might also need to increase our capital expenditures more than anticipated.

The occurrence of any of these risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.1.31 If we are unable to manage the transition of our operations to greater automation, the evolution of our warehousing system could be impaired.

Our warehousing system in our logistics center is currently fully computerized, but not yet fully automated. Our warehouse is equipped with computers, scanners and other electronic devices that enable us to manage and track our inventories on a real-time basis. However, certain logistical processes continue to rely on human input, and may be more efficiently operated by the introduction of automation. In connection with our transition to a new logistics center in late 2020/early 2021 we will introduce new systems to enhance the level of automation in our warehousing system, where justified from a cost perspective. For example, we currently use hand scanners operated by individuals for picking products in our storage system and packing them for shipment to our customers. In the future, this procedure may be replaced by a more automated process. Any failure to increase the level of automation in accordance with our strategy may impair the evolution of our warehousing system, which could affect our ability to operate our facilities at a lower cost level, which may have a material adverse effect on our business, financial condition and results of operations.

2.1.32 We highly depend on third-party logistics providers for the distribution of our products to our customers and for delivery to us of certain products from our suppliers and manufacturers; our distribution costs may be affected by changes in the price for fuel, as well as other factors beyond our control, and we may not be able to pass on price increases to our customers.

We highly depend on the services of third-party logistics providers for the distribution of our products to our customers and for delivery to us of certain products from our suppliers and manufacturers from which we purchase products on a wholesale basis. We also depend heavily on third-party logistics providers to deliver paper prescriptions and order forms from customers to us.

We currently ship our products with Hermes and DHL directly from our logistics center to our customers in Germany, and respectively to our other European markets using a variety of logistics partners. We highly depend on these third-party logistics providers for efficient and cost-effective delivery of our products. The risks associated with our dependence on these providers include:

- strikes or other service interruptions by our logistics providers or by other entities that affect our logistics providers;
- spoilage of medications that require special handling, such as cooling; and
- delivery errors by our logistics providers, resulting in delays or lost or stolen products.

Any service interruption could lead to increased costs and material disruption of our operations and we may be unable to transition efficiently and effectively to a new logistics provider. In particular, if the national postage services in the markets in which we operate fail, we will no longer be able to receive paper prescriptions and order forms from our customers and, consequently, cannot provide such customers with Prescription Medications. This may harm our brands or reputation and could result in a loss of customers and customer confidence. Moreover, any errors on the part of a logistics provider, such as service interruptions, spoilage of medications that require special handling or delivery errors resulting in delays or lost or stolen products, may lead to liability.

We may find it difficult to replace the logistics providers on whose services we currently rely due to a lack of alternative offerings at comparable price and/or service quality. In addition, as we enter new markets, we likely will have to contract with other logistics partners and there can be no assurance that their service quality and the prices that they charge will be satisfactory to us or to our customers. In the event any of the foregoing risks occur, we could incur increased costs or experience a material disruption in our operations.

Our logistics and distribution costs depend on a variety of factors including, but not limited to, capacity utilization rates at our logistics providers and fuel costs. As a result, our costs can vary materially in the short-term and can increase significantly. Our shipping costs are typically impacted by fuel prices, as our logistics providers attempt to pass along these increases to us. Although we may attempt to pass on cost increases to our customers by increasing the prices of our products as part of our regular price reviews, we may not be able to do so. Since we currently provide free shipping if the shopping basket of the customer exceeds a certain value, our ability to pass on increased shipping costs is limited. Any price increases could adversely affect our sales and/or reduce our profitability. During periods of declining fuel prices, where our shipping costs may not be reduced or be reduced in line with fuel prices, customer demand may also require that we sell our products at lower prices or may restrict our ability to increase prices, thereby negatively impacting our margins. Volatility of our logistics costs and our limited ability to pass them on to customers may adversely affect our business, financial condition and results of operations.

2.1.33 We are subject to payment-related risks.

We accept payments using a variety of methods, including credit card, PayPal, invoice, electronic cash, "*Sofortüberweisung*" (a German third-party assisted electronic money transfer) and *Carte Bleue,* a French major debit card payment system. As we offer new payment options to customers, we may be subject to additional regulations, compliance requirements and various types of fraud or cyber-attacks. For certain payment methods, including credit and debit cards, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. We are also subject to payment card association operating rules and certification requirements, including the Payment Card Industry Data Security Standard and rules governing electronic funds transfers, which could change or be reinterpreted in a way that makes it difficult or impossible for us to comply. If we fail to comply with these rules or requirements of any provider of a payment method we offer, among other things, we may be subject to fines or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit and debit card payments from customers or facilitate other types of online payments.

We also may incur losses from fraud, which could be significant. While we have implemented a fraud detection system based on machine learning tools, any failure to avoid or limit losses from fraudulent transactions could damage our reputation and result in increased legal expenses and fees. For example, we may incur losses from claims that a customer did not authorize the purchase, from erroneous transmissions, from customers who have closed bank accounts or have insufficient funds available to them to satisfy payments when authorizing us to debit their account, and from non-payment of invoices. In addition to the direct costs of such losses, if they are related to credit card transactions and become excessive, they could potentially result in us losing the right to accept credit cards for payment. In addition, under current credit card practices, we are liable for fraudulent credit card transactions because we do not obtain a cardholder's signature for payments effected through our websites. We do not currently carry insurance against this risk. To date, we have experienced minimal losses from fraud, but we continue to face the risk of significant losses from credit card fraud and other types of fraud. Our failure to adequately control fraudulent transactions could damage our reputation and brand and result in litigation or regulatory action, causing an increase in legal expenses and fees.

The occurrence of any of these risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.1.34 We rely on third parties to provide payment processing and if these third parties do not perform adequately or terminate their relationships with us, our costs may increase and our business and results of operations could be harmed.

Our success depends upon our relationships with third-party payment processors, such as PayPal. We rely on third-party payment processors and encryption and authentication technology licensed from third parties that is designed to effect secure transmission of personal information provided by our customers. If any of our payment processors, does not perform adequately, terminates its relationship with us or refuses to renew its agreement with us on commercially reasonable terms, we may have difficulties finding an alternative provider on similar terms and in an acceptable timeframe, our costs may increase and our business and results of operations could be harmed.

The occurrence of any of these risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.1.35 Any failure to operate, maintain, integrate and scale our internet and mobile infrastructure and our other technology may have a negative impact on our operations.

As an online pharmacy, we are dependent on the smooth functioning of our IT systems, in particular our internet, mobile infrastructure, enterprise resource planning ("**ERP**"), customer relationship management ("**CRM**") and accounting systems, which are all critical to our business, for example, for the processing of orders and payments, as well as supporting and assistance of customer calls. These systems are inherently subject to various operating risks. Our reputation and ability to acquire, retain and serve our customers is dependent upon the reliable performance of our websites and the underlying network infrastructure. As our customer base and the amount of information shared on our websites continue to grow, we will require an increasing amount of network capacity and computing power. In addition, we need to maintain reliable internet and mobile networks with the necessary speed and stability, data capacity and security, as well as develop algorithms which ensure the accuracy of our operations and the timely development of complementary products, in order to provide reliable internet and mobile access and services.

We have spent and expect to continue to spend substantial funds on data centers, equipment and related network infrastructure to handle the traffic on our websites and implemented systems and to assure the quality of all IT-supported processes. However, the risk that our IT systems are unable to handle the full scope of our business now or as we grow or are improperly implemented or adapted for our operations cannot be ruled out. In addition, the operation of these systems is expensive and complex and could result in operational failures. For example, any defects or insufficiencies in our algorithms on which our IT systems are based may lead to major mistakes in value-added tax ("**VAT**") control, payment control and price updates.

In the event that our customer base or the amount of traffic on our websites grows more quickly than we anticipate, we may be required to incur significant additional costs to enhance the underlying network and IT infrastructure. Inadequate performance of our IT systems, whether due to system failures, denial-of-service attacks (attempts of which we experience regularly), computer viruses, physical or electronic break-ins, undetected errors, design faults or other unexpected events or causes, could affect the security or availability of our websites and apps, prevent customers from accessing our websites and apps and result in limited capacity, reduced demand, processing delays and loss of customers.

Although we have set up our front-end systems in two independent data centers operated by third-party providers to ensure redundant capacity, any disruption to our IT systems due to software malfunctions, fire, natural disasters, acts of terrorism, vandalism or sabotage, actions of such third-party providers or any other unanticipated causes, which cannot be ruled out, would result in interruptions in the availability of our systems. While we have disaster recovery arrangements in place, they have not been tested during actual disasters or similar events and may not effectively permit us to continue to run our business in the event of any the occurrence of any of these or other events. To date, we have not experienced these types of events, but we cannot provide any assurances that they will not occur in the future.

The occurrence of any of these risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.1.36 A failure to adopt and apply technological advances in a timely manner could limit our growth and prevent us from achieving or maintaining profitability.

The e-commerce sector is characterized by rapid technological development, and new advances in technology, such as the current smartwatch trend, which can increase competitive pressure. Our success depends on our ability to improve our current technological platform in a timely manner in order to remain competitive. Any failure to adopt and apply new technological advances in a timely manner could decrease the attractiveness of our websites to customers and thus limit our growth or even lead to declining revenues. Any such failure could have a material adverse effect on our business, financial condition and results of operations.

2.1.37 We are exposed to the risk of security breaches and unauthorized use of one or more of our websites, databases, online security systems or computerized logistics management systems.

We operate websites and other data systems through which we collect, maintain, transfer and store information about our customers, suppliers and others, including personal information, as well as other confidential and proprietary information. We also employ third-party service providers that store, process and transfer proprietary, personal and confidential information on our behalf. We rely on encryption and authentication technology licensed from third parties in an effort to securely transfer confidential and sensitive information. Although we constantly monitor and update the security settings of our websites to protect the security, integrity and confidentiality of the information we collect, store or transmit, we have recorded attempts to break into our systems and we and our service providers might not have the resources or technical sophistication to anticipate or continue to prevent all types of attacks and techniques used to obtain unauthorized access to our systems. Therefore, we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur, or that third parties will not gain unauthorized access to this information despite our efforts. If third parties were able to penetrate our network security or otherwise misappropriate our users' personal information, such as medicinal or health condition information, we could be subject to liability, including lawsuits. This would be costly, divert the attention of our management and cause significant harm to our reputation. Advances in computer capabilities, new technological discoveries or other developments could increase the frequency or likelihood of security breaches. In addition, security breaches can also occur by other means, as well, including through intentional or inadvertent breaches of our systems by our employees or by persons with whom we have commercial relationships. Any compromise or breach of our security measures, or those of our third-party service providers, could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, adverse publicity and a loss of confidence in our security measures. Should security breaches derive from intentional or inadvertent actions of our employees, *e.g.*, by publishing customer data, we may need to sanction these employees in order to make an example and prevent future internal security breaches, or to comply with demands of regulators or their authorities to sanction the employees, which may lead to additional legal, financial and reputational risks as those employees might challenge our sanction measures before court. We also may need to devote significant resources to protect against security breaches, to address problems caused by breaches or to restore our websites, databases, online security systems or computerized logistics management systems and recover data stored therein in case of any security breach, diverting resources from the growth and expansion of our business.

The occurrence of any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations.

2.1.38 Ineffective protection of confidential information might materially weaken our market position and reputation and may expose us to liability under data protection law.

Our key employees and officers have access to sensitive confidential information relating to our business, such as information relating to strategic developments, business case planning and core technology. We have implemented various measures to protect such confidential data. However, in the event that competitors, third parties or the general public gain access to such confidential information in spite of our protective measures, be it on purpose or by accident, our competitive advantage and market position could be materially weakened and we could be subject to liability under Dutch data protection law and/or German data protection law.

Most of our activities involve the receipt or use of protected health information concerning individuals. We also use aggregated data from which personal details have been removed, such as number of site visits, with respect to certain firms for research and analysis purposes to manufacturers of Prescription Medications, OTC Medications and Pharmacy-Related BPC Products.

Moreover, future regulations and legislation that severely restrict or prohibit our use of patient identifiable or other information could limit our ability to use information critical to the operation of our business. Many of these risks may not be covered by insurance fully or at all. If we violate a patient's privacy or are found to have violated any statute or regulation with regard to confidentiality or dissemination or use of protected health information, we could be liable for significant damages, fines or penalties, suffer severe reputational harm and use of such information could be restricted by regulators or other authorities, each of which could have a material adverse effect on our business, financial condition and results of operations.

2.1.39 Product recalls, product liability claims and claims for consultation mistakes could harm our reputation and business.

There is a risk that the goods we sell cause injury or even death to our customers, or damage the property of our customers. The sale of defective products might result in product recalls, product liability claims and/or administrative fines or criminal charges against us or our management. Even if an event causing a product recall proves to be without merit or if a product liability claim against us is unsuccessful, the negative publicity surrounding any assertion that products sold by us caused injury or damage or an allegation that the goods sold by us were defective, could adversely affect both our reputation with existing and potential new customers and our corporate and brand image.

When selling Prescription Medications, the pharmacist is primarily responsible and liable for the customer's/patient's safety. Therefore, appropriate consultation with, and advice to, customers is required. In case the relevant product causes injury to a customer or in the event that improper advice is given, we may be subject to litigation and/or criminal charges. Even if without merit, and ultimately unsuccessful, any claim brought against us in these circumstances could result in negative publicity and could adversely affect both our reputation with existing and potential new customers and our corporate and brand image.

The occurrence of any of the foregoing risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.1.40 Our business is subject to operational and accident risks which may not be fully covered by our insurance.

We are exposed to risks due to external factors beyond our control, including, but not limited to, accidents, vandalism, natural hazards, acts of terrorism, damage and loss caused by fire, power failures or other events, that could potentially lead to the interruption of our business operations, personal injuries, damage to third-party property or the environment. For example, our logistics centers involve specific risks such as fire, individuals falling from heights, objects falling from storage shelves and while being transported and traffic accidents, any of which could result in damage to equipment, damage to the property of third parties and personal injury or death. Accidents or other incidents that occur at our logistics centers or involve our personnel or operations could result in claims for damages against us and could damage our reputation.

We may incur liability resulting from pharmacy errors when we supply the wrong quantity of an ordered product, a defective product or fail to send the respective ordered products at all to our customers whether or not as a result of a fault on our part, in relation to Prescription Medications and also in relation to personal care products. Although we carry general liability, product liability and professional liability insurance, our insurance may not cover potential claims of this type or may not be adequate to protect us from all liability that may be imposed.

Although we insure ourselves against such losses to a level and at a cost we deem appropriate, our liability insurance policy is subject to exclusions and limitations, and we cannot guarantee that all material events of damage or loss will be fully or adequately covered by this insurance policy. Further, there is no guarantee that we will be able to maintain general liability, product liability and professional liability insurance in the future on acceptable terms or with adequate coverage against potential liabilities. As a result, the amount of any costs, including fines or damages that we might incur in such circumstances, could substantially exceed any insurance we have to cover such losses. In addition, our insurance providers could become insolvent.

The occurrence of any of these events could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

2.1.41 Inability to forecast our business accurately could prevent us from properly planning expenses and process capacity.

We base our current and future expense levels on our forecasts of our business and estimates of future revenues. Such future revenues and results of operations are difficult to forecast because they generally depend on the volume, timing and type of orders we receive, all of which are uncertain, particularly as we expand into new markets. Increasing seasonal variations in our inventories, working capital requirements and cash flows, among other things, could also increase the difficulty of our financial forecasting and could adversely affect our ability to predict financial results accurately. Given that a substantial portion of our expenses is fixed, we must purchase merchandise taking into account lead times and, as a result, we may be unable to adjust our spending in a timely manner to compensate for any unexpected shortfall in revenues.

In the event that such risks materialize, this could have a material adverse effect on our business, financial condition and results of operations.

2.1.42 If we are unable to accurately assess our operating performance through certain key performance indicators, our ability to determine and implement appropriate business strategies may be impaired.

We assess our operating performance using a set of key performance indicators, which include the number of site visits, the number of site visits originating from tablets and smartphones as well as other non-desktop computer based means of visiting our sites, such as smart TVs ("**Mobile Visits**"), the share of mobile site visits, the number of customer orders containing at least one product, placed during the measurement period ("**Number of Orders**"), the share of repeat orders, the Return Rate and the number of unique customers who have placed at least one order in the 12 preceding months ("**Active Customers**"). Capturing accurate data is subject to various limitations and we have a limited operating history, so that there is no assurance that our data collection technologies and tools are always accurate. Such data can also not be audited by an independent auditor. Furthermore, because financial reporting frameworks lack standardized definitions of key performance indicators, the key performance indicators we use may not be comparable to those of our competitors. There is no guarantee that the information we have collected thus far is accurate or reliable. As a result, the key performance indicators that we use may not reflect our actual operating or financial performance and are not reliable indicators of our current or future revenues or profitability. Potential investors should therefore not rely on these indicators as a basis for their investment in the Bonds.

The management of our business and the development of our growth strategy depend on accurate measurement of the numbers of and trends in our number of site visits, number of Mobile Visits, share of mobile site visits, Number of Orders, share of repeat orders, Return Rate and the number of Active Customers. If our measurements of these key performance indicators are incomplete or inaccurate, our business and strategic decisions may be suboptimal or wrong. Furthermore, if a significant understatement or overstatement of our Active Customers were to occur, the market might perceive us to have inadequate systems and lose confidence in the accuracy and reliability of the information we report.

The occurrence of any of these risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.1.43 We depend on key management and employees and may be unable to attract, train, motivate and retain suitably qualified personnel and to maintain good relationships with our workforce.

Our future success is significantly dependent upon the continued service of the members of our Managing Board in the pharmaceutical industry and in mail-order and online pharmacy business, our founders Stephan Weber and Marc Fischer who have been key to the development of our Company and our Chief Operating Officer ("**COO**") and Chief pharmacist, Theresa Holler, who looks back on 18 years' experience in the mail-order and online pharmacy business. If we lose the services of any member of the Managing Board, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth.

The competence and commitment of our management and employees are important factors for our successful development and management of opportunities and risks. Therefore, our success is largely dependent on our ability to attract, train, motivate and retain highly qualified individuals in particular online specialists, IT programmers, data scientists and specialists as well as pharmaceutical experts. A lack of qualified and motivated personnel could impair our development and growth, increase our costs and harm our reputation. We face competition for qualified personnel, for example those in IT and marketing positions as well as qualified pharmacists. Any loss of qualified personnel, high employee turnover or persistent difficulties in filling job vacancies with suitable applicants could have a material adverse effect on our ability to compete effectively in our business and considerable expertise could be lost by us or access thereto gained by our competitors. In addition, to attract or retain qualified personnel, we might have to offer more competitive compensation packages and other benefits which could lead to higher personnel costs.

Any failure to attract, train, motivate or retain skilled personnel at reasonable costs could result in a material adverse effect on our business, financial condition and results of operations.

2.1.44 Any increase of the minimum wage or an increase of the general wage level in the countries where we employ personnel will have a negative impact on our revenue.

Although only a few of our employees are currently subject to collective bargaining agreements, such as Collectieve Arbeidsovereenkomst Apotheken (*i.e.*, CAO Apotheken, a Dutch collective bargaining agreement for pharmacies). In addition, there can be no assurance that labor disputes, work stoppages, strikes or similar actions will not occur in the future which might urge us to adopt or negotiate a collective bargaining agreement. Any material disagreements between the Group and its employees could disrupt our operations, lead to a loss in revenue and customers and increase our operating costs. In addition, there is no guarantee that collective bargaining would be possible on terms that are satisfactory to us. If our fulfillment operations are affected over a longer period of time by labor disputes or if we were forced to enter into a collective bargaining agreement at unfavorable terms, this could have a material adverse effect on our business, financial condition and results of operations.

2.1.45 We may not be able to adjust the number of our workforce for our operations which could have an adverse effect on our operations.

Changes in legal and regulatory requirements could adversely affect our ability to adjust the number of our workforce to the actual needs for our business. For example, a law could impose significant restrictions on the possibility of lay-offs, the use of leased workers for temporary work or impose additional qualifications on pharmacy personnel. Should such restrictions enter into force, we might need to reduce our workforce as necessary to operate our business on a cost efficient basis.

Any of these developments, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.1.46 Our management team has limited experience in managing a public company and publicly traded company reporting and compliance requirements could divert resources from the day-to-day management of our business.

Our management team has limited experience in managing a publicly-traded company and complying with the increasingly complex laws pertaining to public companies. Our management team might not successfully or efficiently manage our compliance with significant regulatory oversight and reporting obligations under applicable laws and regulations. These obligations require substantial attention from our management and could divert their attention away from the day-to-day management of our business.

As a public company, we are subject to significant reporting requirements, compliance and governance. Compliance with these rules and regulations impacts our legal and financial compliance costs and may make some activities more difficult and time-consuming. As a result, management’s attention may be diverted from other business concerns and we may be required to hire additional employees or engage outside consultants to comply with these requirements, which would increase our costs and expenses.

Any of these developments, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.1.47 We may fail to expand successfully in new geographic markets.

The online pharmacy market in which we operate is relatively new and did not exist a few years ago. As a result, we are subject to the risks and uncertainties experienced by early-stage companies in evolving markets. In addition, our limited operating history increases the risk that we make operational decisions that prove detrimental to our prospects. Furthermore, the online pharmacy market comprises different fragmented local country markets across Europe. Among the principal reasons for this fragmentation are differing regulatory regimes affecting pharmacies that are defined by the respective member states of the European Union. Entering new market environments could be associated with risks due to our unfamiliarity with the particularities of these markets.

2.2 Risks Related to Regulation

2.2.1 Our Prescription Medications business in Germany fundamentally depends on the continued ability to engage in mail-order Prescription Medication sales in Germany.

Our Prescription Medications business in Germany fundamentally depends on the continued ability to engage in mail-order Prescription Medication sales in Germany. Cross-border mail-order sales of Prescription Medications to German customers are currently – among other things, for pharmacies authorized in the Netherlands – allowed under several regulatory regimes. In February 2018, the governing coalition in Germany agreed to advocate a ban of on mail-order sales of Prescription Medications. In March 2019, Germany´s health minister, Jens Spahn, announced a proposal on the Strengthening of local pharmacies act (*Gesetz zu Stärkung der Vor-Ort-Apotheken;* "**Proposal**") containing alternative measures, including a ban of Prescription Medication bonuses for all pharmacies in order to enforce equivalence of price restrictions as well as the extension for temperature controlled deliveries and the extension of messenger services as an “alternative” to mail-order services. A first draft of new regulation was published by the German Ministry of Health ("**MoH**") in April 2019. There is a risk that one of these legislative actions will enter into effect within the current or a future legislative period. In particular, the implementation of any of the above described alternative measures and especially a prohibition of mail-order sales of Prescription Medications would have a massive material adverse effect on our business, financial condition and results of operations, as we would no longer be able to provide mail-order Prescription Medications to German customers. In its judgment of 11 December 2003, The Court of Justice of the European Union ("**ECJ**") showed that both the dangers posed by a mail-order trade in Prescription Medications and the dangers resulting from price competition with Prescription Medications for the nationwide supply of Prescription Medications can justify a mail-order ban on Prescription Medications. Additionally, it is unclear whether such legislation would be in line with the aforementioned decision of the ECJ from 19 October 2016.

