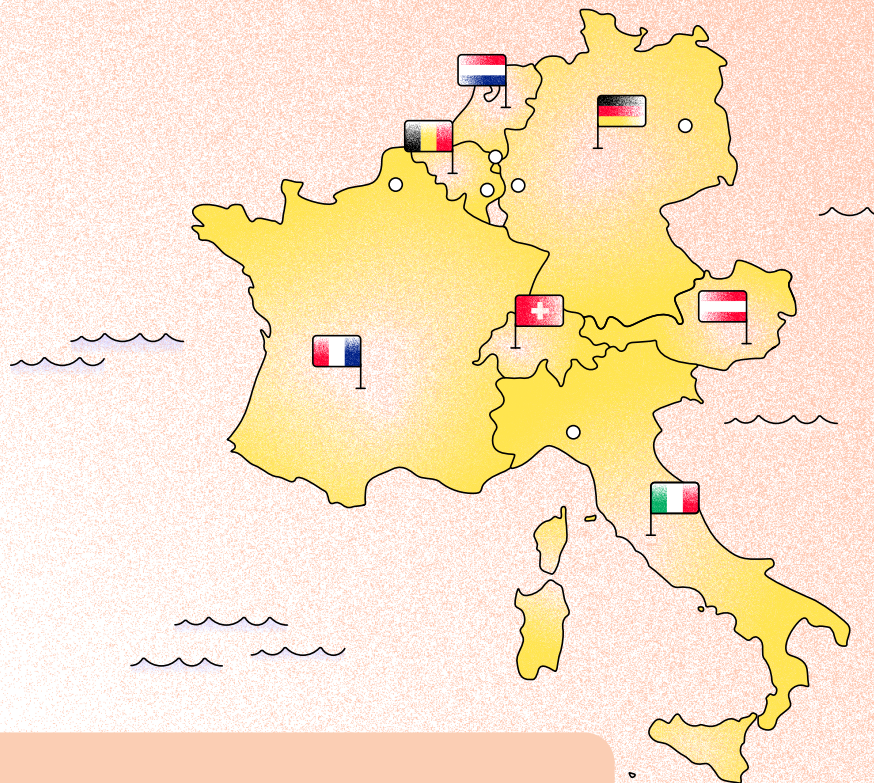


# Interim report



30 SEPT.  
2023



## About Redcare Pharmacy.

Originally founded in 2001, Redcare Pharmacy (formerly known as SHOP APOTHEKE EUROPE) today is the leading e-pharmacy in Europe, currently active in seven countries: Germany, Austria, France, Belgium, Italy, the Netherlands and Switzerland.

Headquartered in Sevenum, close to the Dutch city of Venlo and in the heart of Europe, the company has locations in Cologne, Berlin, Munich, Tongeren, Warsaw, Milan, Lille and Eindhoven.

As the one-stop pharmacy of the future, Redcare Pharmacy offers over 10 million active customers a wide range of more than 150,000 products at attractive and fair prices. Besides OTC, nutritional supplements, beauty and personal care products as well as an extensive assortment of health-related products in all markets, the company also provides prescription drugs for customers in Germany, Switzerland and the Netherlands.

Pharmaceutical safety is of top priority. Being a pharmacy at its core, Redcare stands for comprehensive pharmaceutical consultation service. Since care is at the heart of everything Redcare does, the company provides services for all stages of life and health. This ranges from its marketplaces to unique delivery options and medication management.

Redcare Pharmacy N.V. has been listed on the Regulated Market of the Frankfurt Stock Exchange (Prime Standard) since 2016. As of 19 June 2023, the company is a member of the MDAX selection index.

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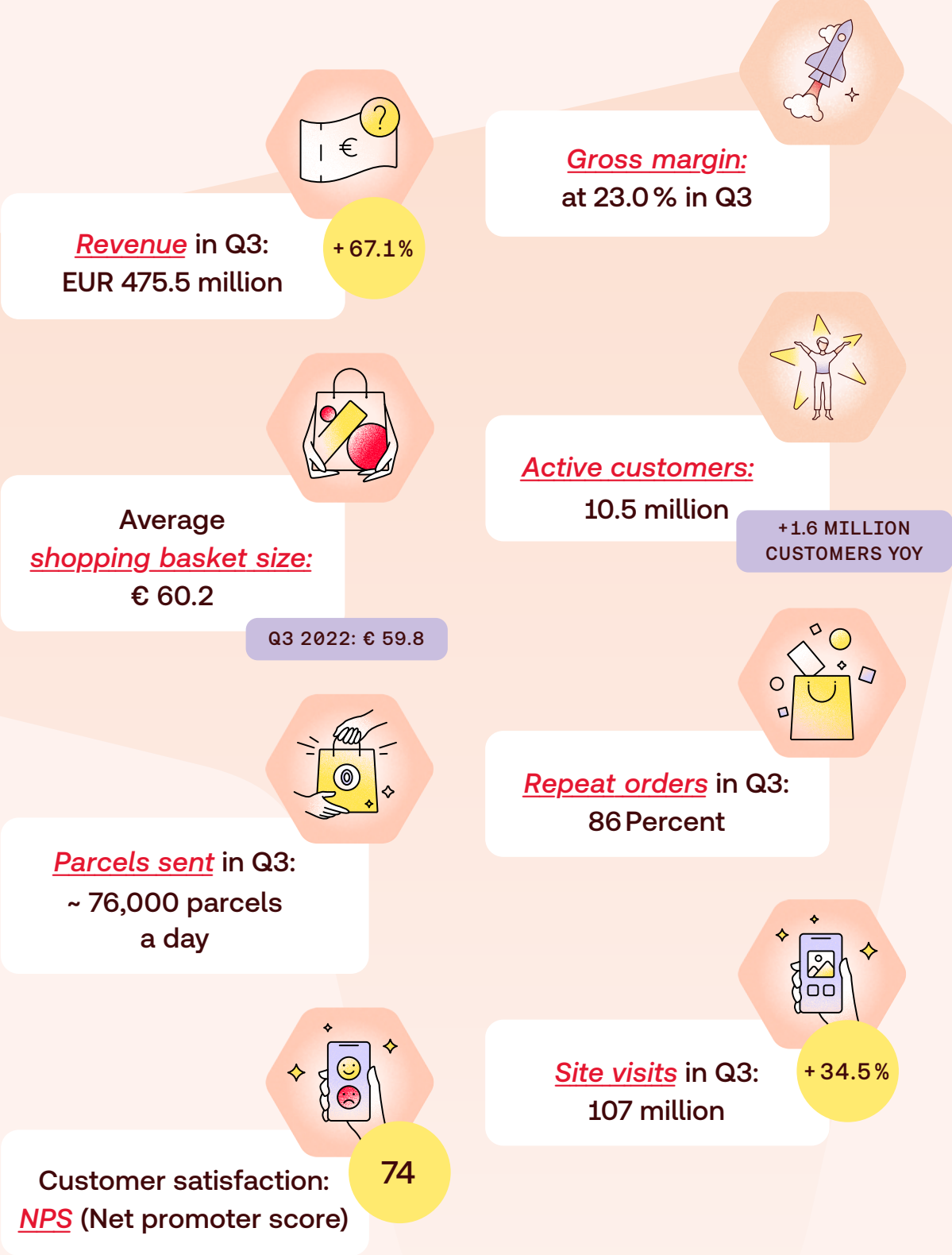
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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2022 and any public announcements made by Redcare Pharmacy N.V. during the interim reporting period.

