Shop Apotheke Europe B.V., Venlo,

Combined Financial Statements 2015, 2014 and 2013

17 January 2017

Shop Apotheke Europe B.V.

Combined Financial Statements 2015, 2014 and 2013

Annual accounts 2015

Annual accounts 2015

- Directors’report
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Directors' report

A copy of the directors` report is available upom request at cost price at the offices of Shop Apotheke Europe B.V. in Venlo.

Financial statements

- Combined financial statements
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Shop Apotheke Europe B.V.

Combined Financial Statements

Shop Apotheke Europe B.V.

Combined Statement of Profit and Loss
for the years ended 31 December 2015, 31 December 2014 and 31 December 2013

	Notes	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
		EUR 1,000	EUR 1,000	EUR 1,000
Revenue	[6]	125,578	84,671	55,292
Costs of sales	[7]	-99,841	-66,636	-42,545
Gross profit		25,737	18,035	12,747
Other income	[8]	1,316	928	673
Selling and Distribution	[9]	-29,143	-19,523	-12,448
Administrative Expense	[10]	-6,729	-3,488	-2,850
Result from operations		**-8,819**	**-4,048**	**-1,878**
Finance income		593	0	0
Finance expense	[11]	-2,275	-826	-839
Net finance costs		-1,682	-826	-839
Result before tax		**-10,501**	**-4,874**	**-2,717**
Income tax expenses	[12]	-47	-161	-113
Result for the year		**-10,548**	**-5,035**	**-2,831**
Attributable to:				
Owners of the Company		-10,548	-5,035	-2,831
Earnings per share	[14]	**EUR**	**EUR**	**EUR**
Basic and diluted earnings per share		-10.55	-5.04	-2.83

Combined Statement of other Comprehensive Income for the years ended 31 December 2015, 31 December 2014 and 31 December 2013

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Result for the year	**-10,548**	**-5,035**	**-2,831**
Other comprehensive income/loss	**0**	**0**	**0**
Total comprehensive loss	**-10,548**	**-5,035**	**-2,831**
Attributable to:			
Owners of the Company	-10,548	-5,035	-2,831

Combined Statement of Financial Position at 31 December 2014 and 31 December 2013 and Consolidated Statement of Financial Position at 31 December 2015

	Notes	31.12.2015	31.12.2014	31.12.2013
		EUR 1,000	EUR 1,000	EUR 1,000
Assets				
Non-current assets				
Property, plant and equipment	[14]	2,417	1,773	1,872
Intangible assets	[15]	13,616	12,384	11,643
		16,033	14,157	13,515
Current assets				
Inventories	[16]	10,412	4,592	2,942
Pre-ordered stock	[16]	5,653	5,531	5,405
Trade and other receivables	[17]	4,100	2,940	2,612
Other current assets	[18]	3,046	1,992	1,155
Cash and cash equivalents	[19]	3,529	297	92
		26,739	15,352	12,206
Total assets		**42,772**	**29,509**	**25,721**
Business equity and liabilities				
Capital and reserves				
Business Equity	[20]		20,056	18,080
Equity		2,459		
Non-current liabilities				
Loan from related parties (shareholders)	[24]	19,002		
Deferred tax liability	[12]	2,564	563	447
Other liabilities	[24]	3,000		
		24,566	563	447
Current liabilities				
Trade and other payables	[21]	8,638	7,625	6,122
Amounts due to related parties	[24]	3,202	0	0
Other liabilities	[22]	3,906	1,265	1,072
		15,747	8,890	7,194
Total equity and liabilities		**42,772**	**29,509**	**25,721**

Shop Apotheke Europe B.V.

Combined Statement of Changes in Equity
for the years ended 31 December 2013 and 31 December 2014

	Business equity	Issued and paid-up share	Share premium	Undistributed results	Equity
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Business equity as of 1 January 2013	10,333				
Result for the period	-2,831				
Business financing	10,578				
Balance as of 31 December 2013	18,080	0	0	0	0
Business equity as of 1 January 2014	18,080				
Result for the period	-5,035				
Business financing	7,011				
Balance as of 31 December 2014	20,056	0	0	0	0

Consolidated Statement of Changes in Shareholders' Equity for the period ended 31 December 2015