Our business with Prescription Medication in Germany also depends upon the implementation of electronic prescriptions. On 30 January 2019, the German government approved the final government draft of the Increased Safety in Medicine Supply Act (*Gesetz für mehr Sicherheit in der Arzneimittelversorgung*, “**GSAV**”). GSAV includes *inter alia* regulations on electronic prescriptions and remote prescriptions. The ban on the supply of Prescription Medications after exclusive remote treatment will also be lifted if the GSAV enters into force. Self-governing bodies such as the German Pharmacist Association (*Deutscher Apothekerverband e.V.*, "**DAV**"), the Head Organization of Panel Doctors ("**KBV**/**KZBV**") as well as the Central Federal Association of Statutory Insurance Funds (*Spitzenverband Bund der Krankenkassen*, "**GKV-SV**") will be obliged according to the draft GSAV to create the necessary regulations in their contracts for the use of electronic prescriptions and, in particular, to adapt the regulations which previously provided for the prescription of medicinal products exclusively in paper form within seven months of the GSAV entering into force. GSAV is subject to approval by the Federal Council (*Bundesrat*) and is expected to enter into force mid-2019. gematik, a government-affiliated corporation that is responsible for the digitalization of the health care system, has commissioned DAV to lead the implementation of the e-prescription project. To date it is not clear how the electronic prescriptions will be implemented. An exclusive implementation into the electronic statutory card (*Elektronische Gesundheitskarte*) of each patient according to the German Social Code Book V (*Sozialgesetzbuch V*, "**SGB V**") could be inconvenient for us, because we are not a formal service provider (*Leistungserbringer*) according to SGB V and therefore not directly participating in the "electronic statutory card system". A broader approach to submit e-prescriptions, for instance by a cloud solution, would be more beneficial for us.

In addition, pending legal proceedings may lead to a (temporary) prohibition to grant discounts on Prescription Medications. In its decision from 24 November 2016, the Federal Court of Justice (*Bundesgerichtshof*, "**BGH**") sees an obligation of all national courts to continuously assess if the assumption of the ECJ in its judgment of 19 October 2016 – that there is no sufficient legitimation for the application of the German Drug Price Ordinance to mail-order pharmacies from other EU member states – is still valid. The BGH has referred the proceeding to the Higher Regional Court (*Oberlandesgericht*, "**OLG**") Cologne to assess this question. If OLG Cologne recognizes a sufficient legitimation of the German legislator in the meantime, it cannot be ruled out that the court either interdicts the further granting of our bonus offers for Prescription Medications or demands the ECJ for another preliminary ruling on that question leading to an inverse judgment of the ECJ compared to the decision of 19 October 2016. So far, there is no date for a first hearing at the OLG Cologne.

In reaction to the judgment of the ECJ, the Regional Court (*Landesgericht,* "**LG**"*)* of Munich argued that the ECJ had not decided about the compatibility of a bonus for Prescription Medications with the German Advertising of Healthcare Products Act (*Heilmittelwerbegesetz*, "**HWG**"). Since the HWG aims to prevent customers from being influenced by promotions not related to the purchase of goods, whereas the German Drug Price Ordinance (*Arzneimittelpreisverordnung)* has the purpose to guarantee uniform prices, a bonus could still not be compliant with section 7 HWG (LG Munich I, 16 March 2017, 17 HK O 20723/14 and 17 HK O 22516/14). The OLG Munich is of the opinion that the findings of the ECJ must also be taken into account within the framework of the examination of section 7 HWG. In order to assess whether, in the event of a dispute, there was a reason to refer a new reference for a preliminary ruling to the ECJ, it would therefore be necessary to make further observations on the necessity of fixed pharmacy sales prices for Prescription Medications for the protection of health and life of humans to examine whether the findings made by the ECJ are actually binding (OLG Munich, 12.04.2018, 6 U 1679/17). However, it cannot be excluded that national courts will not initiate a second preliminary ruling regarding this legal issue, due to the judgments of the BGH and OLG Munich. Thus, our bonus offers could (temporarily) become illegal. That would have a material adverse effect on our business, financial condition and results of operations.

The occurrence of any of such risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.2.2 If a regulatory body alleges that we have engaged in the unauthorized practice of medicine or that our business proposition violates applicable country-specific pharmacy laws, we may be subject to significant liabilities and may need to restrict our pharmaceutical offering in the future.

The practice of medicine requires licensing under applicable laws and regulations in all markets in which we operate. It is not our intent to practice medicine and we have structured our websites and our business to avoid a violation of medical licensing requirements and in compliance with country-specific pharmacy laws. However, as we enter new markets in Continental Europe, a regulatory authority could allege that a portion of our business (such as handling, storage, transportation, medication interaction checks and counseling) violates applicable laws and regulations. An allegation that we practice medicine and thereby violate country-specific laws governing medical practice or pharmacy laws could result in significant liabilities and we would not be in a position to offer certain services such as, among others, giving pharmaceutical advice by way of videos on our website to our customers in the future. Further, any liability based on an allegation that we engaged in the unlawful practice of medicine may be excluded from coverage under the terms of our general liability insurance policy. In Germany, we are party of the Framework Agreement concluded between the **GKV-SV** and the **DAV** in its current version of 30 September 2016 (the "**Framework Agreement**"), leading to a full participation to the German reimbursement system. On 1 July 2019, the revised Framework Agreement, which, however, does not contain any special regulations for mail- order pharmacies entered into force. But as expected, the comprehensive prohibition on bonuses will be enshrined in the social security code following the Proposal. As such it would become part of the Framework Agreement in accordance with Article 129 Social Security Code, Book V, with the statutory health insurance responsible for future enforcement of the prohibition. Penalties foreseen under the Framework Agreement include exclusion from the reimbursement mechanism of the statutory health insurances. Pharmacies are advocating for an additional mechanism to sanction statutory health insurance if no enforcement measures are being taken. If it came to an exclusion, however, this would at least temporarily impede our Prescription Medication business as we would then be forced to conclude individual contracts with social health insurers to ensure reimbursement for Prescription Medication in Germany. If individual social health insurers were not willing to conclude individual contracts in this case, an exclusion could have a material adverse effect to our Prescription Medication business due to the lack of a contractual claim for reimbursement of Prescription Medication towards social health insurers.

Any of these risks could have a material adverse effect on our business, financial condition and results of operations.

The Austrian Medicine Agency (*Bundesamt für Sicherheit im Gesundheitswesen*, "**Austrian Medicine Agency**") has initiated administrative proceedings against us because they consider the sale of OTC veterinary medicinal products over the internet is in violation of the Austrian Medicine Act. The Austrian Medicine Act only allows the internet sale of human OTC medicinal products. We filed a statement arguing that the complete ban of such internet sale violates EU law as interpreted by the ECJ, in particular where the Republic of Austria was already considered to violate EU law by the ECJ, for instance in the case where Austria prohibited the sale of food supplements over the internet. If the Austrian Medicine Agency concludes that a ban is permissible, this could have a significant impact on the sale if the order (*Bescheid*) also excluded the suspensive effect of such order. The exclusion lies in the sole discretion of The Austrian Medicine Agency.

In Italy, as it was clarified by the Ministry of Health in its Circular Note of 10 May 2016, the sale of medicine through an online marketplace is not permitted, since this would be in contrast with the principle of allowing the online sale of medicines solely through the websites of authorized pharmacies/parapharmacies (*i.e.*, those included in the list on the Ministry of Health's website). The use of mobile apps is also forbidden.

Furthermore, Italian law forbids advertising of Prescription Medications to the general public and requires prior authorization of the Ministry of Health for advertising non-prescription Medications. In this respect, the Ministry of Health has imposed strict limits to the online promotion of non-prescription Medications (*inter alia*, in its Circular Note of 6 February 2017, providing guidance on the use of the new means for advertising self-medication medicines), which have an impact on our business, financial condition and results of operations.

Administrative fine may be applied in case of infringements of the rules on online selling and/or promotion of medicinal products.

On 13 December 2018, the Ministry of Health sent us a letter to ask whether Italian customers can purchase online medicines on the Italian website shop-farmacia.it, which we manage. In this respect, the Ministry of Health has explained that in Italy only pharmacies and parapharmacies authorized by the competent Italian authorities may sell online non-prescription Medications through the authorized websites. In the reply to the Ministry of Health's request, we stated that we operate our online business in Italy, like in other member states, in full compliance with EU law. The Ministry of Health has not yet followed up on this matter. If the Ministry of Health imposed any sanctions, its decision could be challenged before the administrative court, where we could provide arguments based on other similar EU cases. A negative decision of the court may have a material adverse effect on our business, financial condition and results of operations.

The European Regulation 2019/6 of the European Parliament and the Council of 11 December 2018 on veterinary medicinal products, enabled under the specific conditions online sale of veterinary medicinal products not subject to a veterinary prescription. On 6 December 2018, Belgium adopted a Royal Decree that applies the rules currently applicable to the remote sale of medicinal products for human use to the remote sale of veterinary medicinal products. To date, France has not adopted any specific text regulating such remote sales of veterinary medicinal products. Since the European authorization of the remote sale of veterinary medicinal products is quite recent, it is not predictable whether there will be questions regarding the application to us of specific national conditions adopted, or that will be adopted, by the Member State of destination.

On 30 October 2018, Belgium adopted a law implementing provisions regarding health. Among the new provisions, article 64 aims at regulating, and strictly limiting, the possibility for health professionals, including pharmacists, to provide information to the public regarding their activity. Since it can be very difficult to draw a distinction between information and advertising, such a provision might have an important impact on the possibility for pharmacists to advertise their activity. That legal provision will be abrogated as from 1 July 2021, and replaced by a very similar provision pursuant to a new law adopted on 29 March 2019. As for now, since only Belgian pharmacists are expressly referred to in article 64, the limitations mentioned above apply to Belgian pharmacists, and not to us. Nevertheless, there could be a risk that Belgian competitors, for instance, may initiate legal proceedings arguing that this provision also applies to us.

In addition, in Belgium, a law proposal aiming at preventing shortages of medicinal products in Belgian pharmacies was adopted in plenary session of the House of Representatives on 28 March 2019. That law proposal may prohibit a category of Belgian wholesaler distributors ("*grossistes-répartiteurs*") from selling their medicinal products to foreigner wholesaler distributors or pharmacies based in other Member States of the European Union, with the view to ensuring that the Belgian pharmacies are sufficiently supplied with medicinal products to cover the Belgian market. Some exceptions to that prohibition could be laid down through royal decrees. Nevertheless, we are not yet aware of the precise conditions that may be laid down for such exceptions. In that way, that law proposal might have an impact on the supply chain on which our business relies today for the Belgian market.

2.2.3 If one or more of our pharmacy licenses is withdrawn, we may not be able to ship our products into markets into which we currently deliver our products.

We currently hold a pharmacy license that allows us to ship into all member states of the European Union. If we fail to comply with relevant Dutch and other applicable European pharmacy laws, our pharmacy license would be withdrawn and we would not be allowed to continue our current business and our reputation would be significantly harmed. Government regulation of the health care and pharmacy industries exposes us to risks that we may be fined or exposed to civil or criminal liability, receive negative publicity or be prevented from shipping products into one or more states which could have a material adverse effect on our business, financial condition and results of operations.

2.2.4 We are subject to a variety of regulations in the jurisdictions in which we operate, including but not limited to consumer protection laws, regulations governing e-commerce, online pharmacies and competition laws, and future regulations might impose additional requirements and other obligations on our business.

Laws and regulations applicable to e-commerce as well as laws and regulations of broader application that apply to our business (in particular competition law), and to public companies generally, are evolving at a rapid pace and can differ, or be subject to differing interpretation, from jurisdiction to jurisdiction. We cannot guarantee that our practices have complied or will comply fully with all applicable laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation and a loss of revenue, and any legal or enforcement action brought against us as a result of actual or alleged non-compliance could further damage our reputation and result in substantially increased legal expenses. In addition, various legislative and regulatory bodies, or self-regulatory organizations in the jurisdictions in which we operate now or in the future may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding issues such as privacy, data protection, consumer protection or online pharmacies. Changes in laws or regulations applicable to us could cause us to incur substantial costs or require us to change our business practices, and could compromise our ability to pursue our growth strategy effectively. Any compliance failure may also give rise to civil liability, administrative orders (including injunctive relief, and, in the worst case, an order to stop operations), fines or even criminal charges.

In particular, new laws could be adopted that prescribe a certain pharmacist or pharmacy assistant to customer ratio which would require us to increase the number of pharmacists or pharmacy assistants employed by us. There is no guarantee that we will be able to attract enough qualified personnel to fully comply with such ratio or to comply with such ratio on time. Until we are fully compliant with such ratio we may be restricted in our ability to operate or grow our business or may be subject to fines. Furthermore, certain OTC Medications could in the future be subject to regulations that currently apply to prescription medications. This may impair our ability to sell such products in certain of the countries in which we operate. It may also reduce our profit margin since we are currently restricted in our ability to fix prices for prescription medications. There is also the possibility that certain restrictions are imposed on products suitable for e-commerce which will have an impact on the composition of our assortment. Furthermore, countries in which we are already active but also the countries into which we plan to expand our operations may impose legal restrictions on advertisement of medications or pharmacies, such as a ban on television advertisement. Also, the categorization of a product as an OTC Medication or Prescription Medication is subject to different national regulations which may be subject to changes and could, in turn, have an impact on our product assortment offered in the respective country. In turn, it may be possible that the sale of OTC Medications will be deregulated. As a consequence, traditional drugstore chains, supermarkets and para-pharmacies may include OTC Medications in their product offering which will expose us to increased competition.

In the last few years, the number of patent protected medications has decreased, whereas the number of generic medications and biosimilars in the market has increased. As the prices for generic and biosimilar medications are considerably cheaper than patent protected medications, this trend may lead to lower margins for us, which, in turn, would lead to decreased profitability.

The occurrence of any of such risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.2.5 ***We are subject to intense competition that presents a constant threat to the success of our business.***

We expect competition in the e-commerce market generally, and with online pharmacies and companies offering health and BPC Products in particular, to continue to increase in the future, as consumers are shifting away from traditional shops toward e-commerce. The online penetration of the pharmacy market is growing due to, among other things, an increasing use of and shift toward mobile devices (tablets and smartphones). We currently compete with and expect to increasingly compete with:

- online pharmacies with business models similar to ours, such as apo-discounter.de, apo-rot.de, apotal.de, eu-versandapotheke.com, Medpex.com, Zur Rose Group AG or Newpharma and Zwitserse Apotheek;
- international online pharmacies such as CVScaremark and Walgreens Boots Alliance, both located in the United States and additionally Boots in the UK, who could commence offering shipments to Europe;
- classic mail-order pharmacies with a focus on prescription medications, like DocMorris(Zur Rose Group AG);
- traditional pharmacies that have a local, physical presence, which we refer to as “Brick-and-Mortar Pharmacies”, opening or developing a separate online-shop for their products as a new additional sales opportunity;
- traditional drugstore chains, supermarkets, para-pharmacies and perfumeries such as Aldi, Carrefour, dm-drogerie markt, Douglas, EDEKA, Müller, REWE and Rossmann, which primarily conduct offline sales, but also operate or may begin to operate e-commerce platforms; and
- a range of e-commerce players and online marketplaces, such as Amazon and Google Apps Marketplace, which sell, among various other products, some or many of the products we offer, and have begun or have increased direct sales to consumers through proprietary e-commerce channels. In this event, we could experience additional competitive pressure, and may also find it difficult to compete with suppliers whose product supply costs are lower and who are able to sell products at lower prices while maintaining higher-margins than we can.

There is also generally the risk that one of our competitors starts to decrease the prices for OTC Medications or other Pharmacy-Related BPC Products and other competitors react to such behavior by also decreasing prices, which may lead to a general decline in prices. In order to compete in our market environment, we may be forced to react to such developments by decreasing the prices ourselves which would negatively impact our profit margin.

Our sales of Prescription Medications in Germany are dependent on local legislation and jurisprudence in Germany, and this involves, among other things, the risk of complete prohibition of mail-order for Prescription Medications in Germany. For further details on this risk, please see Section 2.2.1.

Many of our current and potential future competitors have or may have longer operating histories, larger customer bases, greater online traffic or better economies of scale than we do. New market entrants may appear and some of our existing smaller competitors may be acquired by, receive investment from, or enter into strategic relationships with, well-established and well-financed companies or investors that are able to enhance their competitive positions.

We currently operate in a fragmented Continental European market with high market entry barriers for new competitors. One of the principal reasons for such fragmentation relates to differing regulatory regimes affecting pharmacies, set by the respective member states of the European Union. The removal of these barriers in countries in which we currently operate or the markets into which we plan to expand our business may lead to an increase of competition. In certain Continental European countries, for example in Germany or France, third-party ownership of pharmacies, i.e., ownership of pharmacies by any person other than a pharmacist, for example by a legal entity, is prohibited by law. In Austria, legal entities can up to a certain percentage be shareholders of pharmacies if the pharmacist holds at least 25% of the shares in that pharmacy at its inception and increases that share ownership over ten years to above 50%. One further condition is also applicable, namely that the pharmacist decides at its sole discretion which products are needed for supplying the Austrian market. If such countries were to remove such (partial) ban, as publicly discussed from time to time, pharmacists could change the legal structures of their pharmacies and may benefit from the advantages of a legal entity which include, among other things, better access to external capital. Possible regulatory changes affecting the sales of Prescription Medications (particularly in Germany) could substantially increase competition in this field.

Any failure to successfully compete against current or future competitors could negatively affect our ability to attract and retain customers, which could, in turn, have a material adverse effect on our business, financial condition and results of operations.

2.2.6 Data protection laws are complex and rapidly changing and could impose material restrictions or additional requirements on our business.

At the European Union level, Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "**General Data Protection Regulation**", "**GDPR**") entered into force on 25 May 2018. In Germany, the GDPR is supplemented by the German Federal Data Protection Act (*Bundesdatenschutzgesetz*, the "**Data Protection Act**") which was recently amended with effect from 25 May 2018. The GDPR stipulates severe consequences for non-compliance with its provisions. For instance, the maximum fines for compliance failures may range to up to 4% of the total worldwide group turnover of the preceding financial year or up to €20 million whichever is higher. Besides those provisions, the General Data Protection Regulation stipulates strict requirements regarding the processing of special categories of personal data, such as data concerning health.

At present, a variety of local and international laws and regulations govern the processing, *i.e.* the collection, retention, sharing and other use of personal data as well as the security of personal or other customer data. These laws and regulations are constantly changing. In particular, the specific protection rules for processing personal data concerning health and the specific rules for the transfer of such health data between the pharmacy and the health insurance company have to be observed.

Data protection is a particularly sensitive and politically charged issue in Europe, and any actual or alleged failure by us to comply with applicable laws or regulations could have a significant adverse effect on our reputation and attractiveness to existing and potential customers. Under the General Data Protection Regulation, adverse consequences of data protection violations may result in substantial fines, various other enforcement actions as well as damage claims for alleged or proven privacy violations and class action claims. Further local and international governmental authorities continue to evaluate the privacy implications inherent in the use of cookies and other methods of online tracking for behavioral advertising and other purposes. Certain governments have enacted or are considering measures that could significantly restrict the ability of companies to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools. In particular, the proposed EU Regulation concerning the respect for private life and the protection of personal data in electronic communications ("**e-Privacy Regulation**"), went into effect along with the General Data Protection Regulation on 25 May 2018, requires, in principle, consent before employment of such tools. The number of issues debated in quite some controversy is still substantial.

Additionally, some providers of consumer monitoring services or software and web browsers have implemented, or have announced plans to implement, means to make it easier for internet users to prevent the use of cookies or to block other tracking technologies. If widely adopted, such developments could result in a significant reduction in the effectiveness of the use of cookies and other methods of online tracking. New laws, regulations, or developments in industry practice or customer behavior might result in the loss of, or substantial reduction in, our ability to use such practices to effectively market our merchandise, or might adversely affect our ability to acquire new customers on cost-effective terms.

The occurrence of any of such risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.2.7 We sell our merchandise in several Continental European countries and face legal and regulatory risks in the countries into which we sell.

We currently sell Prescription Medications, OTC Medications and Pharmacy-Related BPC Products to customers in eight Continental European countries (Germany, Austria, France, Belgium, the Netherlands, Spain, Italy and Switzerland). As a result, we are currently subject to, and will increasingly become subject to, given our expansion plans, a wide range of laws and regulations, including but not limited to laws and regulations concerning offering and distribution of medications, consumer and data protection, product safety and pharmacovigilance, competition, unfair trading, anti-corruption, advertising, employment, customs, libel, personal privacy, environmental protection, laws imposing sales and other taxes, and other laws and regulations that are directly or indirectly related to our business operations in each of these jurisdictions. Additional laws or regulations or unexpected changes in the regulatory requirements in any of the countries in which we operate might increase our cost of doing business, decrease demand for our products and services, restrict our flexibility or prevent us from doing business at all in any such country. For instance, a prohibition of the sale by mail-order of prescription-only medicine in Germany (as described in Section 2.2.1 above) would have a material adverse effect on our business, financial condition and results of operations. This also applies to the implementation of a comprehensive prohibition on Bonuses. In Spain, brand owners may attempt to restrict internet sales of Pharmacy-Related BPC Products that are subject to selective distribution schemes. Recent case law of the Supreme Court (Case 267/2016, L'Oréal et al.) indicates that brand owners may not restrict internet sales on the grounds that the consumer does not receive the same treatment offered at brick-and-mortar outlets (*i.e.* no testers), but that they may do so if the website where products are offered is associated with low cost trade or if it otherwise damages the luxury image of the products. We cannot exclude that, relying on this case law, brand owners may attempt to restrict internet sales of some of their products. As described in Section 2.2.2 and 5.11 in more detail, the Austrian Medicine Agency is currently evaluating whether the sale of veterinary OTC medicinal products is in line with Austrian law or not (which does not explicitly allow such sales in contrast to human OTC medicinal products). If the Austrian Medicine Agency concludes that a ban is permissible, this could have a significant impact on the sale if the order (*Bescheid*) would also exclude the suspensive effect of such order. The exclusion lies in the sole discretion of the Austrian Medicine Agency.

If we violate or are alleged to have violated applicable, or fail to adapt to amended, laws or regulations, we could become subject to significant fines, legal fees and related costs, reputational damage and other potential costs or liabilities. In Continental European countries where no mail-order or online sales of medications have yet been established, we may face legal or regulatory proceedings when starting our operations. Other areas of exposure may be created by the implementation of the General Data Protection Regulation and the e-Privacy Regulation since 25 May 2018 as well as by stricter interpretation of current data protection laws. In particular, the new data protection regime effected by this EU regulation may result in civil or regulatory proceedings as well as in reputational or other damages. The occurrence of any of these events, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.2.8 We use standardized sales, purchase and supply agreements as well as standardized terms and conditions, which increase the potential that all contract terms used therein, may be invalid or unenforceable if any clause is held to be invalid or void.