# Key figures.

► Continuously increasing our strong growth across Europe.



## ► Business model, group structure and corporate governance.

The statements made in the 2022 Annual Report regarding the business model, the group structure, the management system and the corporate governance practices still apply at the time of publication of this interim report, with one significant change, namely the acquisition of 51 % of the shares in MediService AG. As a consequence, since mid-May 2023, the numbers of MediService are consolidated into the Redcare Pharmacy numbers.

## ► Business development.

### Consolidated revenues and results of operations.

Sales of prescription and non-prescription pharmaceuticals and pharmacy-related beauty and personal care products are subject to seasonal fluctuations, with demand for pharmaceuticals especially high during the first and fourth quarters of the year. Though previously disrupted by the effects of the Covid-19 pandemic, these seasonal patterns appear to slowly normalize.

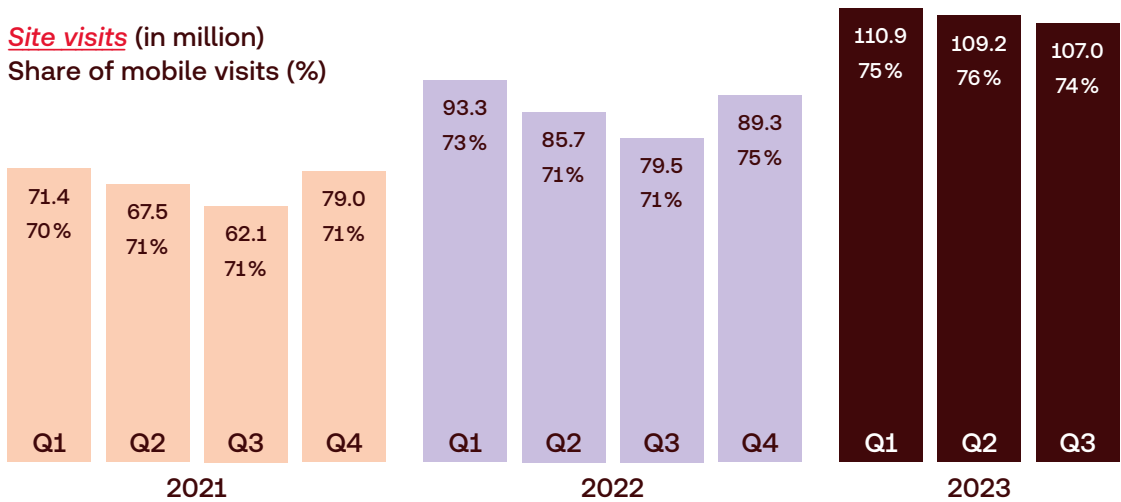
During the third quarter, Redcare Pharmacy successfully continued revenue growth. In Q3 2023, group revenue increased by 67.1 % to EUR 475.5 million (Q3 2022: EUR 284.5 million). In continuation of the past many years, the number of active customers also rose significantly, now standing at 10.5 million active customers. Compared to Q3 of last year, Redcare added over 1.6 million customers.

The number of orders reached 7 million in Q3, with the size of the average shopping basket value excluding MediService and platform, EUR 60.2 (Q3 2022: EUR 59.8). The share of repeat orders was 86 % in Q3, slightly above the previous year's level of 85 %, while the return rate remained minimal at less than 1 %.