	Business equity	Issued and paid-up share	Share premium and other reserves	Undistributed results	Equity
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Business equity as of 1 January 2015	20,056				20,056
Result for the period until incorporation				-6,515	-6,515
Incorporation of the entity as of 30 September 2015	-20,056	100	20,887		931
Result for the period after incorporation				-4,033	-4,033
	0	100	20,887	-10,548	10,439
Other comprehensive income for the period, net of income tax					
Result for the period					0
Total comprehensive income for the period	0	0	0	0	0
Share premium repayment			-7,650		-7,650
Dividends			-330		-330
Balance as of 31 December 2015	**0**	**100**	**12,907**	**-10,548**	**2,459**

Combined Statement of Cash Flows
for the years ended 31 December 2015, 31 December 2014 and 31 December 2013

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Cash flow from operating activities			
Operating result	-8,819	-4,048	-1,878
Adjustments for:			
– Depreciation and amortisation of non-current assets	2,166	1,656	1,126
Operating result adjusted for depreciation and amortisation	-6,653	-2,392	-752
– Movements in working capital:			
- (Increase)/decrease in trade and other receivables	-2,213	-1,165	-643
- (Increase)/decrease in inventory	-5,820	-1,650	50
- (Increase)/decrease in pre-ordered stock	-121	-126	-91
- Increase/(decrease) in provisions	-95	-46	334
- Increase/(decrease) in trade and other payables	2,921	1,696	-3,140
- Increase/(decrease) in amounts due to related parties	3,202		
Working capital movement	-2,126	-1,291	-3,490
Cash generated from operations	-8,779	-3,683	-4,242
Interest received	0	0	0
Net cash (used in)/generated by operating activities	**-8,779**	**-3,683**	**-4,242**
Cash flow from investing activities			
Investment for property, plant and equipment	-1,313	-477	-1,002
Investment for intangible assets	-2,737	-1,820	-3,539
Investment for acquisitions	0	0	-864
Net cash (used in)/generated by investing activities	**-4,050**	**-2,297**	**-5,405**

Combined Statement of Cash Flows
for the years ended 31 December 2015, 31 December 2014 and 31 December 2013

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Cash flow from financing activities			
Interest paid	-950	-826	-839
Business financing		7,011	10,578
Additional financing from related parties	14,011		
Deposit from related parties	3,000		
Net cash (used in)/generated by financing activities	16,061	6,185	9,739
Net increase/(decrease) in cash and cash equivalents	3,232	205	92
Cash and cash equivalents at the beginning of the year	**297**	**92**	**0**
Cash and cash equivalents at the end of the year	**3,529**	**297**	**92**

Notes to the Combined Financial Statements

1. General information

Shop Apotheke Europe B.V. (or the “Company”) is a limited liability company incorporated in The Netherlands on 30 September 2015 and is legally seated in Venlo, The Netherlands. Since incorporation, the Company has the following subsidiaries: SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V., EuroService Venlo B.V. and Xsite GmbH. The mailorder pharmacy business activities (and related activities) are presented on a combined basis for the period 1 January 2013 through 29 September 2015 and on a consolidated basis for the period 30 September 2015 through 31 December 2015 and are referred to as “the Group” or “Shop Apotheke Europe B.V.”.

Shop Apotheke Europe B.V. is a mailorder pharmacy business primarily for prescription-free (“over-the-counter” or “OTC”) pharmaceuticals, food supplements and beauty and personal care products (BPC). In addition, Xsite provides webshop services for the Group and for third parties.

These financial statements consist of the Combined Financial Statements 2013-2015 for Shop Apotheke Europe B.V. with the figures presented on a combined basis for the period 1 January 2013 through 29 September 2015 and presented on a consolidated basis for the period 30 September 2015 through 31 December 2015. Until the date of incorporation the activities of the Group were part of EHS Europe Health Services B.V. (and its subsidiaries EHSC B.V., Europa Apotheek Venlo B.V., Europa Apotheek Service Venlo B.V. and Xsite GmbH) with a subsequent carve-out on the date of the incorporation. During the year 2015 the activities of Shop Apotheke Europe B.V. were part of a carve-out from the EHS Europe Health Services B.V. group. The carve-out has the legal form of a legal split. The transaction has been consummated at 30 September 2015.

The statutory financial statements of Europe Health Services B.V. for the years ended 31 December 2014 and 2013, respectively have been prepared in accordance with Dutch GAAP (Title 9 of Book 2 Dutch Law). The Combined Financial Statements 2015 for Shop Apotheke Europe B.V. comprise the years 2015, 2014 and 2013 (the years cover the period from 1 January through 31 December). These Combined Financial Statements are prepared in accordance with the International Financial Reporting Standards (“IFRS”) as adopted by the European Union. The application of IFRS in these Combined Financial Statements is the first time adoption of IFRS. Therefore, the 2015, 2014 and 2013 comparative information has also been prepared in accordance with IFRS.