We maintain legal relationships with a large number of people and organizations, primarily customers, suppliers and manufacturers. In this context, we also use standardized documents, standard-form contracts and standardized terms and conditions. If such documents, contracts or terms and conditions are held to contain provisions which are disadvantageous to us, or if clauses in such documents or contracts are declared invalid and thus displaced by statutory provisions which are unfavorable to us, a large number of standardized documents, contracts or terms and conditions could be affected. Additionally, standardized terms in Germany and most other countries must comply with the laws on general terms and conditions, which means they are subject to rigid fairness review by the courts regarding their content and the way they, or legal concepts described therein, are presented to the other contractual party by the person using them. The standard is even stricter if they are used vis-à-vis consumers. As a general rule, standardized terms are invalid if they are not transparent, clearly worded, or if they are unbalanced or discriminate against the other party inappropriately. Due to the frequent changes to the legal framework, particularly with regard to court decisions relating to general terms and conditions, it is impossible to be fully protected from risks relating to the use of such standardized contractual terms. Even if documents, contracts and terms and conditions are prepared with legal advice, it is impossible to exclude these risks now or in the future, as the changes may continue to occur in the legal framework, particularly via case law. There is also the risk that standard agreements drafted in accordance with Dutch law may not comply with laws outside of the Netherlands where the customer resides.

This could have a material adverse effect on our business, financial condition and results of operations.

2.2.9 *We might be unable to adequately protect our intellectual property rights.*

We believe our customer data, copyrights, trade secrets, proprietary technology and similar intellectual property are critical to our success, and we rely on trademark, copyright and trade secret protection, agreements and other methods with our employees and others to protect our proprietary rights. In addition, we have developed, and we anticipate that we will continue to develop, a number of programs, processes and other know-how on a proprietary basis (but partly based on open source codes) that are of key importance to the successful functioning of our business. We might not be able to obtain effective intellectual property protection in every country in which we are active or in which such protection is relevant, and our efforts to protect our intellectual property could require the expenditure of significant financial, managerial and operational resources. Any of our intellectual property rights could be challenged or invalidated through administrative processes or litigation, and we cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights.

We might be required to spend significant resources to monitor and protect our intellectual property rights. We may not be able to discover or determine the extent of any infringement, misappropriation or other violation of our intellectual property rights and other proprietary rights. We may initiate claims or litigation against others for infringement, misappropriation or violation of our intellectual property rights or proprietary rights or to establish the validity of such rights. Despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights and other proprietary rights. Any litigation, whether or not it is resolved in our favor, could result in significant expense to us and divert the efforts of our technical and management personnel.

The occurrence of any of such risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.2.10 *Third parties might accuse us of infringing their intellectual property rights.*

The e-commerce industry is characterized by vigorous protection and pursuit of intellectual property rights. We might be subject to litigation and disputes related to our intellectual property rights and technology in the future, as well as disputes related to intellectual property and product offerings of third-party suppliers featured by us. The costs of defending against such actions can be high, and there is no guarantee that such defenses will be successful. In addition, as our business expands and the number of competitors in our market increases, infringement claims against us could increase in number and significance.

Legal claims regarding intellectual property rights are subject to inherent uncertainties due to the often complex issues involved, and we cannot be certain that we will be successful in defending ourselves against such claims. Many potential litigants have the ability to dedicate substantially greater resources to enforce their intellectual property rights and to defend claims that may be brought against them. If successful, a claimant could secure a judgment against us for substantial damages or prevent us from conducting our business as we have historically done so or may desire to do so in the future. We could also be required to seek additional licenses or pay royalties for the use of the intellectual property we need to conduct our business, which might not be available on commercially acceptable terms or at all. Alternatively, we may be forced to develop non-infringing technology or intellectual property on a proprietary basis, which could be expensive and/or unsuccessful.

The occurrence of any of the above risks could have a material adverse effect on our business, financial condition and results of operations.

2.2.11 *The use of open source software could increase our risk that hackers could gain unauthorized access to our systems and we could be subject to litigation if third parties challenge our rights to use such software on an exclusive basis.*

Some of our software and systems contain or operate based on open source software, which may pose certain risks to our software and solutions. Although we do not intend to use or modify open source software without holding the necessary licenses, we could, however, face claims from third parties alleging the infringement of their intellectual property rights, or demanding the release or license of the open source software or derivative works developed by us using such software (which could include our proprietary source code) or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation, require us to purchase a license, publicly release the affected portions of our source code, limit the licensing of our technologies or cease offering the implicated solutions. In addition, use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide contractual protections with respect to the software. Also, the licensors are not obliged to maintain their software or provide any support. There is a certain risk that the authors of the open source software cease updating and attending to the software. Engineering the software updates by ourselves could be expensive and time-consuming. The use of open source software can also present additional security risks because the initial source code for open source software is publicly available, which could make it easier for hackers and other third parties to determine how to breach our websites and systems that rely on open source software.

The occurrence of any of such risks, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.2.12 We might be subject to fines and follow-on claims for damages in relation to alleged or actual anti-competitive behavior.

We might become the subject of investigations by competition authorities and might be exposed to fines imposed by such authorities and follow-on claims for damages raised against us by third parties. The amount of any such fines and follow-on claims for damages could be substantial. Although we are not aware of any non-compliance by us with competition laws future investigations could reveal such actual or potential non-compliance. In addition, alleged or actual anti-competitive behavior might seriously disrupt business relationships with business partners.

The occurrence of any of these risks relating to our alleged or actual anti-competitive behavior, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

2.2.13 *Adverse judgments or settlements resulting from legal proceedings could expose us to monetary damages and limit our ability to operate our business.*

We are or may become involved from time to time in private actions, investigations and various other legal proceedings by employees, suppliers, competitors, government agencies or others.

In Germany, we are currently subject to three first instance social court (*Sozialgericht*) proceedings regarding the so-called manufacturer rebates that pharmaceutical producers reimburse to pharmacies. According to German law, pharmaceutical producers in Germany are obliged to pay manufacturer rebates to the health insurer. Payment is normally done through the pharmacy *i.e.* the health insurer will deduct the rebate from their payments to the pharmacy and subsequently the pharmaceutical producer will pay the pharmacy. In response to the judgment of the ECJ of 19 October 2016 (C-148/15), some pharmaceutical producers have reclaimed manufacturer rebates reimbursed to us in prior years. They argue that payment of the manufacturer rebates requires the application of the German Drug Price Ordinance, but the ECJ has decided that these rules have never been applicable to mail-order pharmacies from other European countries. The value in dispute amounts to approximately EUR 1.1 million in the aggregate. A court ruling in first instance is expected in 2019 or 2020, a final decision will take several years. An adverse decision in this case and other cases may not only adversely affect the prices and discounts we agreed upon with pharmaceutical manufacturers, but could also have a prejudicial effect on the relationship with our pharmaceutical manufacturers which, in turn, may have a material adverse effect on our ability to operate profitably.

Europa Apotheek is furthermore currently subject to a third instance civil law proceeding related to competition law. The Pharmacies Chamber of North-Rhine Westphalia has alleged that portions of Europa Apotheek's advertisements are not in accordance with the provisions of the German Act on Unfair Competition (*Gesetz gegen den unlauteren Wettbewerb*). In particular, the Chamber has alleged that Europa Apotheek's offers of bonuses to its customers covered under private health insurance were illegal. The Regional Court (*LG*) of Stuttgart and the Higher Regional Court (*OLG*) of Stuttgart have declared this bonus offer admissible. The Pharmacies Chamber of North-Rhine Westphalia has appealed against this ruling to the Federal Court of Justice (*BGH*). An adverse judgment with respect to this point might affect the current bonus strategy of Europa Apotheek relating to customers covered under private health insurance and could therefore have an adverse effect on our business and results of operations. The advertising statements, however, were declared inadmissible. Furthermore, the Pharmacies Chamber of North-Rhine Westphalia has recently applied to the LG Stuttgart for an administrative fine against Europa Apotheek, since an advertising statement to be omitted had been violated. On 26 April 2019, the LG Stuttgart issued a fine of € 10,000 against Europa Apotheek. Europa Apotheek has lodged an immediate appeal before the LG Stuttgart against this decision. On 17 May 2019, the LG Stuttgart decided that it did not remedy the immediate appeal and has now submitted the files to the OLG Stuttgart for decision.

In reaction to the judgment of the ECJ, the LG Munich argued that the ECJ had not decided about the accordance of a bonus with the German Advertising of Healthcare Products Act (*Heilmittelwerbegesetz*, "**HWG**"). Since the HWG aims to prevent the customer from being influenced by promotions not related to the purchase of goods, whereas the German Drug Price Ordinance (*Arzneimittelpreisverordnung)* has the purpose to guarantee uniform prices, a bonus could still not be compliant with section 7 HWG (LG Munich I, 16 March 2017, 17 HK O 20723/14 and 17 HK O 22516/14). The OLG Munich is of the opinion that the findings of the ECJ must also be taken into account within the framework of the examination of section 7 HWG. In order to assess whether, in the event of a dispute, there was reason to refer a new reference for a preliminary ruling to the ECJ, it would therefore be necessary to make further observations on the necessity of fixed pharmacy sales prices for Prescription Medications for the protection of health and life of humans to examine whether the findings made by the ECJ are actually binding (OLG Munich, 12.04.2018, 6 U 1679/17). However, it cannot be excluded that other national courts will not initiate a second preliminary ruling regarding this legal issue, due to the judgments of the BGH and OLG Munich.

That would also have a material adverse effect on our business, financial condition and results of operations.

In addition, Europa Apotheek Venlo B.V. is the defendant in a pending lawsuit filed by Rödl Dynamics AG. The two parties entered into a software development agreement, in which Rödl Dynamics AG promised to perform certain services by no later than 31 December 2012. Europa Apotheek Venlo B.V. terminated the agreement on 11 August 2012 when it became apparent, in its view, that Rödl Dynamics AG would not be able to meet the agreed upon timeline. Rödl Dynamics AG sued for damages amounting to approximately €1.1 million, arguing that Europa Apotheek Venlo B.V. had no legally recognized grounds for termination. In March 2014, the court of first instance ruled in favor of Europa Apotheek Venlo B.V., which currently holds a bank guarantee in the amount of €902 thousand as a result of this ruling. The matter has been pending before the appellate court, where a decision is expected; it is uncertain at which date.

We are also currently subject to a civil law proceeding in France. In the first instance, the plaintiffs, *L'union des Groupements de Pharmaciens d'Officine* (*UDGPO*), *L'Association Française des Pharmacies en Ligne* (*AFPEL*), Mr. Daniel Buchinger with the *pharmacie du centre*, *La Société Pharmacie du Bizet* and *La Société Pharmacie de Lescombes*, competitors of the Company, alleged that we are pursuing business in France that is not compliant with French law. In particular, the plaintiffs alleged that we have not obtained the French authorities' prior authorization for our online medications selling activity in France in accordance with French law and that we have organized our online operations without taking into consideration certain specific French legal requirements. Additionally, the plaintiffs alleged that we have sent information materials to potential consumers in France allegedly promoting our services and products. The plaintiffs also alleged that we inappropriately offered price reductions related to medications on our French website. Lastly, the plaintiffs alleged unfair competition toward French competitors represented by the plaintiffs.

In its decision dated 11 July 2017, the court of first instance ruled that the country of origin principle should apply, in order to determine which national law governs our online activity in France. Such a conclusion is based on the E-Commerce Directive 2000/31/EC and the Directive on the Community Code Relating to Medicinal Products for Human Use (2001/83/EC). As a consequence, since we are based in the Netherlands, our online medications selling activity in France is governed under Dutch law and not under French law. Provided that the medications we sell are authorized on the French market and that those medications are not subject to a medical prescription in France, French law cannot create any barriers to our online activity.

The court, however, considered that both the E-commerce Directive 2000/31/EC and Directive 2001/83/EC contain exceptions to the country of origin principle. Those exceptions are based on the objective of public health protection. In other words, some national restrictions can be opposed to a foreign EU pharmacy provided that they are:

(1) necessary to reach the objective of public health protection;

(2) justified; and

(3) proportionate to reach such an objective.

The Court considered that the following requirements, which provide that authorizations must be obtained from the French authorities prior to the beginning of any online medications selling activity, do not satisfy these criteria:

(1) the license to hold a brick-and-mortar pharmacy;

(2) the prior permission from the General Director of the competent French Regional Public Health Authority; and

(3) the registration of the website on the list of authorized pharmacy websites made available by the French Order of Pharmacists.

The court ruled then that these requirements cannot govern our online activity. The court considered that the requirements governing our activity regarding prior administrative permissions are those contained in the Dutch law and that we have sufficiently proved that we comply with them.

Nevertheless, the court ruled that the following French provisions regarding the advertising satisfy the criteria above mentioned, and should be applied:

(1) Article R.5125-74 of Public Health Code that prohibits encouragement to excessive consumption of medications; and

(2) Article R.4235-22 of Public Health Code that prohibits pharmacists soliciting clients through means that are contrary to the dignity of the profession.

As a result, the court found that these provisions governed our online activity and that we have not complied with them.

As a result, the court found that we engaged in unfair competition:

(1) for sending information materials promoting our French website to potential consumers in France; and

(2) for proposing price reductions, in violation of the French requirements above mentioned.

On such basis, we have been ordered to pay the plaintiffs an amount of €84,825.72, including legal costs. We have also been ordered to publish a copy of the judgment on our French website and in three magazines or newspapers. Nevertheless, we have been authorized to delay such publication in case we appealed the decision, which we did.

On 21 September 2017, we appealed the judgment, arguing that Articles R. 4235-22 and R. 4235-64 of the French Public Health Code could not apply to us because of the country of origin principle set out in Article 3 of the e-Commerce Directive (2000/31/EC). We further explained that if the French rules on advertising by a pharmacist were nevertheless applied to us, this would amount to an unjustified barrier to the free movement of goods in violation of Article 34 of the Treaty on the Functioning of the European Union ("**TFEU**") and would not be justified by, and proportionate to, the need to protect public health. To the extent that the rules apply to medicinal products, applying the French rules to a pharmacy established in another Member State would also be contrary to Article 85c of the Directive on the Community Code on medicinal products (2001/83/EC). Since EU law is fully concerned, we suggested the Court of Appeal to seek a preliminary ruling from the ECJ.

Respondents maintained their claims and asked the Court of Appeal to apply the provisions of the French Public Health Code and French Decrees of 28 November 2016 of the French Minister for Social Affairs and Health on Good Practices and Technical Rules to our practices in France.

On 28 September 2018, the Court of Appeal decided to stay proceedings and seek a preliminary ruling from the ECJ on the compatibility of the French rules with EU Law. The Court of Appeal is asking the ECJ whether EU law, in particular:

- Article 34 TFEU;

- Article 85c of the Community Code; and

- The internal market clause contained in Article 3 of the e-Commerce Directive;

allow a Member State of the European Union to impose, within its territory, specific rules on pharmacists who are nationals of another EU Member State operating in its territory concerning:

i. the prohibition of soliciting clients through procedures and methods which are regarded as being contrary to the dignity of the profession, pursuant to the present version of Article R. 4235-22 of the French Public Health Code;

ii. the prohibition of inciting patients to excessive consumption of medicinal products, pursuant to the present version of Article R. 4235-64 of the French Public Health Code;

iii. the obligation to observe good practices, as defined by the public authorities of the Member State, in the distribution of medicinal products, which also requires that a health questionnaire be included when medicinal products are ordered online and which prohibits the use of paid referencing pursuant to the present version of the Decree of 28 November 2016 of the French Minister for Social Affairs and Health.

We submitted our written observations on 29 January 2019, and are currently waiting for a decision of the ECJ.

If the ECJ rules that the above-mentioned French rules could be applicable to us and afterwards the French Court of Appeal rules that they apply, we could be restricted in pursuing certain advertisement and sales measures. We could also be obliged to take into consideration some or all of the French law requirements regarding the online activity of pharmacists. We could, thus, be restricted in doing business in France. We could also be ordered to publish the decision to be adopted by the French Court of Appeal on our website, in magazines and newspapers. Nevertheless, as of the date of this Prospectus, we can predict neither the ECJ's decision nor the decision to be adopted by the French Court of Appeal afterwards. We expect the ECJ's decision by the end of this year.

We are also currently involved in another civil law proceeding in France before the Court of First Instance of Paris. The plaintiff, l'Union de Pharmacologie

Scientifique Appliquée (UPSA), alleged that we advertised illegally in order to promote our Company. Besides, UPSA alleged that our advertisements illustrated its products with a view to profit from UPSA's reputation. As a consequence, according to the plaintiff, the public may believe that the alleged illegal advertisement is attributable to UPSA.

UPSA argues, on the one hand, that it incurred an image damage, and on the other hand, that it incurred a moral damage resulting from the fear to be penalized for the alleged illegal advertisement we made.

Given that the facts and the argumentation of UPSA are largely based on the previous mentioned case (UDGPO case) and ask similar legal questions regarding EU law, we requested the Court of first instance to stay the proceedings, in order to wait for the ruling the ECJ will adopt in the UDGPO case. A hearing to discuss our request took place on 13 May 2019. The Court of First Instance announced at the hearing that it will reach its decision regarding our request on 24 June 2019.

As for the previous mentioned case, the results and potential consequences of this UPSA case are unpredictable as of the date of this Prospectus.

In addition, we are also currently involved in a civil law proceeding in Belgium. This litigation may lead to adverse operational consequences for us.

We filed a case against the Belgian Association of Pharmacists, which manages a website on which database subscriptions are offered to health professionals. We subscribed to one of these databases, however, the Belgian Association of Pharmacists refused to acknowledge the validity of our subscription on the ground that required formalities were not followed. In any case, it will refuse any valid subscription request on two alleged grounds: it would not be allowed to sell these subscriptions outside of Belgian territory and we are not qualified as a health professional.

We filed the suit against the Belgian Association of Pharmacists in an effort to have our subscription contract validated and enforced. We believe the defendant's pretenses to be false, and that this refusal might be motivated by a desire to restrain our activities in Belgium and to restrict online sales of medicines as a whole in Belgium, or to limit such sales to the defendant's own platform.

By judgment of 19 October 2018, the Commercial Court of Brussels dismissed our request, ruling there was no contract between the parties. On 15 November 2018, we appealed the judgment. The defendant's arguments are similar as those they advanced in first instance. We expect a decision by the Court of Appeal within a year from now.

In Austria, the Pharmacy Chamber has initiated legal proceedings against us concerning our online advertising. The proceedings are twofold: the Pharmacy Chamber asked for an interim injunction and filed a claim on the merits. We are currently in the interim injunction proceedings because the main proceeding is automatically suspended until a binding decision is reached in the interim injunction proceeding. The Pharmacy Chamber claims that the logo, as well as the wording used, indicate that we have a physical seat in Austria. The first two instances rejected the interim injunction application. The second instance denied an ordinary appeal to the Supreme Court (*Oberster Gerichtshof*). The Pharmacy Chamber filed an extraordinary appeal and we replied in due time (mid-April 2019). The proceedings are still ongoing. The Supreme Court ordinarily reaches a decision within six months in interim injunction proceedings.

The Medicines Agency (*Bundesamt für Sicherheit im Gesundheitswesen*) has initiated an administrative proceeding against us for the online sale of OTC veterinary medicinal products. The Austrian Medicines act only allows the sale of OTC human medicinal products. We filed a statement why the complete prohibition of the OTC sale of veterinary products violates the internal market principle and the free movement of goods principle as interpreted by the ECJ (e.g. in the Doc Morris case). Currently the Medicines Agency is still evaluating the statement. They did not indicate how the Medicines Agency will further proceed. If the Austrian Medicine Agency concludes that a ban is permissible, this could have a significant impact on the sale if the order (*Bescheid*) also excluded the suspensive effect of such order. The exclusion lies in the sole discretion of The Austrian Medicine Agency.

Furthermore, in Italy, as it was clarified by the Ministry of Health in its Circular Note of 10 May 2016, the sale of medicine through an online marketplace is not permitted, since this would be in contrast with the principle of allowing the online sale of medicines solely through the websites of authorized pharmacies/parapharmacies (*i.e.*, those included in the list on the Ministry of Health's website). The use of mobile apps is also forbidden.

Furthermore, Italian law forbids advertising of Prescription Medications to the general public and requires prior authorization of the Ministry of Health for advertising non-prescription Medications. In this respect, the Ministry of Health has imposed strict limits to the online promotion of non-prescription Medications (*inter alia*, in its Circular Note of 6 February 2017, providing guidance on the use of the new means for advertising self-medication medicines), which have an impact on our business, financial condition and results of operations.

Administrative fine may be applied in case of infringements of the rules on online selling and/or promotion of medicinal products.

On 13 December 2018, the Ministry of Health sent us a letter to ask whether Italian customers can purchase online medicines on the Italian website shop-farmacia.it, which we manage. In this respect, the Ministry of Health has explained that in Italy only pharmacies and parapharmacies authorized by the competent Italian authorities may sell online non-prescription Medications through the authorized websites. In the reply to the Ministry of Health's request, we stated that we operate our online business in Italy, like in other member states, in full compliance with EU law. The Ministry of Health has not yet followed up on this matter. If the Ministry of Health imposed any sanctions, its decision could be challenged before the administrative court, where we could provide arguments based on other similar EU cases. A negative decision of the court may have a material adverse effect on our business, financial condition and results of operations.

In the Netherlands, we are currently in discussions with the Dutch Food and Consumer Product Safety Authority (*Nederlandse Voedsel- en Warenautoriteit*) about the online provision of three veterinary medicines and whether or not the Company or (as is currently the case) one of the Company's fully owned and operated subsidiary should have the wholesale license in place. The discussion is still in a premature stage and no conclusions can be drawn as yet as to its consequences.

From time to time, we are also involved in various proceedings in which opponents make claims challenging our marketing efforts and the sales platforms we utilize in a number of jurisdictions in which we operate.

The results of any such litigation, investigations and other legal proceedings are inherently unpredictable. Any claims against us, whether meritorious or not, could be time-consuming, result in costly litigation, damage our reputation, require significant amounts of management time and divert significant resources. If any of these legal proceedings were to be determined adversely to us, or if we were to enter into a settlement arrangement, we could be exposed to monetary damages or limits on our ability to operate our business, which could have a material adverse effect on our business, financial condition and results of operations.

2.2.14 Our control and prevention mechanisms to ensure group-wide compliance with certain legislative requirements might not be sufficient to adequately protect us from all legal or financial risks.

We have established a management system for governance, risk and compliance, which includes standards of conduct, corruption prevention, information and data protection, prevention of unlawful discrimination, and protection of company property and know-how to protect us against legal and financial risks. There is a risk that our system and the related management resources might not be sufficient to prevent all unauthorized practices, legal infringements, corruption and fraud, in particular in purchasing practices, or other adverse consequences of non-compliance within our organization or by or on behalf of our employees.

Any failure in compliance could harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

2.2.15 Changes in tax treaties, laws, rules or interpretations or an adverse outcome of tax audits could have a material adverse effect on us.