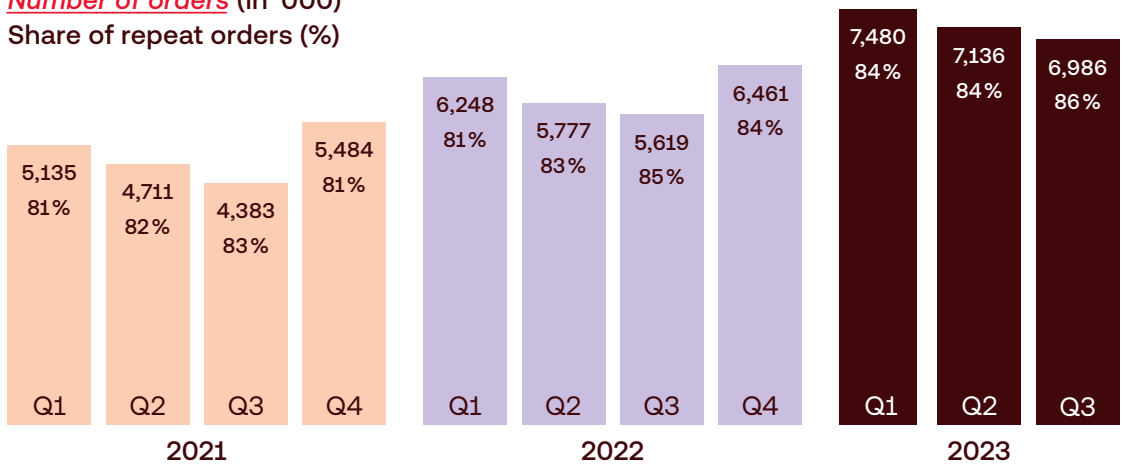
	2021				2022				2023		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Page visits (million)	71.4	67.5	62.1	79.0	93.3	85.7	79.5	89.3	110.9	109.2	107.0
Mobile page visits (million)	50.4	48.0	44.4	56.0	67.7	60.6	56.3	67.1	83.1	82.5	79.4
Ratio mobile (in %)	70	71	71	71	73	71	71	75	75	76	74
Orders (million)	5.1	4.7	4.4	5.5	6.2	5.8	5.6	6.5	7.5	7.1	7.0
Orders by existing clients (in %)	81	82	83	81	81	83	85	84	84	84	86
Return rate (in %)	0.7	0.8	0.8	0.7	0.7	0.8	0.8	0.7	0.7	0.7	0.8
Active customers (million)	6.8	7.1	7.3	7.9	8.3	8.6	8.9	9.3	9.7	10.1	10.5
Average shopping cart (in €)	63.5	61.5	61.0	58.9	56.8	57.9	59.8	58.8	57.9	58.9	60.2



**Site visits** (in million)  
Share of mobile visits (%)



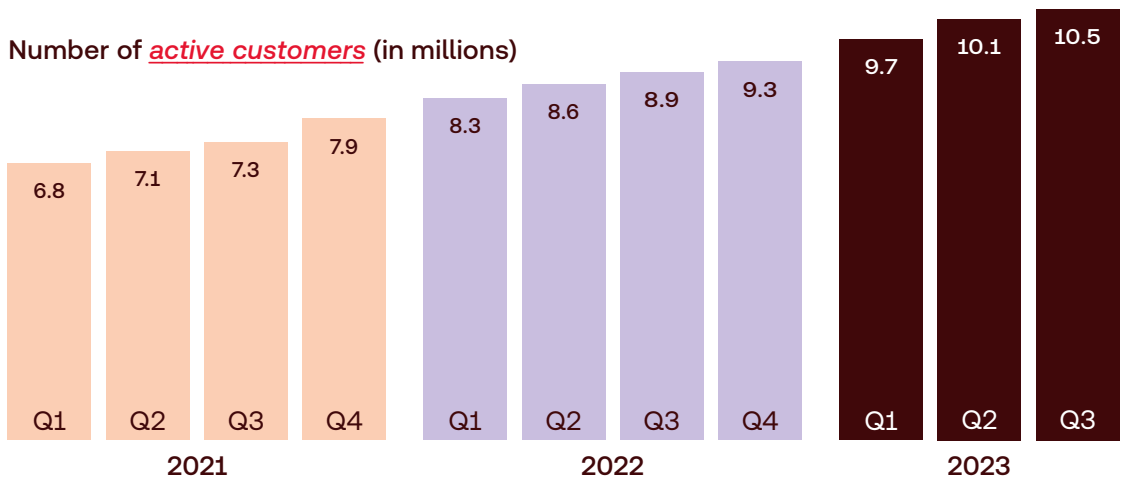
**Number of orders** (in '000)  
Share of repeat orders (%)



Redcare Pharmacy’s continuously growing active customer base.



Number of **active customers** (in millions)



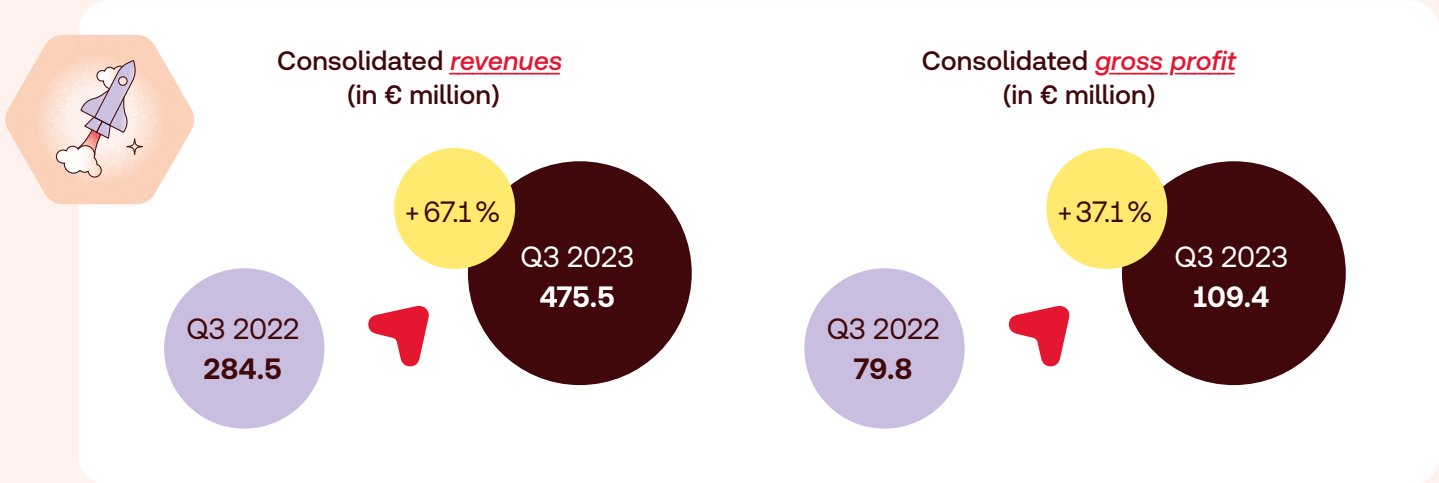
With a growth rate of 37.1%, gross profit in Q3 at Group level increased significantly compared to the same period last year, from EUR 79.8 million to EUR 109.4 million. The consolidated gross margin stands at 23.0% (Q3 2022: 28.1%). The smaller gross profit margin results from the consolidation of MediService AG with its Rx business, which typically has lower gross margins (as a percentage of sales) but a significantly higher contribution per parcel in absolute terms.