The tax laws and regulations in the Netherlands, Germany and other jurisdictions in which we may operate as well as applicable double taxation treaties may be subject to change, and there may be changes in interpretation and enforcement of such tax laws or regulations, including with respect to applicable transfer pricing rules regarding intercompany loans and intragroup services, and the value-added tax treatment of supplies of goods and services. As a result, we may face increases in taxes payable if tax rates increase, or if tax laws or regulations are modified in an adverse manner, or if new tax laws or regulations are introduced by the competent authorities with or without retrospective effect. In addition, tax authorities in the Netherlands, Germany and other relevant jurisdictions may periodically examine us and our subsidiaries. Tax audits could typically include a review of interest deductibility, transfer pricing arrangements, and the amount of depreciation or write-downs of assets for tax purposes. Tax audits for periods not yet reviewed may consequently lead to higher tax assessments. These or any future tax audits may require us to pay additional taxes plus accrued interest and penalties.

Any additional taxes or other sums that become due could have a material adverse effect on our business, financial condition and results of operations.

2.2.16 Any mistake in monitoring and controlling the VAT shown on our invoices may lead to financial risks and fines.

We conduct our business in a number of different countries and are required to apply different VAT rates depending on the country from which orders are placed. Our IT systems are designed to calculate applicable VAT for each order automatically. To ensure that VAT is properly assessed, individuals from our IT team and accounting department constantly check whether VAT is correctly calculated by our IT systems. Prior to implementing any update to the VAT calculation function of our IT systems or introducing a new release to our VAT control system, an official approval process is applied. However, any mistake made by, or malfunction or failure of, the VAT calculation function of our IT systems or any failure by us in monitoring these systems may expose us to payment obligations vis-à-vis the tax authorities, as well as to repayment claims from our customers and fines.

The occurrence of these events could have a material adverse effect on our business, financial condition and results of operations.

2.3 Risks Related to our Bonds, the Underlying Shares and the Listing

2.3.1 The rights of Bondholders are effectively subordinated to those of creditors of the Company's subsidiaries.

The Company is a holding company. Generally, claims of creditors of its subsidiaries will have priority in a distribution on winding up of the assets and earnings of such subsidiaries over the claims of the Company's creditors. The Company's creditors, including holders of a co-ownership interest or similar right in the global bond that represents the Bonds (the "**Global Bond**", and such holders the "**Bondholders**") will therefore be effectively subordinated to creditors (including trade creditors) of its subsidiaries. Bondholders will not have a direct claim against the assets of the Company's subsidiaries.

2.3.2 The Company cannot be certain that an active trading market will also develop on Euronext Amsterdam.

Prior to the Listing, the Bonds have been trading on the unregulated open market (*Freiverkehr*) of the Frankfurt Stock Exchange. Application for an additional listing of the Bonds on Euronext Amsterdam N.V. ("**Euronext Amsterdam**") has been made. The Company cannot be certain that an active trading market for the Bonds will also develop or be sustained. In addition to, and upon, the listing and admission to trading of the Bonds on Euronext Amsterdam, the Bonds will also continue to trade on the unregulated open market (*Freiverkehr*) of the Frankfurt Stock Exchange.

2.3.3 The price of our Bonds could fluctuate significantly.

The Company cannot be certain that the market price of the Bonds will not decline. The price at which the Bonds will trade will depend upon a number of factors, some of which are beyond the Company's control. These factors include, but are not limited to: (i) the Company's historical and anticipated operating results, (ii) general market and economic conditions, (iii) fluctuations in the price of the shares in the share capital of the Company into which the Bonds are convertible, (iv) fluctuations in the Company's financial and operating results and (v) announcements by the Company or others and developments affecting it, its operations or its customer, the markets in which it operates or the (online) pharmacy industry in general.

2.3.4 The Bonds may be redeemed prior to maturity.

The terms and conditions of the Original Bonds dated 12 April 2018 and New Bonds (as defined below) dated 10 April 2019 (such two sets of terms and conditions collectively, the "**Bonds Terms and Conditions**") provide that the Bonds are redeemable at the Company's option in certain limited circumstances and accordingly the Company may choose to redeem the outstanding Bonds at times when prevailing interest rates may be relatively low. In such circumstances, an investor may not be able to reinvest the redemption proceeds in a comparable security bearing an effective interest rate as high as that of the Bonds.

2.3.5 There is a limited period for the exercise of conversion rights.

A Bondholder will have the right to convert his or her Bonds into ordinary bearer shares in the share capital of the Company, each with a nominal value of €0.02 (the "**Shares**"). Conversion rights may be exercised at any time during the Conversion Period, which is defined in the Bonds Terms and Conditions as the period from and including 30 May 2018 up to and including the earlier of the following days (such period the "**Conversion Period**"): (i) the 35th business day prior to 19 April 2023 (the "**Maturity Date**") and (ii) if the Bonds are redeemed by the Issuer, the 10th business day prior to the date of such redemption. If the conversion rights are not exercised by Bondholders during the Conversion Period, the conversion right will not have been validly exercised and the Bonds will be redeemed at their Principal Amount on the Maturity Date, together with unpaid accrued interest, unless the Bonds are previously purchased and cancelled or redeemed in accordance with the Bonds Terms and Conditions.

2.3.6 Bondholders have limited protection in respect of conversion price adjustments.

The conversion price at which the Bonds may be exercised into Shares will be adjusted only in the specific situations and only to the extent provided under the Bonds Terms and Conditions. In total, 2,891,634 Shares are to be issued by the Company upon conversion of all Bonds (assuming no adjustments to the conversion price), corresponding to 21.5% of the total issued share capital of the Company at the date of this Prospectus and prior to the issuance of Shares to be issued upon conversion of the Bonds (assuming no adjustments to the conversion price). Events in respect of which no such adjustment is made may adversely affect the value of the Shares and, therefore, adversely affect the value of the Bonds.

2.3.7 Bondholders will have no shareholder rights prior to conversion.

Bondholders will not be holders of Shares ("**Shareholders**") prior to conversion. Bondholders will not have any voting rights, any right to receive dividends or other distributions or any other rights with respect to the Shares until such time, if any, as Bondholders convert their Bonds into Shares and such Shares are issued by the Company.

2.3.8 Neither the Bonds, nor the Company, have been assigned a credit rating.

None of the Company, the Bonds or other indebtedness of the Company is rated. The assessment of the Company's ability to comply with its payment obligations under the Bonds is therefore a more complex determination for investors to make. It may also be more difficult for Bondholders to benchmark their investment or to become aware of any adverse change in the credit risk of the Company and its business, given the absence of a credit rating. One or more independent credit rating agencies may assign credit ratings to the Bonds on an unsolicited basis. Any such credit rating, should one be granted, may be revised or withdrawn by the rating agency at any time, without prior notice. Such ratings may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Bonds.

2.3.9 Future offerings of debt or equity securities by us could adversely affect the market price of the Bonds.

We may require additional capital in the future to finance our business operations and growth. We may seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities. An issuance of additional equity securities or securities containing a right to convert into equity, such as convertible debentures and option debentures, could potentially reduce the market price of the Bonds. Because the timing and nature of any future offering would depend on market conditions at the time of such an offering, we cannot predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued Shares, as well as the exercise of stock options by our board members and employees in the context of our planned and communicated future stock option programs or the issuance of Shares to employees in the context of possible future employee stock participation programs, could lead or will lead to a dilution of the economic rights of our bondholders. Our bondholders thus bear the risk that such future offerings could reduce the market price of the Bonds.

2.3.10 Future sales of the Shares by our existing Shareholders could depress the price of the Shares.

Generally, (a) sales of a substantial number of Shares in the public market by existing Shareholders that are not subject to such lock-up agreements at any time or, (b) sales of a substantial number of Shares, including by way of a block trade, in the public market or in private placements or (c) the perception in the markets that such sales might occur could depress the market price of the Shares and could impair our ability to raise capital through the sale of additional equity securities. Furthermore, under the subscription agreement in connection with the New Bonds entered into among the Company and certain joint global coordinators and joint bookrunners on 9 April 2019, the Company agreed, subject to certain exceptions, not to issue Shares or certain related securities for a period of 180 days from 17 April 2019.

The lock-up restrictions may be waived by the joint global coordinators in their sole discretion, and depending on the specific facts and circumstances surrounding such a possible waiver, it may not be in their best interest to grant it.Exceptions to the lock-up restrictions apply with respect to:

(i) the issue of the New Bonds and the Shares to be issued or delivered, as the case may be, upon conversion of the Bonds;

(ii) the issue of Shares by the Issuer under, pursuant to or in connection with management and/or employee stock option plans or similar share participation or equity compensation plans of the Issuer implemented as of 9 April 2019; or

(iii) Shares of the Issuer issued in connection with an acquisition or joint venture directly to another party to such acquisition or joint venture.

2.3.11 Compliance with the laws and regulations affecting public companies encompasses significant administrative requirements, resulting in high costs and requiring significant management attention.

We are subject to the legal requirements for companies listed on a public German stock exchange and in particular on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) and will be subject to legal requirements for companies whose securities are listed on a public Dutch stock exchange and in particular on the regulated market segment of Amsterdam Euronext. These requirements include periodic financial reporting and other public disclosure of information (including those required by the stock exchange listing authorities), regular calls with securities and industry analysts, and other required disclosures. There is no guarantee that our accounting, controlling, legal or other corporate administrative functions can respond to these requirements without experiencing difficulties or inefficiencies that will cause us to incur significant expenditures or exposure to legal, regulatory or civil costs or penalties. Furthermore, the preparation, convening and conducting of general meetings and our regular communications with Shareholders and potential investors entails high expenses. Our management has to devote time to these requirements that it could otherwise devote to other aspects of managing our operations. These requirements could also result in substantially increased time commitments and costs for the accounting, controlling and legal departments and our other administrative functions. Any inability of our administrative functions to handle the demands placed on us as a publicly listed company as well as any financial or other costs resulting therefrom, could have a material adverse effect on our business, financial condition and results of operations.

2.3.12 An investment in our securities by an investor whose principal currency is not the euro may be affected by exchange rate fluctuations.

Our securities are, and any interest or dividends to be paid in respect of our securities will be, denominated in euro. An investment in our securities by an investor whose principal currency is not the euro exposes the investor to foreign currency exchange rate risk. Any depreciation of the euro in relation to an investor's principal currency will reduce the value of the investment in our securities or any interest or dividends in relation to such currency.

2.3.13 Our ability to pay interest and redeem the Bonds, as well as our ability to pay dividends, depends, among other things, on our financial condition and results of operations.

Our general ability to pay interest and redeem the Bonds, as well as our ability to pay dividends will depend upon, among other things, our results of operations, financing and investment requirements. Our ability to pay dividends will also depend on the availability of distributable profit. Certain reserves must be established by law and have to be deducted when calculating the distributable profit. In addition, any potential future debt financing arrangements may contain covenants which impose restrictions on our business and on our ability to pay dividends under certain circumstances. Any of these factors, individually or in combination, could restrict our ability to pay interest and redeem the Bonds, as well as our ability to pay dividends.

3. GENERAL INFORMATION

3.1 Responsibility Statement

This prospectus (the "**Prospectus**") is made available by Shop Apotheke Europe N.V., Venlo, the Netherlands (the "**Company**" or the "**Issuer**", and, together with its consolidated subsidiaries, the "**Group**", "**we**", "**us**", "**our**" or "**our Group**"). The Company accepts responsibility for the information contained in this Prospectus. The Company declares that it has taken all reasonable care to ensure that, to the best of its knowledge, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

If any claims are asserted before a court of law based on the information contained in the Prospectus, the investor appearing as plaintiff may have to bear the costs of translating the Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area.

The information in this Prospectus will not be updated subsequent to the date hereof except for any significant new event or significant error or inaccuracy relating to the information contained in this Prospectus that may affect an assessment of the Bonds and that occurs or comes to light following the approval of the Prospectus, but before the admission of the securities to trading. These updates must be disclosed in a Prospectus supplement pursuant to Section 5:23 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*).

3.2 Purpose of this Prospectus

This prospectus has been prepared solely in connection with the Listing of the Bonds on Euronext Amsterdam N.V. ("**Euronext Amsterdam**") and relates to an aggregate amount of €135,000,000 4.50% senior unsecured convertible bonds, issued in bearer form in denominations of €100,000.

The Bonds constitute unsubordinated and (subject to the negative pledge) unsecured obligations of the Issuer ranking *pari passu* and without preference among themselves and, in the event of the dissolution, liquidation or insolvency of the Issuer or any proceeding to avoid insolvency of the Issuer, *pari passu* with all other present and future unsubordinated and unsecured obligations of the Issuer, save for such obligations which may be preferred by applicable law.

The terms and conditions of the Original Bonds (as defined below) dated 12 April 2018 and of the New Bonds (as defined below) dated 10 April 2019 (such two sets of terms and conditions collectively, the "**Bonds Terms and Conditions**") constitute the legal basis for the subscription of the Bonds.

3.3 Forward-looking Statements

The Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of the Prospectus. This applies, in particular, to statements in the Prospectus containing information on our future earnings capacity, plans and expectations regarding our business growth and profitability, and the general economic conditions to which we are exposed. Statements made using words such as "predicts", "forecasts", "plans", "endeavors" or "expects" may be an indication of forward-looking statements.

The forward-looking statements in the Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Company's actual results, including the financial condition and profitability of our Group, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in the Prospectus, particularly in Section 2 "*Risk Factors*" and Section 5 "*Business*", and wherever information is contained in the

Prospectus regarding our intentions, beliefs, or current expectations relating to our future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic and regulatory environment to which we are subject.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in the Prospectus will not occur. In addition, the forward-looking estimates and forecasts reproduced in the Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in this Prospectus. Actual results, performance or events may differ materially from those in such statements due to, among other reasons:

- changes in laws and regulations to which the Company is subject;
- changes in general economic conditions in the markets in which the Group operates, including changes in the unemployment rate, the level of consumer prices, wage levels etc.;
- the further development of European online market for Prescription Medications, OTC Medications, prescription medications and Pharmacy-Related BPC Products, in particular the levels of acceptance of internet retailing;
- user behavior on mobile devices and our ability to attract mobile internet traffic and convert such traffic into purchases of our goods;
- our ability to offer our customers an attractive online purchasing experience;
- demographic changes and changes in customer behavior, in particular the markets in which we operate or intend to operate;
- changes affecting interest rate levels;
- changes in the competitive environment and in the competition level;
- changes affecting currency exchange rates;
- the occurrence of accidents, natural disasters, fire, environmental damage or systemic delivery failures;
- inability to attract and retain qualified personnel;
- strikes;
- political changes;
- various risks related to acquisitions made by the company; and
- risks relating to the listing of the Bonds.

Moreover, it should be noted that neither the Company nor ABN AMRO Bank N.V. ("**ABN AMRO**") as listing agent for the Bonds (the "**Listing Agent**") assumes any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

See Section “2. *Risk Factors*” for a further description of some of the factors that could influence our forward-looking statements.

3.4 **Definitions**

This Prospectus is published in English only. Definitions used in this Prospectus are defined in Section “*9. List of Definitions*”.

3.5 Documents Incorporated by Reference

The following documents are incorporated in this Prospectus by reference and, as such, form part of this Prospectus:

- the articles of association of the Company (*statuten*, the "**Articles of Association**") (in Dutch and including an unofficial English translation);
- audited consolidated financial statements for the financial year ended 31 December 2017 of the Company (consisting of a statement of profit and loss, a statement of financial position, a statement of cash flows and notes, and prepared in accordance with IFRS) (the "**Annual Report 2017**"), excluding the section "Letter from the Management Board";
- the audited consolidated financial statements for the financial year ended 31 December 2018 of the Company (consisting of a statement of profit and loss, a statement of financial position, a statement of cash flows and notes, and prepared in accordance with IFRS) (the "**Annual Report 2018**"), excluding the section "Letter from the Management Board";
- the unqualified auditor's reports on the Annual Report 2017 and the Annual Report 2018; and
- the Bonds Terms and Conditions, comprising the terms and conditions of the Original Bonds dated 12 April 2018 and the terms and conditions of the New Bonds dated 10 April 2019.

In the context of the Listing, sections of the Annual Report 2017 and the Annual Report 2018 that are not incorporated by reference are not relevant for the investor or covered elsewhere in this Prospectus.

The documents set out and referred to above, as well as this Prospectus and any supplement to this Prospectus, can be obtained in electronic form free of charge from the Company's website at https://shop-apotheke-europe.com and printed copies of this Prospectus will be provided free of charge by the Company upon request from the date of this Prospectus for as long as the Prospectus is valid.

3.6 No Incorporation of Website

The contents of the Company's website, including any websites accessible from hyperlinks on the Company's website, do not form part of and are not incorporated by reference in this Prospectus.

3.7 Sources of Market Data

To the extent not otherwise indicated, the information contained in the Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which the Group operates are based on the Company's and the Listing Agent's assessments. These assessments, in turn, are based in part on internal observations of the market and on various market studies.

The following sources were used in the preparation of the Prospectus:

- Euromonitor International, internet penetration, http://www.portal.euromonitor.com/portal, site accessed on: 2 August 2017 ("**Euromonitor**");

- IMS Health, June 2015, “Apothekenversandhandel und digitale Apothekenwelt – Trends von heute, die Realität von morgen” (“**IMS Health**”);
- SEMPORA Research, October 2015, “European Pharmacy Market”, comprising of an Extrapolation – Market potential Non-Rx as well as country factsheets for Austria, Belgium, Bulgaria, Czech Republic, Denmark, France, Hungary, Italy, Netherlands, Romania, Slovakia, Spain, Sweden, the UK, Norway, Poland, Portugal, (“**SEMPORA Study October 2015**”);
- SEMPORA Research, June 2016, “European Pharmacy Market”, comprising of an Extrapolation – Market potential Non-Rx (“**SEMPORA Study June 2016**”);
- SEMPORA Research, June 2017, “European Pharmacy Market”, comprising of an Extrapolation – Market potential Non-Rx (“**SEMPORA Study June 2017**”);
- Sempora Management Consultants, “Hochrechnung Apothekenversandhandel 2017–2021”, April 2017, as cited in the ZRG Prospectus (as defined below);
- Zur Rose Group AG Offering and Listing Memorandum dated 21 June 2017, http://www.zurrosegroup.com/websites/zurrosegroup/English/200520.html, site accessed on: 14 September 2017 (“**ZRG Prospectus**”).

It should be noted in particular that reference has been made in the Prospectus to information concerning markets and market trends. Such information was obtained from the above-mentioned market studies, publicly available research and reports, internet articles, press clippings and statistics. The Company has accurately reproduced such information and, as far as it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Prospective investors should note that the Company’s own estimates and statements of opinion and belief are not always based on studies of third parties.

3.8 Currency Presentation and Presentation of Figures

In this Prospectus, “**euro**”, “**EUR**” and “**€**” refer to the single European currency adopted by certain participating member states of the European Monetary Union, including among others the Netherlands and Germany.

All financial data presented in this Prospectus is shown in euro (“€”), except as otherwise stated. Certain financial data (including percentages) in this Prospectus have been rounded according to established commercial standards, whereas aggregate amounts (sum totals, sub-totals, differences or amounts put in relation) are calculated based on the underlying unrounded amounts. As a result, the aggregate amounts in the tables in this Prospectus may not correspond in all cases to the corresponding rounded amounts contained in the tables in this Prospectus. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables. Financial information presented which is preceded by a minus sign (“-”) denotes the negative of such number presented. With respect to financial data set out in this Prospectus, a dash (“-”) signifies that the relevant figure is not available, while a zero (“0”) signifies that the relevant figure is available and is zero where a zero point zero (“0.0”) signifies that the relevant figure is available and has been rounded to zero. Our historical results are not necessarily indicative of the results that should be expected in the future.

Throughout the tables presented in this Prospectus, financial information is presented on a consolidated basis for the years ended 31 December 2017 and 2018. Where financial data in the following tables is labeled “audited”, this means that it has been derived from the audited financial statements as of and for the years ended 31 December 2017 and 31 December 2018 ("**Annual Financial Statements**") mentioned above, which are subject to audit, and not that the individual amounts have been audited. The label “unaudited” is used in this Prospectus to indicate financial data that has not been derived from the Annual Financial Statements, but rather was taken from our internal reporting system, or has been calculated based on such information. This Prospectus also includes certain measures not defined by IFRS used as key figures by our management to monitor the performance of the Group. If such measures are not included in the Annual Financial Statements, they are labeled “unaudited” in the respective tables. On the other hand, if such measures are included in the Annual Financial Statements, they are labeled “audited”.

3.9 Presentation of Financial Information

The financial information contained in this Prospectus is taken or derived from our Annual Financial Statements. The Annual Financial Statements have been prepared in accordance with IFRS.

4. THE LISTING OF THE BONDS

4.1 Listing Application

Prior to the Listing, as from 19 April 2018, the Bonds have been trading on the unregulated open market (*Freiverkehr*) of the Frankfurt Stock Exchange, with International Securities Identification Number (ISIN) DE000A19Y072 and German Securities Code (*Wertpapierkennnummer*, WKN) A19Y07.

An application has been submitted for an additional listing and admission to trading of the Bonds on Euronext Amsterdam. Listing and admission to trading of the bonds is expected to take place on 25 June 2019. The International Security Identification Number (ISIN) is DE000A19Y072. The common code is 181001178.

In addition to, and upon, the listing and admission to trading of the Bonds on Euronext Amsterdam, the Bonds will also continue to trade on the unregulated open market (*Freiverkehr*) of the Frankfurt Stock Exchange.

4.2 Listing Agent

ABN AMRO is acting as the listing agent with respect to the listing of the Bonds on Euronext Amsterdam. The address of ABN AMRO is Gustav Mahlerlaan 10, 1082 PP Amsterdam, the Netherlands. ABN AMRO accepts no responsibility for the information contained in this Prospectus.

4.3 Cost

The costs to the Company in connection with the listing and admission to trading of the Bonds are approximately €100,000.

4.4 Corporate Resolutions

The first tranche of Bonds in an aggregate amount of €75,000,000 have been issued by the Company on 12 April 2018, and the second tranche of Bonds in an aggregate amount of €60,000,000 have been issued by the Company on 10 April 2019. The Bonds are convertible into ordinary bearer shares in the share capital of the Company, each with a nominal value of €0.02 (the "**Shares**"). The Shares to be issued or delivered, as the case may be, upon execution of a conversion or redemption of the Bonds will either be (i) newly issued Shares to be issued by the Company, or (ii) existing Shares held by the Company as treasury Shares to be delivered by or on behalf of the Company.

On 12 April 2018, the managing board (*raad van bestuur*) of the Company (the "**Managing Board**"), with the prior approval of the supervisory board (*raad van commissarissen*) of the Company (the "**Supervisory Board**"), resolved, among other things, to issue the first tranche of Bonds in an aggregate amount of €75,000,000 and exclude the pre-emptive rights of the Shareholders of the Company in respect thereof, all in accordance with the Articles of Association and pursuant to the authorisation delegated to it by the general meeting of the Company (*algemene vergadering*, such corporate body of the Company: the "**General Meeting**") on 6 November 2017.

On 10 April 2018, the Managing Board, with the prior approval of the Supervisory Board, resolved, among other things to issue the second tranche of Bonds in an aggregate amount of €60,000,000 and to the extent required, to exclude, and/or to confirm the exclusion of, the pre-the pre-emptive rights of the Shareholders of the Company in respect thereof, all in accordance with the Articles of Association and pursuant to the authorisation delegated to it by the General Meeting on 26 April 2018.

4.5 Interests of Parties Participating in the Listing

In connection with the stock exchange listing of the Bonds, the Listing Agent acts for the Company on the transaction and coordinates the structuring and execution of the transaction. The Listing Agent will receive a customary fee for providing these services. As a result of this contractual relationship, the Listing Agent has a financial interest in the success of the Listing.

The Listing Agent and its affiliates have, and may from time to time in the future continue to have, business relations with our Group (including lending activities) or may perform services for our Group in the ordinary course of business.

4.6 Bonds Terms and Conditions

The following is a summary of the principal features of the Bonds. Capitalized terms defined in the Bonds Terms and Conditions or elsewhere in this Prospectus shall have the same meaning in this summary.

The summary is qualified in its entirety by, and should be read in conjunction with, the Bonds Terms and Conditions which are incorporated by reference in this Prospectus.

Company / Issuer:	Shop Apotheke Europe N.V.
The Bonds:	The Bonds have an aggregate principal amount of €135,000,000 ("**Principal Amount**"), comprising (i) EUR 75,000,000 (the "**Original Bonds**" and each an "**Original Bond**") and (ii) EUR 60,000,000 (the "**New Bonds**" and each a "**New Bond**"). The New Bonds have the same terms in all respects (other than the Issue Price / Date and the interest Commencement Date of the New Bonds) as the Original Bonds issued on 19 April 2018 and have been consolidated and form a single issue of Bonds with the Original Bonds form the Settlement Date of the New Bonds.
Type and Class of the Bonds	€135,000,000 4.50% senior unsecured convertible bonds due April 2023 have been issued in bearer form in denominations of €100,000.
Denomination:	EUR 100,000 per Bond
Currency:	The Bonds are denominated in, and will trade in, euro.
Issue Date:	(i) EUR 75,000,000 on 12 April 2018 and (ii) EUR 60,000,000 on 10 April 2019
Interest Rate:	4.50% per annum, payable semi-annually in arrears on each 19 April and 19 October.
Maturity Date:	19 April 2023
Transferability of the Bonds	There are no restrictions on the free transferability of the Bonds. In addition, the Company and its affiliates may at any time purchase Bonds, in the open market or otherwise.
Final Redemption:	Unless previously redeemed, converted or repurchased and cancelled, the Bonds will be redeemed on 19 April 2023 at 100% of their principal amount.
Status:	The Bonds constitute direct, unconditional, unsubordinated and (subject to the negative pledge) unsecured obligations of the Company, ranking *pari passu* among themselves and at least equally with all other unsecured and

unsubordinated obligations of the Company.

Conversion Rights:

Each Bond will (unless previously redeemed, cash settled or purchased and cancelled) be convertible at the option of a bondholder, into Shares ("**Settlement Shares**") during the Conversion Period, which is defined as the period from and including 30 May 2018 up to and including the earlier of the following days (such period the "**Conversion Period**"): (i) the 35th business day prior to 19 April 2023 (the "**Maturity Date**") and (ii) if the Bonds are redeemed by the Issuer, the 10th business day prior to the date of such redemption. If the Bonds are called for redemption prior to 19 April 2023, pursuant to the Bond Terms and Conditions, the Conversion Period will end at 4:00 p.m. (Frankfurt time), as fully described in paragraph 8 of the Bonds Terms and Conditions. Any remaining fraction of a Settlement Shares will not be issued or delivered but will be compensated in cash proportional to the relevant fraction of the Share price.

If and to the extent on the scheduled settlement date the Company is unable to issue or deliver on conversion new or existing listed Settlement Shares, the Company will pay a cash alternative amount to the Bondholder which will be determined by the Calculation Agent. No interest will be payable with respect to such cash alternative amount.

Initial Conversion Premium:

25.0%

Initial Conversion Price:

EUR 46.6864, subject to certain adjustments as described in paragraph 10 of the Bonds Terms and Conditions.

Ranking of Shares:

Shares issued on conversion of the Bonds will be fully paid and will rank *pari passu* in all respects with the fully paid Shares in issue on the Conversion Date.

Redemption at the Option of the Company:

The Company may, on giving not less than 30 and no more than 60 days' prior notice to the Bondholders redeem all but not some only of the Bonds at their principal amount, together with accrued but unpaid interest up to the date fixed for redemption at any time: which shall be no earlier than 30 May 2021, if the Share price on each of at least 20 trading days in any period of 30 consecutive trading days have equaled or exceeded 130%.

Furthermore, the Company may on giving not less than 30 and no more than 60 days' prior notice, at any time redeem all, but not some only, of the outstanding Bonds, if 15% or less of the aggregate principal amount of the Bonds originally issued is outstanding.

The Company also has the right under certain prerequisites to redeem the principal amount of each Bond on the Maturity Date by issuing or delivering such number of Settlement Shares per Bond that comply with the relevant number of Shares to be redeemed, if also paying a potential additional cash amount (if applicable) and paying any interest accrued to but excluding the Maturity Date. No interest is going to be paid on the potential additional cash amount.

Redemption at the option of the

Following occurrence of a Change of Control, each Bondholder will have the right to require the Company to redeem that Bond on the Change of

Bondholders upon a Change of Control:	Control Put Date at their principal amount, together with accrued but unpaid interest up to the date fixed for redemption, as more fully described in paragraph 11 of the Bond Terms and Conditions.
Withholding Taxes:	Payments in respect of the Bonds will be made with deduction of taxes or other duties, if such deduction is required by law. The Issuer will not be obliged to pay additional amounts as a result of such deduction. See paragraph 7 of the Bond Terms and Conditions.
Negative Pledge:	The Bonds Terms and Conditions contain a negative pledge provision in respect of the Company and its Material Subsidiaries in respect of any Capital Markets indebtedness, as further described in paragraph 3 of the Bond Terms and Conditions.
Dividend Protection:	The conversion price will be adjusted as provided in paragraph 10 for any dividend and dividend in kind in respect of the Shares where the relevant ex-date falls on or after the Issue Date.
Events of Default:	For a description of certain events that will permit acceleration of the Bonds, see paragraph 12 of the Bond Terms and Conditions.
Governing Law:	The Bonds are governed by, and construed in accordance with, German law.
Custody of the Bonds:	The Bonds are represented by a global certificate in registered form and have been accepted for clearing and settlement through the systems of Clearstream Banking AG Frankfurt

Additional Information about the Bonds

Agents

Paying Agent: The Bank of New York Mellon, Frankfurt Branch

Depository Agent: Clearstream Frankfurt Banking AG

Rating

No credit ratings have been assigned to the Company or the Bonds at the request or with the cooperation of the Company in the rating process.

Yield

The effective yield of the Original Bonds equals their initial coupon of 4.5% per annum, calculated as at 19 April 2018. The effective yield of the New Bonds is 4.6465% per annum, calculated as at 17 April 2019.

Lock-ups

Under the subscription agreement in connection with the New Bonds entered into among the Company and certain joint global coordinators and joint bookrunners on 9 April 2019, the Company has agreed not to issue Shares or certain related securities for a period of 180 days from 17 April 2019.

The lock-up restrictions may be waived by the joint global coordinators in their sole discretion, and depending on the specific facts and circumstances surrounding the possible waiver, it may not be in their best interest to grant it. Exceptions to the lock-up restrictions apply with respect to:

(i) the issue of the New Bonds and the Shares to be issued or delivered, as the case may be, upon conversion of the Bonds;

(ii) the issue of Shares by the Issuer under, pursuant to or in connection with management and/or employee stock option plans or similar share participation or equity compensation plans of the Issuer implemented as of 9 April 2019; or

(iii) Shares of the Issuer issued in connection with an acquisition or joint venture directly to another party to such acquisition or joint venture.

Selling Restrictions

The Bonds and the Shares have not been and will not be registered under the US Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

Bondholders' Rights

Rights and obligations of the Issuer arising from the Bonds are governed by the Bonds Terms and Conditions.

The Bondholders are entitled to interest rate payments in the amount of 4.50% per annum, payable semi-annually in arrears on each 19 April and 19 October.

In addition, to the extent the Bonds have not previously been redeemed, converted, or repurchased and cancelled Bondholders have right to be redeemed at their Principal Amount plus accrued interest on the Maturity Date.

Besides that, each Bond will (unless previously redeemed, cash settled or purchased and cancelled) be convertible, at the option of any holder of a co-ownership interest or similar right in the global bond that represents the Bonds, into Shares on any business day falling in the period from and including 30 May 2018 up to and including the earlier of the following days: (i) the 35th business day prior to 19 April 2023 and (ii) if the Bonds are redeemed by the Issuer, the 10th business day prior to the date of such redemption. If the Bonds are called for redemption prior to 19 April 2023, pursuant to the Bond Terms and Conditions, the Conversion Period will end at 4:00 p.m. (Frankfurt time), as set forth in paragraph 8 of the Bonds Terms and Conditions.

Under paragraph 16 of the Bonds Terms and Conditions the period for presentation of the Bonds is 10 years. The period of limitations for claims under the Bonds presented during the period for presentation is two years calculated form the expiration of the relevant presentation period.

Bondholders are entitled to pass resolutions in accordance with the Bonds Terms and Conditions in a meeting (*Gläubigerversammlung*) in accordance with German Bond Act (*Gesetz über Schuldverschreibungen aus Gesamtemissionen*).

The Bondholders' rights are not limited by the Bonds Terms and Conditions beyond what results from the applicable law.

5. BUSINESS

5.1 Overview of Our Business

Until the acquisition of EHS Europe Health Services B.V. (together with its direct and indirect subsidiaries, the "**Europa Apotheek Group**"), we were an online pharmacy with a business offering non-prescription, over-the-counter medications ("**OTC Medications**") and beauty and personal care products that are otherwise almost exclusively distributed through pharmacies, which we refer to as "**Pharmacy-Related BPC Products**". We are currently a leading online pharmacy in Germany for OTC Medications, Nutrition Products and Pharmacy-Related BPC Products in terms of revenue – one of the largest OTC Medications, Pharmacy-Related BPC Products and natural food and health products, low carb products and sports nutrition (together, "**Nutrition Products**") markets in Continental Europe (source: SEMPORA Study June 2017). Our vision is to create the leading online pharmacy brand focused on medications sold only to a customer possessing a valid prescription ("**Prescription Medications**"), OTC Medications, Nutrition Products and Pharmacy-Related BPC Products in terms of revenue in Continental Europe. (We define "**Continental Europe**" as Germany, France, Italy, Spain, Switzerland, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway and Austria.)

Since our founding in 2001, with the launch of the shop-apotheke.com website as the online platform of a Cologne-based pharmacy, we have continually expanded our business. In 2010, we took the strategic decision to move our operations from Cologne to Venlo, the Netherlands, in order to take advantage of the more advanced Dutch regulatory regime concerning the ownership of pharmacies by legal persons and better access to external markets for our expansion into new Continental European markets.

Over the last several years, we have extended our geographic reach within Continental Europe by launching our Austrian website, shop-apotheke.at (April 2012), our French website, shop-pharmacie.fr (March 2015), and our Belgian website, shop-pharmacie.be (July 2015) (this website has since been rebranded as farmaline.be). With effect as of 14 September 2016, we acquired the Belgian online pharmacy Farmaline N.V. ("**Farmaline**" and together with its business, the "**Farmaline Business**"). With the integration of the Farmaline Business into our Group, we expanded our business to a number of European markets previously targeted by us, including the Netherlands, Spain and Italy, and have further enhanced our competitive position in Belgium and France. Our most recent acquisition of nu3 GmbH ("**nu3**") in July 2018 broadened our portfolio to include nu3's complementary attractive high-margin products, expand our customer base, and added new growth prospects in several European markets, especially Switzerland where nu3 already had an existing customer base.

Following the acquisition of the Europa Apotheek Group in November 2017, the Company has also focused on offering Prescription Medications at highest quality and safety standards combined with specialty pharmacy services (smart programs), and grants *inter alia* a bonus to its customers.

Our annual revenue increased from €284.0 million in the year ended 31 December 2017 to €539.76 million in the year ended 31 December 2018.

Our country-specific websites provide access to a total of approximately 100,000 products, which we believe is substantially in excess of the range of products offered in most traditional pharmacies that have a local, physical presence, which we refer to as "**Brick-and-Mortar Pharmacies**". Our country-specific online shops, which we continually strive to optimize, provide a personalized, user-friendly and convenient shopping experience, available "24/7" from any location and most common mobile devices. We further support our customers' shopping experience by providing ancillary services such as pharmaceutical advice videos, instruction videos, automated medication interaction checks and personalized product recommendations. This allows our customers to make informed decisions about the products they purchase.

We have strong relationships with most of the leading Prescription Medications, OTC Medications and Pharmacy-Related BPC Products manufacturers and suppliers. This allows us to make attractive offers to our customers and it also facilitates the negotiations of favorable supply terms, which result in cost advantages in relation to our competitors.

Across the markets in which we operate, our business is supported by our strong technological capabilities as well as our centralized logistics, fulfillment and distribution infrastructure. We have built a proprietary IT platform that we believe to be robust, secure and highly scalable and which has been designed to support the continued growth envisaged by our strategy. Our IT platform allows us to leverage customer information derived from analytic tools to personalize our offering and pharmaceutical services. Our logistics, fulfillment and distribution infrastructure in Venlo supports our centralized taking and handling of orders, warehouse logistics and distribution operations and is built for making use of economies of scale.

We plan to launch a marketplace on our existing platforms in the mid-term mainly for product expansion. In addition we are aiming to expand our data and media solutions for our existing business partners.

5.2 Our Key Competitive Strengths

The still very low online penetration of the Continental European market for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products as well as the absence of leading online and offline brands in this market and the increasing demand for pharmaceutical products present a unique opportunity for our business to gain traction using our existing platform which we created over the past 18 years. On this basis we have built the following competitive strengths:

5.2.1 We are focused on a large addressable market which is rapidly shifting online.

We are focused on the market for Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products in Continental Europe. This market is estimated to have a volume of approximately €180 billion in 2017 (source: SEMPORA Study June 2017). We believe that this market will grow in the future, supported by important structural trends such as the demographic shift toward an aging population in Continental Europe, growing health awareness and the increasing trend toward self-medication.

The Prescription Medications, OTC Medications and Pharmacy-Related BPC Products markets in Continental Europe (excluding Germany) are generally characterized by a very low online sales penetration (meaning the share of online sales in the total applicable markets), which in our opinion leaves substantial room for growth. The average online penetration across Continental Europe in 2017 is estimated at below 2% for Prescription Medications and at 3.5% for OTC Medications and Pharmacy-Related BPC Products. This is significantly lower compared to the online sales penetration levels in other e-commerce verticals such as electronics at 17% (source: Euromonitor; SEMPORA market study, 2017; IMS Health 2017). It is also significantly lower than the level of online sales penetration achieved in the German OTC Medications and Pharmacy-Related BPC Products market (forecasted to reach 17.0% until 2021 according to the Iqvia). We believe that the evolution of online sales in other e-commerce verticals can be seen as an indicator of the expected development of the online penetration of the Continental European markets for Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products. In addition, we believe that the evolution of online sales in Germany indicates that particularly the OTC Medications, Nutrition Products and Pharmacy-Related BPC Products markets are already positively influenced by the ongoing general shift toward e-commerce and are ripe for a digital “disruption”.

We further expect the growth of online sales in the Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products market to be supported by the fact that Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products are well suited to online retail due to their small package sizes, reduced storage requirements, very low Return Rates and relatively high parcel value. Other factors making the online pharmacy market attractive are, in our view, the longer customer lifetime compared to other verticals and the high customer engagement.

We consider the Continental European market for OTC Medications, Nutrition Products and Pharmacy-Related BPC Products to be highly fragmented, with no incumbent pan-European leader yet. This is, in our view, largely due to a number of local regulations in some markets in Continental Europe, such as Germany, France, Italy and Spain, prohibiting the formation of pharmacy chains as well as the external ownership of pharmacies, which in turn impedes access to external capital and prevents pharmacies from making the investments required for online expansion. We believe this represents a very attractive opportunity for us to take leadership in markets for OTC Medications, Nutrition Products and Pharmacy-Related BPC Products in Continental Europe.

5.2.2 The pharmaceutical market is well suited for e-commerce

We believe the pharmacy market to be the perfect fit for the e-commerce because of the:

- Attractive Customer lifetime

  As of the date of this Prospectus, approximately 73% of our customers were aged between 30 and 65 years, whereas 15% were aged over 65 years and 12% were aged less than 30 years. Such client demography shows longer customer lifetime compared to other verticals.

- High customer engagement

  According to our calculations we believe to have high conversion rate which is under our calculations 9%, which is significantly higher than by other competitors. Under our understanding conversion rate is very high since the customers' browsing is linked to immediate need.

- Suitability for mail-order

  We believe pharmacy products to be ideally suitable for mail-order because of small packages and reduced storage requirements. For example on package of pharmaceutical product weights approximately 0.2 kg and its value per kilogram is around €250.

- Very low Return Rates

  Return Rates are very low, as the customers only order what they need. According to our Annual Financial Statements for the year ended 31 December 2018 there was only 0.8% Return Rate, which is in comparison with some retail sellers extremely low.

5.2.3 We have a very strong value proposition for our customers.

We believe our superior customer value proposition is based on our highly attractive prices, superior product selection, convenient shopping experience and outstanding customer counseling and pharmaceutical safety.

We believe we offer customers competitive prices, in particular for OTC Medications and Pharmacy-Related BPC Products. Our ability to offer attractive prices is supported by our lean cost structure as well as by the significant economies of scale achievable in procurement, logistics as well as general and administrative costs, which we can increasingly exploit due to the size of our business and number of customers.

We offer a large selection of approximately 100,000 different Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products. Unlike most Brick-and-Mortar Pharmacies, we are not constrained by limited shelf space at retail premises and have the ability to stock a substantially greater product range in our warehouse facilities. We aim to offer our customers the widest range of Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products available in the countries in which we operate, and typically stock low-sales volume products that Brick-and-Mortar Pharmacies would find inefficient to stock.

We offer our customers a convenient shopping experience available anytime and on most common mobile devices, including smartphones (apps) and tablets. Our websites and mobile applications are optimized to maximize speed and convenience during the process of selecting and purchasing our products, and to allow customers to choose from a variety of payment and delivery methods. In addition, we have direct relationships with approximately 600 active suppliers and wholesalers. This enables us to offer our customers the comfort of not having to wait for availability or having to go twice to the pharmacy, if a product is not in stock at a Brick-and-Mortar Pharmacy.

We believe we offer our customers not only the convenience and privacy of online shopping but also superior product information, consultation and pharmaceutical safety. Our customers can access behavior-based personalized product recommendations and comprehensive product information, including detailed product descriptions, downloadable package inserts and more than 700 instructional videos available at any time through our website, with multilingual emergency customer services available seven days a week over the phone. Pharmaceutical safety for every order is ensured via standardized medical checks developed by our pharmaceutical experts as well as via automated pharmaceutical interaction and contraindication checks and food intolerance checks based on the order history of the customers and other available data. Our parcels containing OTC Medications include a personalized letter to the customer, containing relevant instructions and alerting the customer to any counter-indications detected by our automated customer-indication checks.

5.2.4 There are no dominant offline players in Continental Europe and we are a leading online pharmacy

We believe there is no dominant offline competitor in Continental Europe as Aggregator. According to our estimations as of the date of this Prospectus there are less than 130,000 individually owned pharmacies in Continental Europe.

According to our calculations beside us there is only one more competitor on the Continental Europe online market which represents a competition for us in the term of its size. However, according to our calculation we had revenue growth in the financial year ended 30 December 2018 of 90%, which is significantly higher than any other competitor. We are – according to SEMPORA – a leading online pharmacy in Germany for OTC Medications and Pharmacy-Related BPC Products in terms of revenue. Germany is one of the largest OTC Medications and Pharmacy-Related BPC Product markets in Continental Europe (source: SEMPORA Study 2017) which we believe we have been driving and shaping since 2004. In particular, we have achieved leading positions in terms of revenue (source: SEMPORA Study October 2015) and reputation with suppliers (source: SEMPORA Study June 2016). We further believe that we are a clear opinion leader in this market, leading the development of the market and driving best practices.

By replicating our business model in other Continental European countries, we intend to become the market leader in Continental Europe. By launching our Austrian website, shop-apotheke.at in April 2012, our French website, shop-pharmacie.fr in March 2015, and our Belgian website, shop-pharmacie.be in July 2015 (which has since been rebranded as farmaline.be), we have successfully proven our ability to enter new markets through organic growth. As proven by our success following the enhancement of our marketing activities in Austria, we are also able to achieve very strong results in a short period of time.

With the acquisition of all relevant assets and agreements of the Farmaline Business in 2016 and the acquisition of nu3 in 2018, our active markets in Germany, Austria, Switzerland, Italy, Spain, France, Belgium and the Netherlands represent approximately 80% of the total Continental European market for OTC medications and pharmacy-related BPC products.

We believe that the operating platform we have built over the years, as well as the unique "online pharmacy" know-how we have accumulated, will strongly support the penetration of our current markets as well as our expansion in the future. Our location in Venlo is very well suited for international expansion, both from a geographical and a regulatory perspective. Further, as we penetrate international markets, we can leverage many of our centralized resources like logistics, supplier network and technology platform, hence limiting the incremental costs of expansion.

5.2.5 We have achieved excellence in all areas of our operations.

Our operating platform and respective high market entry barriers have been built up over the past 18 years which we believe would be very difficult to replicate. We believe we have achieved excellence in four crucial areas: (i) sourcing, (ii) logistics, (iii) marketing and customer relationship management ("**CRM**"), and (iv) technology.

Over the past 18 years, we have built a wide network of around 600 active suppliers and wholesalers that we regularly work with, including major international manufacturers of Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products as well as leading German wholesalers. These relationships allow us to offer our customers a broad selection of products as well as to rapidly rollout a localized product assortment when we expand internationally, subject to regulatory restrictions with respect to Prescription Medications. As an important and sizeable partner for our suppliers, we are further able to negotiate favorable pricing terms with our suppliers. To foster our relationships with key suppliers we offer them a number of additional services, including the opportunity to promote their brands in "brand shops" on our respective websites and to launch brand-specific advertising campaigns.

Our 23,500 square meter centralized logistics and distribution center in Venlo is key for our growth strategy. It is based on a highly efficient semi-automated logistics infrastructure customized for online pharmacy operations, with further upside potential from full automation (see Section *5.3* "*Our Strategy – 5.3.2 Continue to invest in our logistics, fulfillment and distribution infrastructure and our front-end platform*"). As of January 2019, we have also entered into new rental agreement for the new building facility in Venlo. The new facility will have a higher degree of automation than our current facility, which will yield a significant reduction of our per-order costs and increase our capacity to up to 35 million orders per year. Our current facility will be vacated and we will relocate to the new location by the end of 2020 or early 2021.

Venlo is well-placed, in terms of geography, transport infrastructure and regulatory environment, to support our business in the Netherlands, Germany, Austria, Switzerland, France, the Netherlands, Belgium, Italy and Spain. Further, our warehouse has sufficient logistical capacity to allow us to grow our Continental European presence further.

Effective and cost-efficient marketing is critical for our success, and we strive to maximize the return on investment on our marketing investments on a regular basis. Our direct marketing decisions are data-driven and based on our proprietary customer segmentation model that allows us to allocate marketing spend to the customer segments with the highest return on investment. In addition to our direct marketing effort, we have consistently invested in our brand.