Adjusted Selling and Distribution (S&D) expenses for the total business were EUR 80.6 million in Q3 (Q3 2022: EUR 68.8 million), or 17.0% of sales (Q3 2022: 24.2%). This marks a significant year-over-year improvement in terms of efficiency, effectiveness, customer loyalty and scale, while also benefiting from the inclusion of MediService. Adjusted Administrative costs amounted to EUR 13.7 million in Q3 (Q3 2022: EUR 9.9 million). Adjusted administrative costs as percentage of sales were 2.9% in Q3, 0.6 pp lower than last year's 3.5%.

Redcare Pharmacy's adjusted EBITDA stood at EUR 15.3 million (margin 3.2%) in Q3 2023. Last year, it was EUR 1.3 million (margin 0.4%).

With depreciation expenses of EUR 13.7 million (Q3 2022: EUR 10.8 million), which are reflective of this year's higher investment level, EBIT was EUR -2.0 million for Q3 2023 (Q3 2022: EUR -16.7 million).

Net finance costs and income tax decreased by 426%, from EUR -3.4 million to EUR +11.1 million in Q3. This quarter included a release (gain) with no cash impact of EUR 12.9 million, due to a fair value adjustment of the contingent consideration liability related to the acquisition of First A, later renamed GoPuls.



## ► Segment performance.

### DACH segment.

In Q3 2023, DACH – Redcare Pharmacy’s largest segment by revenues, covering business activities in Germany, Austria and Switzerland – grew by 74.2% compared to a year earlier. In euros, revenues rose to EUR 389.7 million after EUR 223.7 million in Q3 2022. Revenues from prescription drugs (Rx) business showed the largest growth with 374.2% year over year, driven by the inclusion of MediService, while non-Rx sales also grew double-digit in all three countries – with an average growth rate of 24.6%. Compared to last year, gross profit grew at a rate of 40.2% to EUR 88.3 million, with a gross margin of 22.6% (Q3 2022: EUR 63.0 million, 28.1%). The adjusted EBITDA for Q3 2023 was EUR 19.8 million compared to EUR 6.2 million for Q3 2022, translating into a margin of 5.1% vs. 2.8% previous year.

### International segment.

Redcare Pharmacy’s International segment (Belgium, France, Italy, and the Netherlands) increased its Q3 revenues by 41.1% to EUR 85.8 million (Q3 2022: EUR 60.8 million). Segment gross profit earnings rose by 25.4% from EUR 16.9 million to EUR 21.1 million during the reporting period. The gross margin stood at 24.6%, lower than last year’s 27.7%. However, driven by significant improved expenses as a percentage of sales, the adjusted EBITDA margin increased from last year’s Q3 –8.1% to –5.3%; in euros from –4.9 million last year to EUR –4.5 million in Q3 2023.



### Q3 2023 Segment development

in EUR 1,000	DACH	International	Consolidated
Revenues	389,734	85,766	475,500
Gross Profit	88,262	21,138	109,400
EBITDA	17,500	-5,771	11,723
Adjusted EBITDA	19,762	-4,504	15,252

### Q3 2022 Segment development

in EUR 1,000	DACH	International	Consolidated
Revenues	223,720	60,799	284,519
Gross Profit	62,965	16,855	79,820
EBITDA	1,838	-7,777	-5,939
Adjusted EBITDA	6,167	-4,911	1,256

### 9M 2023 Segment development

in EUR 1,000	DACH	International	Consolidated
Revenues	1,013,299	254,141	1,267,440
Gross Profit	256,288	62,772	319,060
EBITDA	45,864	-18,985	26,873
Adjusted EBITDA	52,392	-15,121	37,265

### 9M 2022 Segment development

in EUR 1,000	DACH	International	Consolidated
Revenues	679,082	197,440	876,522
Gross Profit	187,355	53,200	240,555
EBITDA	-2,219	-26,838	-29,057
Adjusted EBITDA	9,700	-18,877	-9,177

## ► Assets, liabilities and financial position.

### Assets and liabilities.

As of the reporting date, the balance sheet total was EUR 1.1 billion after EUR 729 million at the end of the 2022 fiscal year. Within the non-current assets, intangible assets rose by EUR 211.3 million, driven by the acquisition of MediService AG. Current assets increased by EUR 153.7 million from EUR 343.9 million to EUR 497.6 million. Inventories were up from EUR 99.7 million to EUR 128.4 million, as a result from the higher business volume and the consolidation of MediService. Cash and cash equivalents went up from EUR 66.8 million to EUR 151.8 million. Cash and cash equivalents do not include securities and fixed-term deposits, these short-term financial assets amounted to EUR 75.0 million at the end of Q3 (EUR 113.3 million at the start of the year).

Loans and borrowings with the non-current liabilities decreased with EUR 12.2 million to EUR 235.4 million due to a fair value adjustment of the contingent consideration liability related to the acquisition of First A later renamed to goPuls. An increase of EUR 88.7 million in trade and other payables from EUR 72.9 million to EUR 161.6 million was primarily related to seasonal effects and the general expansion of the business volume as well as MediService. The equity capital ratio was 57.3 % as of the reporting date.

### Liquidity situation.

Operational cash flow was a positive EUR 69.6 million compared to EUR 0.3 million during the same period of fiscal year 2022. This favourable development was driven by the operating result and working capital movements.

Net EUR –3.5 million was used for investing activities in Q3 2023 (previous year: EUR –122.6 million). Current year includes the acquisition of MediService, the impact of negative cash balances as per acquisition date amounted to EUR –23.4 million. EUR –22.2 million (Q3 2022: EUR –30.0 million) were investments in intangible assets and property, plant and equipment. Remaining variances are mainly due to entering or closing securities and fixed deposits.