Our Microsoft-based technology platform is modular and highly scalable, however, at the same time it provides the required level of customization to ensure it fully supports all our enterprise resource planning ("**ERP**"), data analysis and management reporting needs. Through our technology platform, we have implemented the required pharmaceutical safety features, such as our automated pharmaceutical interaction and contraindication checks. Our front-end platform has been developed by our wholly-owned subsidiary RedTecLab GmbH (specialist in front-end website development), and we believe it to be "best-in-class" due to, in particular, the products descriptions and instructional videos presented on the website, the availability of online consultation materials and the general mobile optimization of our website as well as its availability through our iOS- and the Android-based apps. In addition, we have a team of more than 105 dedicated in-house full time IT professionals.

5.2.6 We provide data-drive pharmaceutical counselling and ensure a maximum of pharmaceutical safety for our customers.

We provide for our customers diligent check and personalized product information paired with tailor made counseling. Our offer includes above mentioned the interaction checks with 180 days of customer order history, contra indication checks regarding age, gender, diseases and allergies, 24/7 emergency telephone for existing customer and many more.

5.2.7 We have consistently strong revenue growth and ability to determine break-even target by calibrating growth

Over the past three years, we have realized very strong organic top-line growth, have reaped the benefits of acquired enterprises and have significantly outperformed e-commerce peers. For the year ended 31 December 2018 our revenue was €539,710 thousand, a €255,718 thousand, or 47.4%, increase, compared to €283,992 thousand for the year ended 31 December 2017. According to our estimates, we believe we will achieve earnings before interest, tax, depreciation and amortization ("**EBITDA**") break-even in 2020 and long term of more than 6% steady-state earnings before interest and taxes ("**EBIT**") margin, meaning the quotient of EBIT and revenue expressed as a percentage.

5.3 Our Strategy

The below is an overview of our key strategy goals and considerations as of the date of this Prospectus.

5.3.1 Further Market Penetration

We expect our strong growth trajectory to continue, resulting in us continuing to capture market share from the highly fragmented markets within our existing footprint. We will continue to consider opportunistic mergers and acquisitions opportunities in situations where we are able to expand our market share quickly and efficiently at an attractive valuation, as we did with the acquisition of the Farmaline Business, the Europa Apotheek Business and nu3. We believe we are well positioned to further penetrate the current markets in which we operate, in particular, the French, Dutch, Belgian, Italian and Spanish markets for OTC Medications, Nutrition Products and Pharmacy-Related BPC Products which, in our view, provide the most attractive market opportunities, and to continue to expand our business in Continental Europe.

We have recently engaged in, and will shortly engage in further, preliminary exploratory discussions with a few selected potential target companies and businesses, but as of the date of this Prospectus, no indicative, preliminary or final agreement has been reached to acquire such target companies or businesses.

5.3.2 Continue to invest in our logistics, fulfillment and distribution infrastructure and our front-end platform

Over the past three years, we have made substantial investments in our logistics, fulfillment and distribution infrastructure. Currently, fulfillment functions in our warehouse in Venlo are conducted on a semi-automated basis: while certain steps are automated, certain picking and packaging functions are conducted by our employees. In the future, we intend to make further investments in our logistics, fulfillment and distribution infrastructure to support additional automation, which we believe will further enhance the accuracy and efficiency of our fulfillment processes, reduce our cost of sales and improve our gross margins. In line with that we have entered into new rental agreement for the new building facility in Venlo. The new facility will have a higher degree of automation than our current facility, which will yield a significant reduction of our per-order costs and increase our capacity to up to 35 million orders per year.

In addition, we plan to continue to improve the functionality of our front-end platform, in order to enhance the shopping experience of our customers across all devices and to offer innovative, digital pharmaceutical services which facilitate self-medication.

5.3.3 Increasing our free float

In an effort to grow and become established as a listed company, we are committed to increasing the free float of our Shares. To this end, we may from time to time enter into conversations with our Shareholders to examine ways in which this goal could be achieved, including without limitation, sales of the Shares they own. We are not considering a capital increase to achieve this goal.

5.3.4 Developing new revenue streams

Apart from the continuing strong growth in our existing core business offering Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products, we consider the following to be further important growth avenues for us:

- We strive to expand our product offering with respect to Pharmacy-Related BPC Products as well as with respect to Non-Pharmacy-Related BPC Products and Nutrition Products, which can also be bought in drug stores, perfumeries or supermarkets. The market for Non-Pharmacy-Related BPC Products in Continental Europe represents an attractive addressable market with a volume of €31 billion in 2015 (source: SEMPORA Study June 2017) and would be highly complementary to our existing product range. Further, we believe expanding into this market would render our Group the online shopping destination of choice for all healthcare and personal care needs, which we believe would enhance the loyalty of our customers.
- Due to the highly fragmented nature of the pharmacy market and the absence of pharmacy chains of considerable size in Continental Europe, we have an attractive opportunity to become the advertising platform of choice for the largest brands of OTC Medications, Nutrition Products and Pharmacy-Related BPC Products. We are already collaborating with our suppliers of OTC Medications, Nutrition Products and Pharmacy-Related BPC Products in this area as our “brand shops” are used to promote certain brands. However, we believe there is a significant opportunity to expand this revenue stream over time and, thus, also to become even more attractive to our end customers. We could further add new revenue streams by selling anonymized shopping data to the pharmaceutical and beauty industries. Due to the highly fragmented nature of the pharmacy market and the absence of dominant pharmacy chains in Continental Europe, the availability of such data is currently very limited.

5.3.5 E-script opportunity and enhanced product offering

Since the German health minister's announcement in late 2018 of the plan to introduce e-scripts in Germany, statutory health insurer *Techniker Krankenkasse* has begun a pilot project in Hamburg. On 30 January 2019, the German government approved the final government draft of the Increased Safety in Medicine Supply Act (*Gesetz für mehr Sicherheit in der Arzneimittelversorgung*, “**GSAV**”). GSAV includes *inter alia* regulations on electronic prescriptions and remote prescriptions. For more detailed information on the GSAV and related developments, please see Section 2.2.1. We believe that introduction of the e-scripts will have a positive impact on our growth.

According to Sempora and Euromonitor, in 2018 approximately 1.5% of all prescription drugs in Germany were sold online. Therefore, we believe that the online prescription drug market, currently only above 1/10th the size of the online OTC market, will have increased growth potential following the introduction of e-scripts.

5.4 History and Key Milestones

Our business was launched by our current deputy Chief Executive Officer ("**CEO**") and Chief Marketing and Sales Officer ("**CMO**"), Stephan Weber, and our current CTO, Marc Fischer, in 2001 as the online platform offering Pharmacy-Related BPC Products of a Cologne-based pharmacy. Since our founding, we have continuously expanded our business. In 2004, the German legislator eliminated the prohibition of the mail-order of prescription medications. Following such decision, we introduced OTC Medications in our product offering for the first time in 2004.

In 2010, Medco Health Solutions Inc. (“**Medco**”) acquired our shop-apotheke.com business through its wholly owned subsidiary, Europa Apotheek Venlo B.V., allowing us to combine our pharmacy platform, order processing operations, warehouse logistics and distribution center in premises in Venlo to support the future expansion of our sales and business. After the acquisition by Medco in 2010, the shop-apotheke.com business formed an integrated part of our business.

Following the acquisition of Medco by Express Scripts in April 2012, the decision was made to divest certain assets of Medco, including Europa Apotheek Venlo B.V. In this context, the management of Europa Apotheek Venlo B.V., comprising our current management team, one member of the management team of Europa Apotheek Venlo B.V. and several investors, agreed to acquire the business of Europa Apotheek Venlo B.V. through a management buyout that was completed in December 2012.

In 2012 and 2013, we began to invest significantly in our online platform to build a base for growth in Continental Europe. We launched our Austrian online pharmacy website, shop-apotheke.at, in April 2012. As part of our strategy, we also established a new sales and marketing office in Cologne, acquired our Düsseldorf-based web technology company, RedTecLab GmbH and invested in a new Enterprise resource planning ("**ERP**") system.

In 2014 and 2015, we made additional investments to facilitate expansion within Continental Europe. We hired a fully dedicated sales representative to support our Austrian website, we established a new sales and marketing office in Paris and we launched our first TV marketing campaigns in Germany to build brand awareness. We also launched our French website, shop-pharmacie.fr, in March 2015 and our Belgian website, shop-pharmacie.be (which has since been rebranded as farmaline.be), in July 2015.

In early 2016, we launched our first TV marketing campaign in Austria in order to expand our brand awareness. In addition, we re-launched our German shop-apotheke.com website.

Following the acquisition of the Farmaline Business in September 2016, we expanded our business to a number of European markets previously targeted by us, including the Netherlands, Italy and Spain, and have further enhanced our competitive position in Belgium and France.

Following the acquisition of the Europa Apotheek Group in November 2017, the Company has also focused on offering Prescription Medications at highest quality and safety standards combined with specialty pharmacy services (smart programs), and grants *inter alia* a bonus to its customers.

In July 2018, we acquired nu3, a leading online company for superfoods and functional nutrition. With the acquisition of nu3, we not only further enhanced our penetration rate in our existing markets, but this acquisition also laid the foundation for entering the Swiss market, which is particularly attractive in the beauty and personal care products segment.

In Germany, the price for Prescription Medications is specifically regulated under the German Drug Price Ordinance (*Arzneimittelpreisverordnung*), with the effect that the final price for customers is the same for each product in every German pharmacy. This is achieved by regulating the margins of wholesale distributors and pharmacies, and was historically one of the reasons for the lower online penetration as marketing to consumers was very difficult. In 2012, the German judiciary and legislature determined that these rules also applied to cross-border (mail-order) pharmacies serving German customers. On 19 October 2016 (C-148/15), the ECJ decided that the local law providing for a system of fixed prices for the sale by pharmacies of prescription-only medicinal products cannot be justified on grounds of the protection of health and life of humans, inasmuch as that legislation is not appropriate for attaining the objectives pursued.

5.5 Our Geographical Presence and Market Positions

5.5.1 Germany

Germany is one of the largest markets for OTC Medications and Pharmacy-Related BPC Products in Continental Europe, with a total spending of approximately €6.3 billion in 2015 (source: SEMPORA Study June 2016). Additionally, the German market is characterized by a relatively high online penetration rate, which in 2015 amounted to around 13.5% (source: SEMPORA Study June 2016) and is forecasted to reach 16.0% in 2017 (source: ZRG Prospectus). In contrast the E-commerce market for Prescription Medications in Germany is less mature and is forecasted to reach approximately 1.5% in 2017 (source: ZRG Prospectus).

In Germany, we are currently a leading online pharmacy focused on OTC Medications, Pharmacy-Related BPC Products and Nutrition Products, as well as mail-order Prescription Medication.

In the year ended 31 December 2018, we generated revenue of approximately €414,135 thousand in Germany, our most important market, representing approximately 76.7% of our total revenue for OTC Medications and Pharmacy-Related BPC Products, which is an increase of approximately 97% compared to the €209,549 thousand revenue generated in Germany in the year ended 31 December 2017.

5.5.2 International Markets

In 2012 and 2013, we began to invest significantly in our online platform to build the base for our growth in Continental Europe. In addition to our German website, in April 2012 we launched our Austrian website, shop-apotheke.at. In March 2015, we launched our French website, shop-pharmacie.fr and in July 2015 our Belgian website, shop-pharmacie.be (this website has since been rebranded as farmaline.be). In 2016, we launched our first TV advertisement in Austria to further strengthen our brand.

Since our market entry in Austria, according to our estimations we have become the leading online pharmacy in terms of revenue in Austria.

In the year ended 31 December 2018, we generated revenues of €125,575 thousand on an international level which mainly reflected sales in Austria, France and Belgium, compared to €73,716 thousand in the year ended 31 December 2017.This increase was primarily attributable to our growing presence in Austria and our expansion as a result of the acquisition of the Farmaline Business.

5.6 Our Offering to Customers

5.6.1 Our value proposition to customers

We have become an online pharmacy destination of choice, with approximately 4,476 thousand Active Customers as of 31 December 2018, which we attribute to:

- *Convenient shopping experience*. We provide a convenient shopping experience that is available at any time, without regard to location of the customer and on a wide variety of devices (including PCs, tablets and other mobile devices), including free, fast shipping of many orders, an easy return policy and free customer support;

- *Personalized pharmaceutical care*. The combination of our technology and medication know-how allows us to provide customers with an attractive, personalized, pharmaceutical care offering, including medication advice videos, customized dosage labels, instruction videos, automated medication interaction checks, detailed product information, pharmaceutical counseling and personalized product recommendations, special brand shops and personalized website filter options;
- *Broad selection*. We offer a large selection of approximately 100,000 different Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products. Unlike most physical pharmacy shops, we are not constrained by limited shelf space; and
- *Attractive pricing*. We believe our prices for OTC Medications and Pharmacy-Related BPC Products are lower than the prices of Brick-and-Mortar Pharmacies, and we additionally offer a 50% discount on selected products. Furthermore, our online pricing comparison tool allows us to promptly react to price developments in the market, which helps us to ensure a competitive and attractive pricing of our products.

5.6.2 Our product offering

We offer a total of approximately 100,000 products and have historically primarily targeted the health manager of the family, aged 30 to 65 with OTC Medications, Nutrition Products and Pharmacy-Related BPC Products.

Through our online shops, we aim to offer our customers in all markets in which we operate one of the broadest and most diverse selections of Prescription Medications, OTC Medications, Pharmacy-Related BPC Products and Nutrition Products available online. Besides such products, our product offering also includes medicinal devices, homeopathic products and other pharmacy-related products.

We view our offering of well-regarded brands as attractive to our customers who are seeking a convenient one-stop shopping option for Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products.

Prescription Medications

In Germany, we offer all Prescription Medications, to the extent that such medications have the permission to be placed on the German market and are available.

OTC Medications

Our product offering includes in nearly all relevant markets most of the OTC Medications that are available in the markets in which we operate.

Nutrition Products and Pharmacy-Related BPC Products.

Our product offering includes most of the Nutrition Products and Pharmacy-Related BPC Products in the markets in which we operate.

5.7 Our Value Proposition to and Relationships with Suppliers

5.7.1 Our value proposition to suppliers

We have developed strong relationships with the vast majority of our suppliers, which are either direct manufacturers or wholesalers of the products which we consider to be relevant to our targeted customer base. We were from a supplier's perspective the most highly rated online pharmacy and were ranked first in terms of "best overall service/performance" and "end customer marketing provider" in Germany in 2015 by SEMPORA, which we attribute to:

- *Reach.* We have significant reach in the markets in which we are active and provide access to a broad retail customer base, with approximately 3.5 million Active Customers in 2018 and over 93,070 thousand site visits in 2018;
- *Brand promotion for OTC Medications, Nutrition Products and Pharmacy-Related BPC Products.* Our online-shop is an attractive platform for pharmaceutical suppliers who desire to enhance the image of their brands and is designed to promote brand-awareness, which supports the development of our suppliers' brands and facilitates online sales;
- *Access to anonymized data analytics.* We actively assist our suppliers in understanding the online pharmacy market by offering insights into customer behavior through providing statistical analyses on an anonymized basis from our data analytics; and
- *Long-term partnerships.* We collaborate closely with suppliers of Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products and enter into long-term strategic partnerships which provide our partners the possibility to launch advertising campaigns in our online-shops, to influence the way in which their products are presented (brand shops) as well as give them insights on customers' behavior.

5.7.2 Our relationship with suppliers

Our suppliers include major manufacturers of Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products as well as leading German wholesalers, giving us access to major pharmaceutical or personal care brands, such as Aspirin or Vichy. In Germany, Austria, Switzerland, France and Belgium we work with around 600 active suppliers and wholesalers. We believe that the close and active relationships that we have with our suppliers, as well as our leading market position, allow us to negotiate favorable supply terms, which result in cost advantages as compared to our competitors.

5.8 Our Operating Platform

5.8.1 Creation and expansion of our customer base

We acquire new customers through a diverse set of paid and unpaid marketing channels, affiliate channels and partners, customer referrals, direct navigation, key word search campaigns and social media, engaging with customers across multiple channels and devices, including mobile and app. We believe that, in particular, our websites shop-apotheke.com and shop-apotheke.at generate traffic in our German-speaking markets as a significant amount of traffic on our websites has been generated from search engines where prospective customers have searched for a market place for Prescription Medications, OTC Medications, Nutrition Products or Pharmacy-Related BPC Products or for health-related issues on the internet. Core to our business model is that we acquire customers once, and then drive engagement and repeat purchases from those customers over a long period of time by leveraging our data base.

Almost all of our marketing activities are executed in-house, and we view performance marketing as one of our core competences. Performance marketing comprises search engine advertising ("**SEA**") and search engine optimization ("**SEO**") as well as affiliate marketing. SEA is a form of internet marketing that involves the promotion of websites by increasing their visibility in search engine results pages through optimization and advertising, whereas SEO describes the process of affecting the visibility of a website or a web page in a search engine's search results. We focus on showing highly relevant advertisements and landing pages to the right target group. We see SEA as the most efficient form of marketing for our websites and have dedicated significant resources to achieve excellent quality scores and high rankings on relevant search terms. In addition to SEA, we attract customers through affiliate marketing, price comparison engines and retargeting on relevant websites and flyers in parcels that reach our target group.

We further grow and strengthen the awareness of our brand via television campaigns and YouTube campaigns as well as flyer campaigns in parcels of other online e-commerce companies. In each year since 2013, we launched a new television commercial in Germany focusing on the introduction and presentation of the broad selection of products and brands available in our online shops and the attractive price offering and in 2016 we launched a new television commercial in Austria. Since May 2014, we operate our own YouTube channel which comprises certain playlists on different healthcare topics. In more than 700 self-produced videos, which are available on our website anytime, we introduce certain products to our customers and provide guidance on the correct application of such products.

To create a personalized shopping experience for our customers, we leverage our data capabilities (see Section 5.8.5 "*Technology*") for tailoring ancillary services to the respective customer based on certain criteria. Our CRM defines certain target groups by adding different attributes derived from our customer data analysis model (see Section 5.8.5 "*Technology*"), such as the customer group, gender, age or order pattern. This classification allows us to initiate personalized CRM campaigns tailored to targeted customer groups which include various sales promotions, such as discounts and giveaways. Such campaigns are executed via email or postal mailing and on our website. We also measure the effectiveness of our television advertising in several dimensions: consumers that visit our shop-apotheke.com website during a TV spot are tagged, allowing us to analyze the quantity and quality of consumers attracted by television spots.

5.8.2 Customer Care

We regard customer care as fundamental to our business as it provides the most direct feedback from our customers and gives us a sense for overall customer sentiment and satisfaction. We offer all our customers free customer support by telephone, email, post and social media channels and invest in training and coaching of our customer care representatives.

We place particular emphasis on localizing our customer service by offering our customer service in German for our German, Austrian and Swiss customers and in French for our customers located in France and Belgium. We operate our customer service center in Venlo, servicing customers of shop-apotheke.com, shop-apotheke.at, shop-pharmacie.fr and the brand Farmaline.

Furthermore, based on our customer data model, our system decides, depending on certain parameters, which information regarding the product or its application is provided to the customer in which way and at which point in time, in order to ensure the convenient application by the customer.

We use Trusted Shops (an online shop certification service based in Cologne, Germany) to increase the trust of our customers in our online shops. Trusted Shops offers a (so called) “trust badge” for online shops. It is the leading quality seal in the European Union providing for buyer protection for consumers.

5.8.3 Returns

Due to consumer protection reasons, customers have a legal right to return an order. However, returns have been a small part of our business. They occur for instance in the event that our customers have ordered wrong products or simply dislike the products purchased. In that case, we offer customers free and convenient returns, which we believe complete our customer proposition from a marketing perspective. However, certain medications are not suitable for returns and are therefore excluded. Our return policies provide for a 14-day return period. Our Return Rate in the financial year ended 30 December 2018 amounted to approximately 0.84%, which we believe is very low compared with Return Rates for other e-commerce product segments which focus on more customized products, like fashion. We constantly aim at making our return process more efficient to further reduce cost of returns. Returned Prescription Medications and OTC Medications need to be disposed of for regulatory reasons.

5.8.4 Content Creation

Our dedicated in-house content creation team seeks, with assistance of our pharmacists, to achieve high quality product presentation for our websites with short lead times and in a cost-efficient manner. At our headquarters in Venlo, the Netherlands, a team of content professionals seeks to ensure that new products are advertised online quickly. The content production process includes three-dimensional imaging and videos for Prescription Medications, OTC Medications, Nutrition Products and Pharmacy-Related BPC Products, including related web design, as well as describing different products. Another key feature of our online content is the translation of pharmaceutical expert language texts and the results of our medication interaction checks into layman terms for our customers.

Website product content can be created entirely in-house or on the basis of content provided by our suppliers, which includes in particular content regarding our product offering as well as package inserts. By focusing on image optimization and detailed description, our team ensures exceptional customer experience.

In addition, we implemented a customer product review feature in our online pharmacies. Customers can share their views and experiences with products that they purchased in our online pharmacies, which allows us to monitor shifting customer demands and swiftly respond to changing customer preferences.

5.8.5 Technology

We constantly strive to use technology as a tool to improve the customer experience in our online-shops and overall customer satisfaction, including supporting the increase in traffic from mobile devices such as tablets and smartphones. Over time, we have built a proprietary and modular Microsoft-based technology platform which is tailored to our specific needs and which we believe to be robust, secure, highly scalable and geared for future growth.

Our IT infrastructure is designed (and regularly tested) to accommodate significantly higher than our current volumes of traffic, customers and orders, and can be used in the course of the intended expansion of our business into other Continental European countries. Our IT systems are customized to our specific needs and facilitate efficient supply chain management, sourcing, customer relations, enterprise resource planning, risk management, control, finance and customer-facing e-business functionalities. In addition, our IT systems are monitored 24/7 and have had an uptime of more than 99.7% for more than two consecutive years.

Our front-end platform has been developed by our wholly owned subsidiary, RedTecLab GmbH, which is a webshop provider with more than 20 years of experience. RedTecLab GmbH basically runs our online shop and provides a broad range of IT services to us, including consulting, implementation, operation and maintenance services, upgrades, software development as well as the provision of hardware and security systems. A fully-owned online shop provider allows us to stay independent from third-party providers. Furthermore, we believe our tailor-made e-commerce shop system to be “best-in-class” due to, in particular, the cross-sell and web analytics functions, the content and newsletter personalization, the social media and application video integration as well as the country specific front-ends and the optimized templates and apps.

Our modular, scalable and customized Microsoft-based ERP system (MS Dynamics AX) is another key success factor for our business. It offers highly individualized modules as well as highly digitalized and automated order work flow.

For purposes of creating a personalized shopping experience, we maintain sophisticated tools for gathering large amounts of data regarding the browsing and shopping behavior patterns of our customers. We use our business intelligence as basis for our marketing campaigns as well as to improve our operations and to optimize our marketing costs. In addition, our business intelligence capabilities and customer data analysis model allow us to tailor our offering and ancillary services to the needs of our customers. In particular, we are able to track, among other things, the order frequency of a specific customer as well as the type of his or her orders. Based on this data our system decides what product information should be provided to this customer, in which way and at which point in time, in order to ensure a convenient shopping experience.