Cash flow from financing activities shows an inflow of EUR 19.0 million vs. an outflow EUR 9.9 million last year. This year's development is essentially driven by a capital increase in May 2023 related to the MediService transaction with Galenica AG with a net cash inflow of EUR 29.4 million.

Overall, cash and cash equivalents increased by EUR 36.5 million during the reporting period and amounted to EUR 151.7 million as of the balance sheet date. This excludes EUR 75.0 million of securities and fixed term deposits presented as short-term other financial assets in the balance sheet, including these, cash balances were EUR 226 million at the end of Q3 2023.

## ► Risks and opportunities.

Compared to the assessment in the 2022 Annual Report, the company's risk assessment has not changed. Principally, Redcare Pharmacy's business is subject to regulatory changes, which could have a significant favorable or unfavorable impact on its prospects.

## ► Important events during the reporting period.

Following the corporate renaming of Redcare Pharmacy N.V. in June this year, including the change of our ticker symbol on the stock exchange to RDC, the Group successfully launched rebranded web shops for Germany and Austria in August, while retaining the local brand name Shop Apotheke.

During the past quarter, Redcare Pharmacy also welcomed Olaf Heinrich, whose tenure as the Group's CEO began on 1 August. Olaf is driving the Group's efforts to realise a fully digital solution for the redemption of e-prescriptions in Germany. From 1 January 2024 e-prescriptions will be mandatory.

## ► Events after the balance sheet date.

No events have occurred since 30 September 2023, which have a material impact on the company's consolidated financial statements.

## ► Forecast.

For the full year 2023, the Management Board of Redcare Pharmacy confirms its on August 1, 2023, upward-adjusted guidance for the full year. In total, the guidance is as follows: non-Rx sales growth 20 – 30 % (upward revision of prior's 10 to 20 %), total net sales EUR 1.7 – 1.8 million, adjusted EBITDA margin 1.5 – 3 % (upward revision of prior's 0.5 to 2.5 %), and free cash flow in the range of EUR –20 to 20 million.

# Unaudited consolidated statement of profit and loss.

EUR 1,000	Period ended 30.9.2023	Period ended 30.9.2022
Revenue	1,267,440	876,522
Cost of sales	-948,380	-635,967
<b>Gross profit</b>	<b>319,060</b>	<b>240,555</b>
Other income	161	135
Selling and distribution	-279,060	-245,732
Administrative expenses	-51,990	-52,640
<b>Operating result</b>	<b>-11,829</b>	<b>-57,682</b>
Finance income	16,663	2,214
Finance expenses	-11,320	-12,281
Share of profit of associates and joint ventures	190	0
<b>Result before tax</b>	<b>-6,296</b>	<b>-67,749</b>
Income tax	1,119	-129
<b>Result after tax</b>	<b>-5,177</b>	<b>-67,878</b>
Result attributable to:		
Owners of Redcare Pharmacy N.V.	-6,460	-67,878
Non-controlling interests	1,283	0
	<b>-5,177</b>	<b>-67,878</b>

# Unaudited consolidated statement of financial position.

EUR 1,000	30.9.2023	31.12.2022
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	93,130	85,435
Intangible assets	500,290	289,005
Deferred tax assets	355	462
Other financial assets	2,449	9,389
Investments in joint ventures	1,250	1,250
Investments in associates	5	5
Investments in equity-instruments	10	10
	<b>597,489</b>	<b>385,556</b>
<b>Current assets</b>		
Inventories	128,382	99,708
Trade and other receivables	135,381	59,876
Other financial assets	82,072	117,555
Cash and cash equivalents	151,734	66,777
	<b>497,569</b>	<b>343,916</b>
<b>Total assets</b>	<b>1,095,058</b>	<b>729,472</b>
<b>Equity and liabilities</b>		
<b>Shareholders' equity</b>		
Issued capital and share premium	744,816	571,057
Reserves/accumulated losses	-219,720	-216,427
Equity attributable to owners of the Company	525,096	354,630
Non-controlling interests	102,804	0
<b>Total equity</b>	<b>627,900</b>	<b>354,630</b>
<b>Non-current liabilities</b>		
Loans and Borrowings	235,392	247,650
Deferred tax liability	8,094	7,886
	<b>243,486</b>	<b>255,536</b>
<b>Current liabilities</b>		
Trade and other payables	161,608	72,882
Loans and Borrowings	8,965	7,505
Amounts due to banks	10	40
Other liabilities	53,089	38,879
	<b>223,672</b>	<b>119,306</b>
<b>Total equity and liabilities</b>	<b>1,095,058</b>	<b>729,472</b>

# Unaudited interim consolidated statement of cash flows.

EUR 1,000	Period ended 30.9.2023	Period ended 30.9.2022
<b>Cash flow from operating activities</b>		
<b>Operating result</b>	<b>-11,829</b>	<b>-57,682</b>
Adjustments for:		
– Depreciation and amortisation of non-current assets	38,695	28,625
– Net foreign exchange differences	29	2,078
– Share-based payment charge for the period	6,780	13,207
Corporate income tax paid	688	-303
<b>Operating result adjusted for depreciation and amortisation and taxes</b>	<b>34,362</b>	<b>-14,075</b>
Movements in		
– (Increase)/decrease in trade and other receivables	-23,169	-2,358
– (Increase)/decrease in inventory	-9,932	18,083
– Increase/(decrease) in trade and other payables	63,747	-4,501
– Increase/(decrease) in other liabilities	4,575	3,149
<b>Net cash (used in)/generated by operating activities</b>	<b>69,583</b>	<b>298</b>
<b>Cash flow from investing activities</b>		
Investment for property, plant and equipment	-4,200	-7,609
Investment for intangible assets	-22,245	-29,947
(Investment in)/disposal from escrow account	4,235	1,412
Investment in other financial assets	-118	0
Disposal from other financial assets	38,747	-80,563
Dividend received from associates	190	0
Acquisition of subsidiary, net of cash acquired	-23,441	-6,017
Interest received	3,285	121
<b>Net cash (used in)/generated by investing activities</b>	<b>-3,546</b>	<b>-122,603</b>
<b>Cash flow from financing activities</b>		
Interest paid	-5,700	-5,093
Capital increase	29,415	369
Capital increase exercised options	1,558	0
Repayment of other long-term loans	-1,028	-1,249
Cash-out lease payments	-5,300	-3,913
<b>Net cash (used in)/generated by financing activities</b>	<b>18,945</b>	<b>-9,886</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>84,982</b>	<b>-132,191</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>66,777</b>	<b>247,413</b>
Effect of movements in exchange rates on cash held	-25	0
<b>Cash and cash equivalents at the end of the period</b>	<b>151,734</b>	<b>115,222</b>

## Segment information.

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

Within the context of IFRS 8, we consider two business segments for external reporting purposes: our “DACH” segment which includes medications and pharmacy related BPC products sold to customers in Germany, Austria and Switzerland, and our “International” segment which includes medications and pharmacy-related BPC products only, sold to customers in Belgium, The Netherlands, France and Italy.

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

The accounting policies of the operating segments are the same as the Group’s accounting policies described in Note 2.

The Group allocates all costs (excluding net finance cost and income tax) to the segments. The result by segment is shown in the line EBITDA including all costs directly related to the revenue of the segments (marketing, operations) and administrative expenses. EBITDA means earnings before tax, interest, depreciation and amortisation.

## Results per segment 9M 2023.

### Segment information 30 September 2023 – non adjusted and adjusted

EUR 1,000	DACH	International	Unaudited interim consolidated
<b>Revenue</b>	<b>1,013,299</b>	<b>254,141</b>	<b>1,267,440</b>
Cost of sales	-757,011	-191,369	-948,380
Adjusted CoS	-757,011	-191,369	-948,380
<b>Gross profit</b>	<b>256,288</b>	<b>62,772</b>	<b>319,060</b>
Adjusted gross profit	256,288	62,772	319,060
% of revenue	25.3%	24.7%	25.2%
Other income	146	16	162
Selling & distribution	-180,525	-65,639	-246,164
Adjusted S&D	-180,046	-65,481	-245,527
<b>Segment EBITDA</b>	<b>75,909</b>	<b>-2,851</b>	<b>73,058</b>
Adjusted segment EBITDA	76,388	-2,693	73,695
Administrative expenses	-30,045	-16,134	-46,185
Adjusted AE	-23,992	-12,433	-36,431
<b>EBITDA</b>	<b>45,864</b>	<b>-18,985</b>	<b>26,873</b>
Adjusted EBITDA	52,396	-15,126	37,264
Depreciation	-24,934	-13,768	-38,702
<b>EBIT</b>	<b>20,930</b>	<b>-32,753</b>	<b>-11,829</b>
Adjusted EBIT	27,462	-28,894	-1,438
Net finance cost and income tax			6,652
Adjusted net finance cost and income tax			-6,221
<b>Net loss</b>			<b>-5,177</b>
Adjusted net loss			-7,659



## Results per segment 9M 2022.

### Segment information 30 September 2022 – non adjusted and adjusted

EUR 1,000	DACH	International	Unaudited interim consolidated
<b>Revenue</b>	<b>679,082</b>	<b>197,440</b>	<b>876,522</b>
Cost of sales	- 491,727	- 144,240	- 635,967
Adjusted CoS	- 491,727	- 144,240	- 635,967
<b>Gross profit</b>	<b>187,355</b>	<b>53,200</b>	<b>240,555</b>
Adjusted gross profit	187,355	53,200	240,555
% of revenue	27,6 %	26,9 %	27,4 %
Other income	105	30	135
Selling & distribution	- 160,591	- 60,810	- 221,401
Adjusted S&D	- 160,163	- 60,506	- 220,669
<b>Segment EBITDA</b>	<b>26,869</b>	<b>- 7,580</b>	<b>19,289</b>
Adjusted segment EBITDA	27,297	- 7,276	20,021
Administrative expenses	- 29,088	- 19,258	- 48,346
Adjusted AE	- 17,597	- 11,601	- 29,198
<b>EBITDA</b>	<b>- 2,219</b>	<b>- 26,838</b>	<b>- 29,057</b>
Adjusted EBITDA	9,700	- 18,877	- 9,177
Depreciation	- 17,222	- 11,403	- 28,625
<b>EBIT</b>	<b>- 19,441</b>	<b>- 38,241</b>	<b>- 57,682</b>
Adjusted EBIT	- 7,522	- 30,280	- 37,802
Net finance cost and income tax			- 10,196
Adjusted net finance cost and income tax			- 10,196
<b>Net loss</b>			<b>- 67,878</b>
Adjusted net loss			- 47,998

For better orientation, we also provide adjusted figures, which reflect extraordinary items (the non-cash IFRS specific expenses on accounting of the business acquisitions, the non-cash IFRS expenses related to the Employee Stock Ownership Plan, and one-of costs related business projects).

A detailed reconciliation of adjustments can be found in the following table:

#### Reconciliation of adjustments in EBITDA overview

	Adjustments Q3 2023 YTD					Adjustments Q3 2022 YTD				
	Non-adjusted	1.	2a.	3.	Adjusted	Non-adjusted	1.	2a.	3.	Adjusted
Revenue	1.267.440	-	-	-	1.267.440	876.522	-	-	-	876.522
Cost of sales	-948.380	-	-	-	-948.380	-635.967	-	-	-	-635.967
Gross profit	319.060	-	-	-	319.060	240.555	-	-	-	240.555
Other income	162	-	-	-	162	135	-	-	-	135
Selling & Distribution	-246.164	-	637	-	-245.527	-221.401	-	732	-	-220.669
Segment EBITDA	73.058	-	637	-	73.695	19.289	-	732	-	20.021
Administrative expenses	-46.185	2.683	971	6.100	-36.431	-48.346	5.384	733	13.031	-29.198
EBITDA	26.873	2.683	1.608	6.100	37.264	-29.057	5.384	1.465	13.031	-9.177
Depreciation	-38.702	-	-	-	-38.702	-28.625	-	-	-	-28.625
EBIT	-11.829	2.683	1.608	6.100	-1.438	-57.682	5.384	1.465	13.031	-37.802
Net finance cost and income tax	6.652	-	-	-12.873	-6.221	-10.196	-	-	-	-10.196
Net loss	-5.177	2.683	1.608	-6.773	-7.659	-67.878	5.384	1.465	13.031	-47.998