Our business intelligence infrastructure further allows all departments to track the key performance indicators relevant to them in real time and enables the preparation of standardized reports across all countries.

5.8.6 Venlo Logistics Center and logistics

In our logistics center in Venlo, the Netherlands, we store our inventory, process customer orders, arrange distribution and handle returns. Currently, we are handling up to 60,000 customer orders per day. The capacity is sufficient to process annualized orders representing up to EUR 1 billion in sales, which can be reached in the coming years. Due to capacity constraints in our current facility, in January 2019, we signed a rental agreement for a new logistics center in close proximity to our current facility. We plan to relocate all activities to the new facility in late 2020/early 2021. The new facility will roughly triple our capacity and will have a much higher degree of automation, resulting in a significant reduction of our costs per customer order. We believe that Venlo is and will continue to be well positioned geographically to support our current and future operations including any potential expansion of our business into certain Continental European countries. Furthermore, the Netherlands provide for one of the most developed and stable legal environments for online pharmacies in Europe. Additionally, due to Venlo's location in the Netherlands, close to the border to Germany, the delivery distances to our customers are optimized.

Our logistics processes inside our logistics center encompass fulfillment activities (inbound logistics, storage, outbound logistics, including product picking, packing, and final checking as well as return handling) and distribution activities (transportation and shipping services).

Our supply chain management is mainly based on two concepts: internal, statistical sales predictions and high purchasing frequency. We developed our replenishment tool as a part of our ERP system in order to facilitate reliable predictions. This tool takes into account the following aspects per stock-keeping unit: daily sales in the last four weeks, type of product (*e.g.*, fast or slow moving item), average replenishment time and confidence level of a supplier. In addition, our purchase department includes the marketing plans in their decisions. With a daily purchasing proposal per supplier made by our replenishment tool we are able to reduce the needed stock coverage of each stock-keeping unit. This process results in a target stock quantity that enables us to fulfill customer requests and minimize the working capital needed at the same time.

5.8.7 Distribution

Through a combination of our internal logistics operations and the use of trusted third-party logistics providers, we deliver our products to our customers at attractive and competitive delivery times for our customers. We outsource customer delivery since it is more efficient to rely on external providers such as Hermes and DHL in Germany for last mile distribution. Products purchased at shop-apotheke.com and shop-apotheke.at are shipped to destinations within Germany and Austria, respectively, without charge above certain minimum order sizes and are typically delivered within one to three days. In all other countries, we deliver our products via our partner DPD on similar terms.

Parcels for our German customers are directly collected by our logistics partners Hermes and DHL at our premises in Venlo and then are directly shipped to their destinations in Germany. Our customers can choose their preferred logistics partner, either DHL or Hermes, themselves. We ship products to our other European markets using a variety of logistics partners. and regularly review the shipping contracts for all of our markets, to achieve competitive prices, improve cost efficiency and increase customer satisfaction.

5.8.8 Payments

As our customers' preferences of payment methods differ, particularly from country to country, we offer a variety of payment methods to meet specific customer preferences depending on the customer's creditworthiness which is assessed by our customer data. Currently the following payment methods are available on our websites:

- Credit cards (Visa and MasterCard);
- PayPal;

- Klarna (nu3 only);
- Invoice (shop-apotheke.com and shop-apotheke.at only) which includes delivery against subsequent payment based on an invoice;
- Electronic cash (shop-apotheke.com only) which is a debit card system of the German banks secured by PIN codes;
- "Sofortüberweisung", a German online direct payment method on the basis of tried and tested online banking (shop-apotheke.com only);
- Carte Bleue (shop-pharmacie.fr only), a French major debit card payment system;
- BillPay (shop-apotheke.at only), in which case invoices and claims are factored to BillPay against payment;
- SEPA direct debit, a direct bank debit system (shop-apotheke.com only); and
- against prepayment (shop-apotheke.com only).

For customer convenience, we offer with respect to our Farmaline Business seven additional payment methods which are commonly used in the countries in which Farmaline is active, such as ING Home'Pay, KBC online and iDeal.

Except for the option of payments against invoice, we offer our customers all payment options free of charge. We believe that offering the preferred payment method to a customer helps us optimize customer satisfaction and significantly improves "conversion" (the proportion of customers who complete the checkout process in order to pay for a product on a website).

During the decision making process for each order we use external scoring information as well as our proprietary risk management system to detect fraud. We use an external real time solvency check, based on the data available to our service provider which classifies the customers during the check-out in different scoring levels. As we take on credit risk associated with certain payment methods (especially invoices), we have developed proprietary risk management systems that enable us to reduce our exposure to fraud by way of analyzing customers' internal identification numbers and their zip codes. Both, our innovative data-based fraud prevention system as well as our external check run in parallel to the check-out process and determine in real time what payment methods should be offered for a specific order also taking into account the content of the shopping cart. On the basis of our analysis there are in general four potential results: no restrictions in relation to the order, imposing restrictions regarding payment methods, conducting a manual anti-fraud check after the order is placed or rejecting the placement of the order. A dedicated fraud prevention team seeks to continuously improve our anti-fraud detection system. As a result, the current fraud rate is negligible.

5.8.9 Human resources

Our staff's skills and qualifications form the basis of all services that we provide. The personnel service, recruitment, personnel support and development functions are performed by our human resources department. We attach great importance to recruiting highly competent employees and providing them with the training to enhance their skills and qualifications, including participation in relevant training programs.

5.9 Intellectual Property

We hold three word and figurative community trademarks for the signs “Shop-apotheke” (CTM 009024688), “A Shop-apotheke.com” (CTM 009024696) and “shop-apotheke.com” (CTM 013298302 and CTM 013298591). Our Group also owns a number of internet domains (both country-code and generic) which relate to our trademarks shop-apotheke.com (*e.g.*, shop-apotheke.com, shop-apotheke.at and shop-pharmacie.fr), Farmaline (*e.g.*, farmaline.be) and a number of internet domains (both country-code and generic) which relate to trademarks of the Europa Apotheek Group (*e.g.*, europa-apotheek.com) and of nu3.

5.10 Material Contracts

The following Section provides a summary of agreements to which one or more of the Group companies is a party as of the date of this Prospectus and which we consider to be material to our Group. The terms used in the respective agreements and in the descriptions of those agreements do not necessarily have the same meaning as similar terms that may be used in our financial statements incorporated by reference in this Prospectus, including terms that have a certain meaning under IFRS.

5.10.1 Rental Agreement for our Headquarters at Venlo

Our warehouse and offices at our headquarters at Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands are rented by way of a lease agreement dated 21 January 2017 between Europa Apotheek Venlo B.V. as tenant and ProLogis Realty I B.V. as landlord.

As of January 2019, we have entered into new rental agreement for the new building facility in Venlo. The new facility will have a higher degree of automation than our current facility, which will yield a significant reduction of our per-order costs and increase our capacity to up to 35 million orders per year. Our current facility will be vacated and we will relocate to the new location by the end of 2020 or early 2021.

Any delay with relocating our old facility or changes with the agreed leasing financing structure could have a material adverse effect. If we do not achieve the planned business growth we could suffer loss due to the higher expenses connected with the maintenance of the new and old facility in the same time.

5.11 Legal Proceedings

As of the date of this Prospectus, we are subject to a civil law proceeding in France. In the first instance, the plaintiffs, *L’union des Groupements de Pharmaciens d’Officine* (*UDGPO*), *L’Association Française des Pharmacies en Ligne* (*AFPEL*), Mr. Daniel Buchinger with the *pharmacie du centre*, *La Société Pharmacie du Bizet* and *La Société Pharmacie de Lescombes*, competitors of the Company, alleged that we are pursuing business in France that is not compliant with French law. In particular, the plaintiffs alleged that we have not obtained the French authorities’ prior authorization for our online medications selling activity in France in accordance with French law and that we have organized our online operations without taking into consideration certain specific French legal requirements. Additionally, the plaintiffs alleged that we have sent information materials to potential consumers in France allegedly promoting our services and products. The plaintiffs also alleged that we inappropriately offered price reductions related to medications on our French website. Lastly, the plaintiffs alleged unfair competition toward French competitors represented by the plaintiffs.

In its decision dated 11 July 2017, the court of first instance ruled that the country of origin principle should apply, in order to determine which national law governs our online activity in France. Such a conclusion is based on the E-Commerce Directive 2000/31/EC and the Directive on the Community Code Relating to Medicinal Products for Human Use (2001/83/EC). As a consequence, since we are based in the Netherlands, our online medications selling activity in France is governed under Dutch law and not under French law. Provided that the medications we sell are authorized on the French market and that those medications are not subject to a medical prescription in France, French law cannot create any barriers to our online activity.

The court, however, considered that both the E-commerce Directive 2000/31/EC and Directive 2001/83/EC contain exceptions to the country of origin principle. Those exceptions are based on the objective of public health protection. In other words, some national restrictions can be opposed to a foreign EU pharmacy provided that they are:

(1) necessary to reach the objective of public health protection;

(2) justified; and

(3) proportionate to reach such an objective.

The Court considered that the following requirements, which provide that authorizations must be obtained from the French authorities prior to the beginning of any online medications selling activity, do not satisfy these criteria:

(1) the license to hold a brick-and-mortar pharmacy;

(2) the prior permission from the General Director of the competent French Regional Public Health Authority; and

(3) the registration of the website on the list of authorized pharmacy websites made available by the French Order of Pharmacists.

The court ruled then that these requirements cannot govern our online activity. The court considered that the requirements governing our activity regarding prior administrative permissions are those contained in the Dutch law and that we have sufficiently proved that we comply with them.

Nevertheless, the court ruled that the following French provisions regarding the advertising satisfy the criteria above mentioned, and should be applied:

(1) Article R.5125-74 of Public Health Code that prohibits encouragement to excessive consumption of medications; and

(2) Article R.4235-22 of Public Health Code that prohibits pharmacists soliciting clients through means that are contrary to the dignity of the profession.

As a result, the court found that these provisions governed our online activity and that we have not complied with them.

As a result, the court found that we engaged in unfair competition:

(1) for sending information materials promoting our French website to potential consumers in France; and

(2) for proposing price reductions, in violation of the French requirements above mentioned.

On such basis, we have been ordered to pay the plaintiffs an amount of €84,825.72, including legal costs. We have also been ordered to publish a copy of the judgment on our French website and in three magazines or newspapers. Nevertheless, we have been authorized to delay such publication in case we appealed the decision, which we did.

On 21 September 2017, we appealed the judgment, arguing that Articles R. 4235-22 and R. 4235-64 of the French Public Health Code could not apply to us because of the country of origin principle set out in Article 3 of the e-Commerce Directive (2000/31/EC). We further explained that if the French rules on advertising by a pharmacist were nevertheless applied to us, this would amount to an unjustified barrier to the free movement of goods in violation of Article 34 TFEU and would not be justified by, and proportionate to, the need to protect public health. To the extent that the rules apply to medicinal products, applying the French rules to a pharmacy established in another Member State would also be contrary to Article 85c of the Directive on the Community Code on medicinal products (2001/83/EC). Since EU law is fully concerned, we suggested the Court of Appeal to seek a preliminary ruling from the ECJ

Respondents maintained their claims and asked the Court of Appeal to apply the provisions of the French Public Health Code and the French Decrees of 28 November 2016 of the French Minister for Social Affairs and Health on Good Practices and Technical Rules to our practices in France.

On 28 September 2018, the Court of Appeal decided to stay proceedings and seek a preliminary ruling from the ECJ on the compatibility of the French rules with EU Law. The Court of Appeal is asking the ECJ whether EU law, in particular:

- Article 34 TFEU;
- Article 85c of the Community Code; and
- The internal market clause contained in Article 3 of the e-Commerce Directive:

allows a Member State of the European Union to impose, within its territory, specific rules on pharmacists who are nationals of another EU Member State operating in its territory concerning:

i. the prohibition of soliciting clients through procedures and methods which are regarded as being contrary to the dignity of the profession, pursuant to the present version of Article R. 4235-22 of the French Public Health Code;

ii. the prohibition of inciting patients to excessive consumption of medicinal products, pursuant to the present version of Article R. 4235-64 of the French Public Health Code;

iii. the obligation to observe good practices, as defined by the public authorities of the Member State, in the distribution of medicinal products, which also requires that a health questionnaire be included when medicinal products are ordered online and which prohibits the use of paid referencing pursuant to the present version of the Decree of 28 November 2016 of the French Minister for Social Affairs and Health.

We submitted our written observations on 29 January 2019, and are currently waiting for a decision of the ECJ.

If the ECJ rules that the above-mentioned French rules could be applicable to us and afterwards the French Court of Appeal rules that they apply, we could be restricted in pursuing certain advertisement and sales measures. We could also be obliged to take into consideration some or all of the French law requirements regarding the online activity of pharmacists. We could, thus, be restricted in doing business in France. We could also be ordered to publish the decision to be adopted by the French Court of Appeal on our website, in magazines and newspapers. Nevertheless, as of the date of this Prospectus, we can predict neither the ECJ's decision nor the decision to be adopted by the French Court of Appeal afterwards. We expect the ECJ's decision by the end of this year.

We are also currently involved in another civil law proceeding in France before the Court of First Instance of Paris. The plaintiff, *l'Union de Pharmacologie Scientifique Appliquée (UPSA),* alleged that we advertised illegally in order to promote our Company. Besides, UPSA alleged that our advertisements illustrated its products with a view to profit from UPSA's reputation. As a consequence, according to the plaintiff, the public may believe that the alleged illegal advertisement is attributable to UPSA.

UPSA argues, on the one hand, that it incurred an image damage, and on the other hand, that it incurred a moral damage resulting from the fear to be penalized for the alleged illegal advertisement we made.

Given that the facts and the argumentation of UPSA are largely based on the previous mentioned case (UDGPO case) and ask similar legal questions regarding EU law, we requested the Court of First Instance to stay the proceeding, in order to wait for the ruling the ECJ will adopt in the UDGPO case. A hearing to discuss our request took place on 13 May 2019. The Court of First Instance announced at the hearing that it will reach its decision regarding our request on 24 June 2019.

As for the previous mentioned case, the results and potential consequences of this UPSA case are unpredictable as of the date of this Prospectus.

In addition, we are also currently involved in a civil law proceeding in Belgium. This litigation may lead to adverse operational consequences for us.

We filed a case against the Belgian Association of Pharmacists, which manages a website on which database subscriptions are offered to health professionals. We subscribed to one of these databases, however, the Belgian Association of Pharmacists refused to acknowledge the validity of our subscription on the ground that required formalities were not followed. In any case, it will refuse any valid subscription request on two alleged grounds: it would not be allowed to sell these subscriptions outside of Belgian territory and we are not qualified as a health professional.

We filed the suit against the Belgian Association of Pharmacists in an effort to have our subscription contract validated and enforced. We believe the defendant's pretenses to be false, and that this refusal might be motivated by a desire to restrain our activities in Belgium and to restrict online sales of medicines as a whole in Belgium, or to limit such sales to the defendant's own platform.

By judgment of 19 October 2018, the Commercial Court of Brussels dismissed our request, ruling there was no contract between the parties. On 15 November 2018, we appealed the judgment. The defendant's arguments are similar as those they advanced in first instance. We expect a decision by the Court of Appeal within a year from now.

See also Section 2 "*Risk Factors – 2.2 Risks Related to Regulation – 2.2.13. Adverse judgments or settlements resulting from legal proceedings could expose us to monetary damages and limit our ability to operate our business.*"

Besides the aforementioned proceedings, in Germany there are some legal proceedings that can affect our business even if we are not party of the proceedings. In its decision from 24 November 2016, the Federal Court of Justice (*BGH*) sees an obligation of all national courts to continuously assess if the assumption of the ECJ in its judgment of 19 October 2016 – that there is no sufficient legitimation for the application of German Drug Price Ordinance to mail-order pharmacies from other EU member states – is still valid. The BGH has referred the proceeding to the Higher Regional Court (*OLG*) Cologne that has to assess this question. There's no date for an oral hearing yet. If OLG Cologne recognizes a sufficient legitimation of the German legislator in the meantime, it cannot be ruled out that the court either interdicts the further granting of our bonus offers for Prescription Medications or demands the ECJ for another preliminary ruling on that question leading to an inverse judgment of the ECJ compared to the decision of 19 October 2016. Thus, our bonus offers could (temporarily) become illegal.

In reaction to the judgment of the ECJ, the LG of Munich argued that the ECJ had not decided about the accordance of a bonus with the German Advertising of Healthcare Products Act (*Heilmittelwerbegesetz*, "**HWG**"). Since the HWG aims to prevent the customer from being influenced by promotions not related to the purchase of goods, whereas the German Drug Price Ordinance (*Arzneimittelpreisverordnung)* has the purpose to guarantee uniform prices, a bonus could still not be compliant with section 7 HWG (LG Munich I, 16 March 2017, 17 HK O 20723/14 and 17 HK O 22516/14). The OLG Munich is of the opinion that the findings of the ECJ must also be taken into account within the framework of the examination of section 7 HWG. In order to assess whether, in the event of a dispute, there was reason to refer a new reference for a preliminary ruling to the ECJ, it would therefore be necessary to make further observations on the necessity of fixed pharmacy sales prices for Prescription Medications for the protection of health and life of humans to examine whether the findings made by the ECJ are actually binding (OLG Munich, 12.04.2018, 6 U 1679/17). However, it cannot be excluded that other national courts will not initiate a second preliminary ruling regarding this legal issue, due to the judgments of the BGH and OLG Munich.

In addition, we are currently subject to three first instance social court (*Sozialgericht*) proceedings in Germany regarding the so-called manufacturer rebates that pharmaceutical producers reimburse pharmacies. According to German law, pharmaceutical producers in Germany are obliged to pay manufacturer rebates to the health insurer. Payment is normally done through the pharmacy *i.e.* the health insurer will deduct the rebate from their payments to the pharmacy and subsequently the pharmaceutical producer will pay the pharmacy. In response to the judgment of the ECJ of 19 October 2016 (C-148/15), some pharmaceutical producers reclaim manufacturer rebates reimbursed to us in prior years. They argue that payment of the manufacturer rebates requires the application of the German Drug Price Ordinance, but the ECJ had decided that these rules have never been applicable to mail-order pharmacies from other European countries. The value in dispute amounts to approximately EUR 1.1 million in the aggregate. A court ruling in the first instance is expected in 2019 or 2020; a final decision will take several years. An adverse decision in this case and other cases may not only adversely affect the prices and discounts we agreed upon with pharmaceutical manufacturers which, in turn, may have a material adverse effect on our ability to operate profitably.

Europa Apotheek is furthermore currently subject to a third instance civil law proceeding related to competition law. The Pharmacies Chamber of North-Rhine

Westphalia has alleged that portions of Europa Apotheek's advertisements are not in accordance with the provisions of the German Act on Unfair Competition. In particular, the chamber has alleged that Europa Apotheek's offers of bonuses to its customers covered under private health insurance were illegal. The LG Stuttgart and the OLG Stuttgart have declared this bonus offer admissible. The Pharmacies Chamber of North-Rhine Westphalia has appealed against this ruling to the BGH. An adverse judgment with respect to this point might affect the current bonus strategy of Europa Apotheek relating to customers covered under private health insurance and could therefore have an adverse effect on our business and results of operations. Furthermore, the Pharmacies Chamber of North-Rhine Westphalia has recently applied to the LG Stuttgart for an administrative fine against Europa Apotheek, since an advertising statement to be omitted had been violated. On 26 April 2019, the LG Stuttgart issued a fine of €10,000 against Europa Apotheek. Europa Apotheek has lodged an immediate appeal before the LG Stuttgart against this decision. On 17 May 2019, the LG Stuttgart decided that it did not remedy the immediate appeal and has now submitted the files to the OLG Stuttgart for decision.

In addition, Europa Apotheek Venlo B.V. is the defendant in a pending lawsuit filed by Rödl Dynamics AG. The two parties entered into a software development agreement, in which Rödl Dynamics AG promised to perform certain services by no later than 31 December 2012. Europa Apotheek Venlo B.V. terminated the agreement on 11 August 2012 when it became apparent, in its view, that Rödl Dynamics AG would not be able to meet the agreed upon timeline. Rödl Dynamics AG sued for damages amounting to approximately €1.1 million, arguing that Europa Apotheek Venlo B.V. had no legally recognized grounds for termination. In March 2014, the court of first instance ruled in favor of Europa Apotheek Venlo B.V., which currently holds a bank guarantee in the amount of €902 thousand as a result of this ruling. The matter has been pending before the appellate court, where a decision is expected; it is uncertain at which date.

In Austria, the Pharmacy Chamber has initiated legal proceedings against us concerning our online advertising. The proceedings are twofold: the Pharmacy Chamber asked for an interim injunction and filed a claim on the merits. We are currently in the interim injunction proceedings because the main proceeding is automatically suspended until a binding decision is reached in the interim injunction proceeding. The Pharmacy Chamber claims that the logo as well as the wording used indicate that we have a physical seat in Austria. The first two instances rejected the interim injunction application. The second instance denied an ordinary appeal to the Supreme Court (*Oberster Gerichtshof*). The Pharmacy Chamber filed an extraordinary appeal and we replied in due time (mid-April 2019). The proceedings are still ongoing. The Supreme Court ordinarily reaches a decision within six months in interim injunction proceedings.

The Medicines Agency (*Bundesamt für Sicherheit im Gesundheitswesen*) has initiated an administrative proceeding against us for the online sale of OTC veterinary medicinal products. The Austrian Medicines act only allows the sale of OTC human medicinal products. We filed a statement why the complete prohibition of the OTC sale of veterinary products violates the internal market principle and the free movement of goods principle as interpreted by the ECJ (*e.g.* in the Doc Morris case). Currently the Medicines Agency is still evaluating the statement. They did not indicate how the Medicines Agency will further proceed. If the Austrian Medicine Agency concludes that a ban is permissible, this could have a significant impact on the sale if the order (*Bescheid*) also excluded the suspensive effect of such order. The exclusion lies in the sole discretion of The Austrian Medicine Agency.

In Italy, as it was clarified by the Ministry of Health in its Circular Note of 10 May 2016, the sale of medicine through an online marketplace is not permitted, since this would be in contrast with the principle of allowing the online sale of medicines solely through the websites of authorized pharmacies/parapharmacies (*i.e.*, those included in the list on the Ministry of Health's website). The use of mobile apps is also forbidden.

Furthermore, Italian law forbids advertising of Prescription Medications to the general public and requires prior authorization of the Ministry of Health for advertising non-prescription Medications. In this respect, the Ministry of Health has imposed strict limits to the online promotion of non-prescription Medications (*inter alia*, in its Circular Note of 6 February 2017, providing guidance on the use of the new means for advertising self-medication medicines), which have an impact on our business, financial condition and results of operations.

Administrative fine may be applied in case of infringements of the rules on online selling and/or promotion of medicinal products.