#### Description of adjustment:

1. IFRS expenses of the employee stock option plans. These expenses are non-cash for Redcare Pharmacy.
- 2a. One-off external project expenses related to other projects. This mainly concerns external advisory costs.
3. Other major non-recurring one-offs. Comprises of two elements: (1) In 2022 and 2023, this concerned the impact of contingent considerations to former owners of the acquired companies smartpatient and MedApp. In the light of these acquisitions of 100 % of the shares of smartpatient and MedApp, the total purchase price for the shares which Redcare Pharmacy agreed upon with the selling shareholders amounts EUR 70,545 thousand and EUR 8,004 thousand respectively. Along with the acquisitions contingent considerations are provided to the former owners which contain a service condition. Payments in the form of cash and shares under this contingent consideration forfeit if employment is terminated. The total contingent consideration amounts to EUR 47,839 thousand. On the basis of an IFRIC decision on IFRS 3.B55 Business Combinations – the contingent part of this purchase price should be accounted for as consideration for post-combination services – employee expenses during the vesting period. The total impact of the recognition of the cash component and share component of the contingent considerations of both business combinations in the result of the first six months of the year 2023 amounts to EUR 6.0 million. These costs are included in the employment expenses presented in the profit and loss statement under “administrative expenses”. The P&L impact of this accounting method distorts the view on our underlying financial result of our business for management reporting purposes, which is the reason we adjust for it in the presented adjusted EBITDA. Reference is made to note 28 to the consolidated financial statements of the financial year 2022 for detailed explanation. (2) This Q3 included a release (gain) with no cash impact of EUR 12.9 million due to a fair value adjustment of the contingent consideration liability related to the acquisition of First A later renamed to goPuls.

# Notes to the consolidated interim financial statements.

## ► Contingent consideration

In Q3, the finance result includes a non-cash release (gain) of EUR 12.9 million due to a fair value adjustment of a contingent consideration liability. The contingent consideration liability relates to the acquisition of 100 % of the shares of First A later renamed into goPuls in 2022. The consideration is due in five subsequent tranches in the four years following after the acquisition. Each tranche payment is an earn-out based on a sales multiple with a correction for EBITDA for the respective earn-out period.

The fair value of the contingent consideration arrangement as per 31 December 2022 of EUR 12,872,000 was estimated calculating the discounted cashflow based upon the present value of the future expected cashflows. The estimates are based on assessment of the business plan, and the corresponding expected earn-out. Since this contingent consideration is considered to be classified as a financial liability, it subsequently is measured to fair value at each reporting date until the contingency is settled.

As per 30 September 2023, assessment of expected earn-out resulted in an adjustment (full release) of the fair value of the consideration.

## ► Impairment tests for goodwill

### Description of the impairment test process

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The recoverable amounts consist of the higher of (i) an asset's or cash-generating unit's fair value less costs of disposal and (ii) its value in use.

The release of the contingent consideration after the assessment of the present value of the earn out payments related to GoPuls this quarter, we determined as potential indicator that related assets may need to be impaired. Therefore, we have performed an impairment test on the Cash Generating Unit of GoPuls.

Growth rates used for impairment analyses are assessed by existing customer developments and acquisition of new customers, as well as external market research and data to estimate future market size and online penetration. Furthermore, variable costs like marketing budgets, delivery cost and operations expenses for impairment analysis are planned on a performance basis. Nonperformance based costs like management, finance and facility are planned according to business growth including economies of scale.

Irrespective of whether there is any indication of impairment, an entity shall test goodwill acquired in a business combination for impairment each year. These impairment tests are performed annually by Redcare Pharmacy in December. For description of the impairment test procedure at Redcare Pharmacy, please refer to the Annual Report 2022 pages 152 – 16.

## Overview goodwill

As a result, the following table shows the goodwill existing in the Group as of 30 September 2023:

EUR 1,000	30.9.2023	31.12.2022
Shop Apotheke Germany	145,456	145,456
Mediservice AG	126,443	0
First A/GoPulse	15,705	15,705
Farmaline	4,179	4,179
nu3	2,975	2,975
MedApp	1,253	1,253
Hygee Sante	5	5
	<b>296,016</b>	<b>169,573</b>

The goodwill reflects the value of the Group's overall market and competitive positioning.

## WACC

The calculation of the WACC follows the capital asset pricing model applying current interest rates, market premiums and betas, benchmarked by a peer-group analysis performed by independent experts, resulting in a 30.6% WACC for the cash generating unit GoPuls. From the post-tax discounted cash flow analysis, pre-tax rates were determined using the goal-seek method according to IAS36.BCZ85 to determining a pre-tax discount rate. The respective pre-tax WACC was 36.5% for the GoPuls impairment test.

## Impairment test

Impairment tests on goodwill in line with IAS 36 have been made for the goodwill related to GoPuls (former First A). A main assumption for the related impairment test is the sales development expected as of the nationwide presence of electronic prescriptions ("eRx") in Germany in 2024, the total number of annual prescriptions in Germany, as well as more than 10% online penetration rates of electronic prescriptions in markets such as Sweden and the United States. The related cash-flow projections include projected marketing budgets, investments in IT, capacity expansion as well as increased personnel cost and working capital requirements in line with the expected sales growth. Due to the long-term growth perspective based on demographic factors, i.e. market studies projecting an ageing population with a respective higher need for prescription medication, the respective calculations are based on an eight-year forecasting period.

The assumptions used in the impairment test as of 30 September 2023 are summarised in the table below:

CGU	Terminal sales growth	Revenue growth rate	EBITDA margin	Discount rate
GoPuls	0.9%	40% – 600%	–133% – 13.6%	36.5%

As a result of the above impairment test, the recoverable amount was higher than the carrying amounts. As a result, management concludes that no impairment of goodwill is applicable. Management also performed a sensitivity analysis on the sales growth rates and WACCs, the individual estimates and assumptions and concluded that a reasonable possible change in the estimates does not result in impairment.



Due to the inclusion of MediService since mid-May and the increasing share of our platform business, we have updated some of the definitions of our KPI's, reference to the Annual Report 2022 pages 194 and 195, with the aim to continue to provide the most relevant insights with these metrics.

# Glossary.

## Active Customers

Unique customers who have placed at least one order in the 12 preceding months, predominantly via our online shops, for both our own-stock and platform business. Business-to-business (B2B) orders are excluded to not distort visibility on relevant trends. Platform-only customers are not yet included.

## Administrative Expenses

Cost of corporate overhead of which examples are IT services, Finance, HR, Facility, Legal and Executive Management.

## Adjusted EBITDA

Earnings Before Interest, Tax, Depreciation and Amortization excluding Adjustments. We use this metric as we find it an important indicator of our underlying operational financial performance.

## Adjustments

Items we adjust to get from EBITDA to Adjusted EBITDA. There are three categories: (a) Expenses of the employee stock option programs, (b) Non-recurring or extraordinary expenses related to projects, (c) Any other major non-recurring (one-off) items of which we would release what it concerns in case we record it as specifically mentioned.

## (Adjusted) EBITDA margin

(Adjusted) EBITDA as a percentage of sales.

## Average shopping basket

The average gross value of received orders from end-customers and patients (B2C), predominantly via our online shops for our own-stock business, divided by the total related number of orders placed in a given time period. Current prescription medication sales (Rx) in Switzerland and the Netherlands are not included because we believe current non-comparable customer types would distort visibility on relevant trends in this metric. Business-to-business (B2B) orders are excluded for the same reason. The average shopping basket includes value-added tax (VAT).

## BPC products

Beauty and personal care products.

## CAGR

Compound annual growth rate

## DACH Segment

Segment reporting provides financial information about the individual units of the company. Redcare uses a regional approach. The DACH Segment comprises its business activities in Germany, Austria and Switzerland.

## EBIT

Earnings Before Interest and Tax.

## e-RX/eScript

Computer-based electronic generation, transmission, and filling of a medical prescription.

## Group

Redcare Pharmacy N.V., Sevenum, the Netherlands, together with its consolidated subsidiaries.

## International Segment

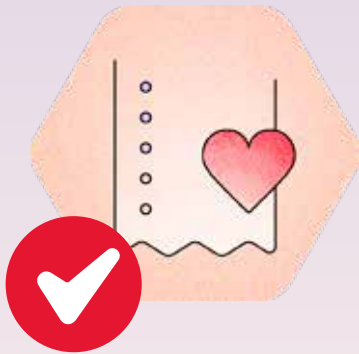
Segment reporting provides financial information about the individual units of the company. Redcare uses a regional approach. The International Segment comprises its business activities in France, Italy, Belgium and the Netherlands.

## Mobile visits

Site visits to our online shops originating from computers, tablets and smartphones as well as other computer-based means.

## Net working capital

The difference between the company's current assets (including: trade and other receivables and inventories) and its current liabilities (including: trade and other payables, short-term loans and borrowing and short-term other liabilities).



### **NPS**

Net promoter score of our B2C own stock and platform business for a given period of time. NPS does not yet include MedApp, GoPuls and MediService. We track NPS as an indicator for customer satisfaction.

### **Number of orders**

Number of end-customer and patient (B2C) orders, predominantly placed via our online shops for both our own-stock and platform business, containing at least one product, placed during the measurement period.

### **OTC products or medications**

Products or 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 products**

Products that are almost exclusively distributed through pharmacies.

### **Private labels or own brands**

By private labels (or own brands) we mean the brands of products owned by Redcare Pharmacy or its subsidiaries.

### **Return Rate**

Percentage of billed B2C orders for our own stock business that incorporated a return or reclamation of total billed orders in a given time period. Current prescription medication sales (Rx) in Switzerland and the Netherlands are not included because we believe the current non-comparable customer types would distort visibility on relevant trends in this metric. Business-to-business (B2B) orders are excluded for the same reason.

### **Rx products or medications**

Prescription-only medicines, which are only allowed to be sold to customers possessing a valid prescription.

### **Rx revenues**

Sales related to prescriptions of our own stock business in the DACH Segment.

### **Sales**

Gross revenues minus value added taxes and discounts.

### **Selling & Distribution expenses**

Expenses related to marketing, shipping, packaging, payments and operational labor to support our Sales.

### **Share of mobile visits**

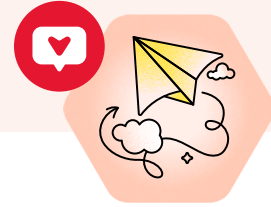
Mobile visits as a percentage of site visits.

### **Share of repeat orders**

Percentage of total orders, predominantly related to our online shops for both our own-stock and platform business, that is billed during the measurement period that is not the initial order bill to the customer. Business-to-business (B2B) orders are excluded to not distort visibility on relevant trends; with this definition we aim to provide the most relevant insight as to the development of this metric. The share of repeat orders related to platform-only customers is not yet included.

### **Website Visits (Web Traffic)**

Unique interactions of a visitor on our website (online shops); a visit is considered terminated when the visitor leaves the browser instance or has not interacted with the page for more than 30 minutes.



## Contact.

For the latest full year report, please refer to the Annual Report 2022, which you will find on Redcare Pharmacy [Corporate Website](https://ir.redcare-pharmacy.com/en) <https://ir.redcare-pharmacy.com/en> in the Investor Relations section.

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