On 13 December 2018, the Ministry of Health sent us a letter to ask whether Italian customers can purchase online medicines on the Italian website shop-farmacia.it, which we manage. In this respect, the Ministry of Health has explained that in Italy only pharmacies and parapharmacies authorized by the competent Italian authorities may sell online non-prescription Medications through the authorized websites. In the reply to the Ministry of Health's request, we stated that we operate our online business in Italy, like in other member states, in full compliance with EU law. The Ministry of Health has not yet followed up on this matter. If the Ministry of Health imposed any sanctions, its decision could be challenged before the administrative court, where we could provide arguments based on other similar EU cases. A negative decision of the court may have a material adverse effect on our business, financial condition and results of operations.

In the Netherlands, we are currently in discussions with the Dutch Food and Consumer Product Safety Authority (*Nederlandse Voedsel- en Warenautoriteit*) about the online provision of three veterinary medicines and whether or not the Company or (as is currently the case) one of the Company's fully owned and operated subsidiary should have the wholesale license in place. The discussion is still in a premature stage and no conclusions can be drawn as yet as to its consequences.

From time to time, we are also involved in various proceedings in which opponents make claims challenging our marketing efforts and the sales platforms we utilize in a number of jurisdictions in which we operate.

Apart from the foregoing proceedings, neither the Company nor any of its Group companies is currently, or has been in the past twelve months, a party to any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware) which may have, or have had in the recent past, significant effects on the Company's and/or the Group's financial position or profitability.

5.12 Insurance

Our insurance coverage includes, among other things, business liability insurance, merchandise insurance, and directors and officers ("**D&O**") insurance. The D&O insurance covers financial losses that may arise in the course of the exercise of the corporate duties of the insured persons. As required under applicable law, each member of our Managing Board remains personally responsible, in the event they are adjudged to have personal liability, for 10% of the total amount of such liability, up to an amount that equals one point five times such member's total annual fixed remuneration from our Group.

5.13 No Significant Change

There has been no material adverse change in the Company's prospects since 31 December 2018.

On 17 April 2019, the Company completed (i) a EUR 50 million capital increase with the issue of approximately 1.39 million additional Shares, representing approximately 11.5% of the Company's issued share capital, with institutional investors by way of an accelerated book-build at an issue price of EUR 36.00 and (ii) a concurrent tap issue of the Original Bonds with the issue of the New Bonds for an aggregate principal amount of EUR 60 million at an issue price of 99.47%. Other than that, there has been no significant change in the financial or trading position of the Group since 31 December 2018.

5.14 Capital Expenditures

Capital expenditures consist principally of investment capital expenditure and replacement capital expenditure.

In the year ended 31 December 2018, our investment capital expenditures amounted to €22,515 thousand (or 4.2% of revenue) primarily reflecting the acquisition of nu3 and ongoing investment in more efficient processes, such as ongoing ERP investments and website development and IT investment.

In the year ended 31 December 2017, our investment capital expenditures amounted to €174,579 thousand (or 6.1% of revenue) primarily reflecting the acquisition of the Europa Apotheek Group and ongoing investment in more efficient processes, such as ongoing ERP investments and website development and IT investment relating to the series of legal demergers and asset transfers pursuant to which the business of the Group had been demerged from the business of EHS Europe Health Services B.V.

In addition, we invested in other financial assets. These investments in other financial assets are investments in liquidity funds to avoid negative interest on cash. As the Company plans to invest further in process automation and capacity expansion as well as its information technology systems, and needs additional growth financing for international market expansion, these investments in other financial assets will be converted into cash and used accordingly in the future.

We expect that further capital expenditures will be incurred in relation to further investment in automation and capacity expansion of our operations.

Principal investments in progress and principal future investments

For the remainder of the current financial year, no specific investments have already been approved.

We plan major investments in increased operations capacity and process automation in the years 2019 and 2020, but have not committed any capital as of the date of this Prospectus.

6. GENERAL INFORMATION ON THE COMPANY AND THE GROUP

6.1 Incorporation

The Company was incorporated as a result of a demerger by a notarial deed as Shop Apotheke Europe B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law, which became legally effective as of 30 September 2015. After the demerger became effective, the Company was subsequently converted into a public company with limited liability (*naamloze vennootschap*) on 23 September 2016 and the Articles of Association were amended pursuant to a notarial deed of conversion and amendment in accordance with a resolution of the General Meeting.

6.2 Commercial Name and Registered Office

The legal and commercial name of the Company is Shop Apotheke Europe N.V.

The Company has its corporate seat (*statutaire zetel*) in Venlo, the Netherlands, and its registered business address at Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands (telephone number +31 (0)77 8505900). The Company is registered with the trade register of the Chamber of Commerce (*Kamer van Koophandel*, the "**Trade Register**") under number 63986981.

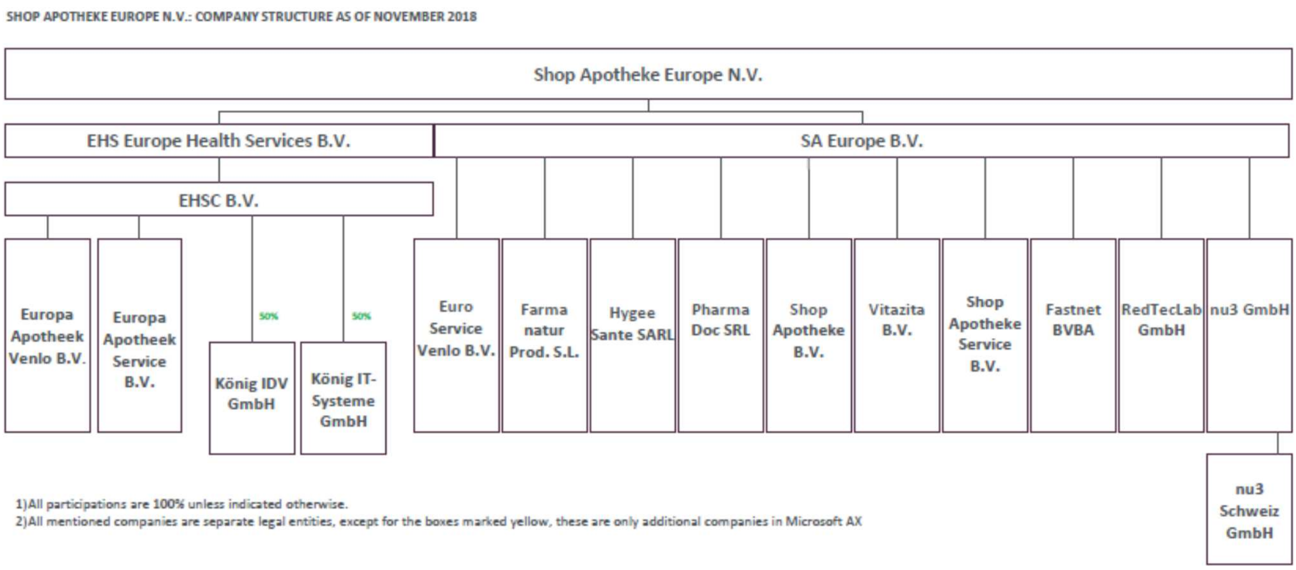
6.3 Fiscal Year

The fiscal year of the Company coincides with the calendar year.

6.4 Group Structure

The Company is the parent company of our Group and exercises certain management functions for the Group, including strategy, mergers and acquisitions and integration, risk management, Group accounting and controlling, treasury, legal, taxation, investor relations, Group marketing and public relations. The subsidiaries of the Group also exercise certain of these management functions for the Group, as well as the operation of the business of our Group.

The following chart shows the structure of our Group including its direct and indirect subsidiaries as of the date of this Prospectus:



6.5 Auditors and Changes in Auditor

In the annual general meeting held 16 May 2017, the Company appointed BDO Audit & Assurance B.V. ("**BDO**") as the external auditor to audit the Company's annual accounts for the financial year ending 31 December 2017.

In the annual general meeting held 26 April 2018, the Company re-appointed BDO as the external auditor to audit the Company's annual accounts for the financial year ending 31 December 2018.

In the annual general meeting held 30 April 2019, the Company appointed Mazars Accountants N.V. as the external auditor to audit the Company's annual accounts for the financial year ending 31 December 2019.

BDO has audited the Annual Financial Statements incorporated by reference in this Prospectus, and has issued unqualified auditor's reports thereon which are also incorporated by reference in this Prospectus. The address of BDO is Dr. Holtroplaan 15, 5652 XR Eindhoven, the Netherlands.

BDO has no interest in the Company. BDO is an independent registered accounting firm. The auditor signing the auditor's reports on behalf of BDO is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

6.6 Control by Major Shareholders

To the extent known by the Company, it is neither directly nor indirectly owned or controlled by any major Shareholders as of the date of this Prospectus. The Company is also not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

6.7 Information Concerning the Underlying Shares

6.7.1 Availability of Certain Information About the Underlying Shares

Information about the past and the further performance, and volatility, of the Shares issued by Shop Apotheke Europe N.V., into which the Bonds can be converted, can be obtained from the Company's website, at https://shop-apotheke-europe.com/en/investorrelations/aktie/.

6.7.2 ISIN/WKN/Ticker Symbol of the Underlying Shares

On 13 October 2016, the Shares were for the first time listed and admitted to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange, and simultaneously to the sub-segment thereof with additional post-admission obligations (Prime Standard), with International Securities Identification Number (ISIN) NL0012044747, German Securities Code (*Wertpapierkennnummer, WKN*) A2AR94 and Trading Symbol SAE.

7. MANAGING BOARD AND SUPERVISORY BOARD

This Section summarizes certain information concerning the Managing Board and the Supervisory Board.

7.1 Management Structure

The Company has a two-tier board structure consisting of the Managing Board and the Supervisory Board. The Managing Board is the statutory executive body and is responsible for the day-to-day management of the Company, which includes, among other things, formulating the Company's strategies and policies and setting and achieving the Company's objectives. The Supervisory Board supervises and advises the Managing Board.

7.2 Managing Board

7.2.1 Members of the Managing Board

At the date of this Prospectus, the Managing Board is composed of the following five members:

Name	**Position**	**Significant principal activities performed by the members of the Managing Board outside the Company**
Stefan Feltens	Chief Executive Officer (CEO)	• None
Stephan Weber	Chief Marketing and Sales Officer (CMO) and Deputy Chief Executive Officer	• Managing director of swinvest GmbH
Dr. Ulrich Wandel	Chief Financial Officer (CFO)	• Managing director of WANDEL Consultants GmbH • Managing director of Reinhold Technik GmbH & Co. KG
Theresa Holler	Chief Operating Officer (COO)	• None
Marc Fischer	Chief Information Officer (CIO)	• CEO of RedTecLab GmbH • Managing director of MAFI Invest GmbH

The Company's registered business address (Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands, see Section 6 "*General Information on the Company and the Group — 6.2 Commercial Name and Registered Office*") serves as the business address for all members of the Managing Board.

7.3 Supervisory Board

7.3.1 Members of the Supervisory Board

At the date of this Prospectus, the Supervisory Board is composed of the following four members:

Name	Position	Other memberships in administrative, management or supervisory bodies or as partners in partnerships within the previous five years
Jan Pyttel	Chairman	• Managing director of Iberia Industry Capital Group SA
Dr. Björn Söder	Vice-Chairman	• Managing director of Parklane Capital Beteiligungsberatung GmbH • Managing director of Parklane Capital Verwaltungsgesellschaft mbH
Frank Köhler	Member	• Managing director of Humiecki & Graef GmbH
Jérôme Cochet	Member	• Managing director of Vinel UG (limited liability) • Managing director of Monte Cevedale UG (limited liability) • Global managing director of dunnhumby Limited

The Company's registered business address (Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands, see Section 6 "*General Information on the Company and the Group — 6.2 Commercial Name and Registered Office*") serves as the business address for all members of the Supervisory Board.

7.4 Potential Conflicts of Interest and Other Information

The Company is aware of the fact that all of the members of the Managing Board hold Shares in the Company and that three members of the Supervisory Board, Jan Pyttel, Björn Söder and Frank Köhler, hold Shares in the Company. Furthermore, Stephan Weber and Marc Fischer are brothers-in-law.

Frank Köhler's brother, Michael Köhler, was a member of the Managing Board until 31 December 2018 and Michael Köhler is still a Shareholder.

Other than these circumstances, the Company is not aware of any circumstances that may lead to a potential conflict of interest between the personal interests or other duties of members of the Managing Board, personal interests or other duties of the members of the Supervisory Board, vis-à-vis the Company.

8. Recent Developments, Outlook and Profit Forecast

8.1 General

We started the 2019 financial year with substantial revenue growth. Consolidated first quarter revenues rose by 33% to €174.7 million compared to €130.7 million during the first quarter a year earlier. The Company increased its consolidated gross earnings by 42%, from €23.0 million during the first three months of 2018 to €32.6 million over the period under review. The number of Active Customers increased substantially, from 2.7 million as of 31 March 2018 to now more than 3.8 million as a result of the Company's successful growth initiatives, an increase of 40%. We expect the positive developments regarding revenue and the key performance indicators to continue throughout the full financial year 2019.

The Managing Board forecasts an acceleration of the Group's organic growth to approximately 30% (2018: 25%) for the whole 2019 fiscal year, equivalent to an increase in revenue to around €700 million (2018: €540 million). The adjusted EBITDA margin, which is EBITDA before certain non-recurring items related to the acquisition of the Europa Apotheek Group in 2017, the acquisition of nu3 in 2018, and capital markets transactions (the issuance of the Original Bonds in 2018), divided by revenue and expressed as a percentage, is projected to be at least on the previous year's level or slightly improved during the current fiscal year, target EBIT margin, meaning the quotient of EBIT and revenue expressed as a percentage, is expected to reach at least 6%, with EBITDA break-even expected to be achieved in 2020.

The outlook is based on operational data and may be subject to change. A wide range of factors, many of which are outside our control may affect our actual results, including those described under Section 2 "*Risk Factors*", such as general economic conditions, industry-specific factors and competition. We caution that the foregoing information has not been audited or reviewed by our independent auditors and should not be regarded as a representation or forecast by us or any other person regarding our results for the financial year ending 31 December 2019 that will be reported in due course in 2020.

We plan to launch a marketplace on our existing platforms in the midterm mainly for product expansion. In addition we are aiming to expand our data and media solutions for our existing business partners. The foregoing profit forecast has been properly prepared on a basis comparable with our historic financial information, and the related basis of accounting is consistent with our accounting policies.

8.2 Profit Forecast Assumptions

Our profit forecast contained in the second paragraph of Section 8.1 above is based upon the principal assumptions set out below.

The assumptions that are within our influence or control are:

- the integration of, and the synergy realization with respect to, acquisitions proceeding as planned and not being more difficult, time consuming or costly than expected;
- there will be no material future changes to our existing capital structure other than from normal course of business; and
- there will be no material further restructurings.

The assumptions that are not within our influence or control are:

- there will be no or only insignificant changes in the regulatory framework and that there will be no material changes in the legal framework, such as in pharmaceutical law and tax law;
- there will be no material change in the ownership of and control of the Company;

- there will be no material change in general trading conditions, economic conditions, competitive environment or levels of demand in the countries in which we operate which would materially affect our business; and
- there will be no adverse outcome to any litigation or government investigation.

8.3 Alternative performance measures

In Sections 5.2.7 and 8.1, we present certain alternative performance measures, which are financial measures and ratios that our management and certain of our peers in our industry use to monitor performance or which our management regards as being useful for investors. These figures are not recognized measures under IFRS and should, for this reason, not be considered as an alternative to the applicable IFRS measures. None of these alternative performance measures have been subject to audit.

These are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority on 5 October 2015 on alternative performance measures (the "**ESMA Guidelines**"). We present these alternative performance measures as supplemental information because we believe they may contribute to a fuller understanding of our cash generation capacity and the growth of our business and brand in a way that takes into account our segments. We believe that the presentation of the alternative performance measures included in this Prospectus complies with the ESMA Guidelines.

We have included these measures because we believe they provide investors with additional information to measure the operating performance of our business activities. Our use of these measures may vary from the use of such measures by other companies in our industry. The measures we use should not be considered as an alternative to revenue, results of operations, result for the period or any other performance measure derived in accordance with IFRS. Nor should these measures be considered as an alternative to net cash used in or generated by operating activities as measure of liquidity.

These measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under IFRS. They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with IFRS. Their usefulness is therefore subject to limitations. Such measures should be considered in conjunction with our Annual Financial Statements prepared in accordance with IFRS and the respective notes thereto. A reconciliation of such measures to their most directly comparable measures defined under IFRS is included on page 94 of our Annual Report 2018 under the caption "Combined Management Report – Economic Report".

9. DEFINITIONS

The following definitions are used in this Prospectus:

ABN AMRO	ABN AMRO Bank N.V.
Active Customers	Unique customers who have placed at least one order in the 12 preceding months
Annual Financial Statements	Audited consolidated financial statements of the Company as of and for the year ended 31 December 2017, and 31 December 2018
Annual Report 2017	Audited consolidated financial statements for the financial year ended 31 December 2017 of the Company (consisting of a statement of profit and loss, a statement of financial position, a statement of cash flows and notes, and prepared in accordance with IFRS)
Annual Report 2018	Audited consolidated financial statements for the financial year ended 31 December 2018 of the Company (consisting of a statement of profit and loss, a statement of financial position, a statement of cash flows and notes, and prepared in accordance with IFRS)
Articles of Association	Articles of association (*statuten*) of the Company
BDO	BDO Audit & Assurance B.V.
BPC	Beauty and personal care
BGH	Federal Court of Justice (*Bundesgerichtshof*)
Bondholders	Holders of a co-ownership interest or similar right in the global bond that represents the Bonds
Bonds Terms and Conditions	The two sets of terms and conditions of the Bonds comprising (i) the terms and conditions of the Original Bonds dated 12 April 2018 and (ii) the terms and conditions of the New Bonds dated 10 April 2019
Brick-and-Mortar Pharmacies	Traditional pharmacies that have a local, physical presence
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMO	Chief Marketing and Sales Officer
CRM	Customer relationship management
Code	Dutch Corporate Governance Code

Company	Shop Apotheke Europe N.V.
Continental Europe	Germany, France, Italy, Spain, Switzerland, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway, Greece, Slovenia and Austria
Conversion Period	Period from and including 30 May 2018 up to and including the earlier of the following days (i) the 35th business day prior to 19 April 2023 and (ii) if the Bonds are redeemed by the Issuer, the 10th business day prior to the date of such redemption, in which a Bondholder will have the right to convert his or her Bonds into Shares.
COO	Chief Operating Officer
D&O	Directors and officers
Data Protection Act	German Federal Data Protection Act (*Bundesdatenschutzgesetz*)
DAV	German Pharmacist Association (*Deutscher Apothekerverband e.V.*)
e-Privacy Regulation	An EU Commission regulation concerning the respect for private life and the protection of personal data in electronic communications scheduled to repeal and replace the Directive on Privacy and Electronic Communications with effect from 25 May 2018
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, tax, depreciation and amortization
ECJ	The Court of Justice of the European Union
Elements	Requirements made up of disclosures
ERP	Enterprise resource planning
EUR or euro or €	Single European currency adopted by certain participating member states of the European Union, including the Netherlands and Germany
Euromonitor	Euromonitor International, a globally operating British company providing strategic market research on products and services
Euronext Amsterdam	a regulated market of Euronext Amsterdam N.V.
Europa Apotheek Business	Offering of OTC Medications, Pharmacy-Related BPC Products and certain cosmetics online

Europa Apotheek Group	EHS Europe Health Services B.V. together with its direct and indirect subsidiaries
Farmaline Business	Online business of Farmaline
Farmaline	Farmaline N.V.
Framework Agreement	Agreement concluded between the Company, the GKV-SV and the DAV in its current version of 30 September 2016, leading to a full participation to the German reimbursement system
General Data Protection Regulation or GDPR	Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data
General Meeting	General meeting (*algemene vergadering*) of the Company
Germany	Federal Republic of Germany
GKV-SV	The German Central Federal Association of Statutory Insurance Funds (*Spitzenverband Bund der Krankenkassen*)
Global Bond	Each global bond representing the Bonds
Group or our Group	Shop Apotheke Europe N.V., Venlo, the Netherlands together with its consolidated subsidiaries
GSAV	Increased Safety in the Medicine Supply Act (*Gesetz für mehr Sicherheit in der Arzneimittelversorgung*)
HWG	German Advertising of Healthcare Products Act (*Heilmittelwerbegesetz*)
IFRS	International Financial Reporting Standards as adopted by the European Union
IMS Health	IMS Health, a globally operating provider of information services and technology for the healthcare industry
Issuer	Shop Apotheke Europe N.V.
KBV/KZBV	Organization of Panel Doctors
LG	Regional Court (*Landesgericht*)
Listing	Admission to trading of €135,000,000 4.50% senior unsecured convertible bonds due April 2023 on the regulated market segment of Euronext Amsterdam
Listing Agent	ABN AMRO Bank N.V.

Managing Board	The managing board (*raad van bestuur*) of the Company
Maturity Date	19 April 2023
Medco	Medco Health Solutions Inc.
Mobile Visits	Site visits originating from tablets and smartphones as well as other non-desktop computer based means of visiting our sites, such as smart TVs
MoH	German Ministry of Health
Number of orders	Number of customer orders containing at least one product, placed during the measurement period
Nutrition Products	natural food and health products, low carb products and sports nutrition
nu3	nu3 GmbH
OLG	Higher Regional Court (*Oberlandesgericht*)
OTC Medications	Medicines sold to a customer without a prescription from a healthcare professional, as compared to prescription-only medicines, which may be sold only to customers possessing a valid prescription
Pharmacy-Related BPC Products	Personal care products that are almost exclusively distributed through pharmacies
Prescription Medications	Medications sold only to a customer possessing a valid prescription
Principal Amount	The current aggregate principal amount of the Bonds, being €135,000,000
Proposal	Proposal on the Strengthening of local pharmacies act (*Gesetz zu Stärkung der Vor-Ort-Apotheken*)
Prospectus	This document
Return Rate	Percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period
SEA	Search engine advertising
Securities Act	United States Securities Act of 1933, as amended
SEO	Search engine optimization
Settlement Shares	Bonds which will (unless previously redeemed, cash settled or purchased and cancelled) be converted at the option of a

	bondholder, into Shares
SGB V	German Social Code Book V (*Sozialgesetzbuch V)*
Shares	ordinary bearer shares in the share capital of the Company, each with a nominal value of €0.02
Supervisory Board	The supervisory board (*raad van commissarissen*) of the Company
TFEU	Treaty on the Functioning of the European Union
Trade Register	Dutch Trade Register of the Chamber of Commerce (*Kamer van Koophandel*)
UK	The United Kingdom of Great Britain and Northern Ireland
United States	The United States of America
us	Shop Apotheke Europe N.V., Venlo, the Netherlands together with its consolidated subsidiaries
VAT	Value-added tax
we	Shop Apotheke Europe N.V., Venlo, the Netherlands together with its consolidated subsidiaries
ZRG Prospectus	Zur Rose Group AG Offering and Listing Memorandum dated 21 June 2017

COMPANY

Shop Apotheke Europe N.V.
Dirk Hartogweg 14
5928 LV Venlo
The Netherlands

LEGAL ADVISORS TO THE COMPANY

As to German and Dutch law
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LISTING AGENT FOR THE BONDS

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