Besides the financial information of Shop Apotheke Europe B.V. also the financial information of the following 100% subsidiaries are included in these Combined Financial Statements:

- SA Europe B.V., Venlo, The Netherlands, with its 100% subsidiaries:
  - Shop-Apotheke B.V., Venlo, The Netherlands
  - Shop-Apotheke Service B.V., Venlo, The Netherlands
  - EuroService Venlo B.V., The Netherlands
  - Xsite GmbH, Düsseldorf, Germany

The carve-out of Shop Apotheke Europe B.V. from EHS Europe Health Services B.V. with effect as of 1 January 2015 included Shop-Apotheke B.V., Shop-Apotheke Service B.V., SA Europe B.V. and Xsite GmbH. EuroService Venlo B.V. was founded on June 26, 2015 and became a 100% subsidiary of SA Europe B.V. subsequent to the date of the incorporation of this entity. The subsidiaries were acquired as part of the carve-out under common control. The carve-out has been accounted for according to the book value approach and applying the pooling of interest approach as of 1 January 2013.

2. Basis of preparation

Combined group - separation

The legal split of Europa Apotheek Venlo B.V. resulted in the incorporation of Shop Apotheke Europe B.V. as of 30 September 2015 including SA Europe B.V. and its wholly owned subsidiaries Shop-Apotheke B.V., Shop-Apotheke Service B.V., EuroService Venlo B.V. and Xsite GmbH.

The subsidiaries were acquired as part of the carve-out under common control. For comparision purposes the financial information for the years 2013 and 2014 has been presented on a combined basis.

Upon the incorporation and the legal split, assets and liabilities were contributed to the Company. The net asset value of the contribution is reported as Share Premium. From this moment on the results are the actual results of Shop Apotheke Europe B.V. with related cash-flows, income statement and balance sheet movements and positions.

Since 1 October 2015, both wholesale and IT, marketing, finance and administrative services are provided by Shop Apotheke Europe B.V. to its related party EHS Europe Health Services.

Combined group – prior to separation

The financial information with respect to the mailorder pharmacy (and Germany Services) is reflected in the individual legal entities that comprise the Group. These Combined Financial Statements have been prepared from the accounting records of EHS Europe Health Services B.V. and reflect the cash flows, revenues, expenses, assets, and liabilities of these individual legal entities. Because the separate legal entities that comprise the Group were not held by a single legal entity prior to the incorporation of the legal structure, business equity is shown in lieu of shareholders' equity for the years 2013 and 2014 in these Combined Financial Statements. Business equity represents the cumulative net investment by EHS Europe Health Services B.V. in the Group through that date. The impact of transactions between the Group and EHS Europe Health Services B.V. that were not historically settled in cash are also included in business equity.

During the period from 1 January 2013 to 30 September 2015, the Group functioned as part of the larger group of companies controlled by EHS Europe Health Services B.V., and accordingly, EHS Europe Health Services B.V. performed certain corporate overhead functions for the Group. These functions include, but are not limited to, executive oversight, legal, finance, human resources, internal audit, financial reporting, tax planning and investor relations. The costs of such services have been allocated to the Group based on the most relevant allocation method for the service provided. Management believes such allocations are reasonable; however, they may not be indicative of the actual expense that would have been incurred had the Group been operating as a separate entity apart from EHS Europe Health Services B.V. The cost allocated for these functions is included in selling, general and administrative expenses in the Combined Income Statements for the historical periods presented.

As the Group did not operate as a stand-alone entity before its incorporation on 30 September 2015, these Combined Financial Statements may not be indicative of the Group's future performance and do not necessarily reflect what its combined results of operations, financial position and cash flows would have been had the Group operated as a separate entity apart from EHS Europe Health Services B.V. during the periods presented. A number of assumptions have been made for the preparation of the Combined Financial Statements as explained in the notes below.

As for the Combined Financial Statements, the following allocations were made related to the assets, liabilities, revenues and expenses of EHS Europe Health Services B.V. specifically to Shop Apotheke Europe B.V. in the course of the carve-out:

Consolidated Statement of Financial Position as of 31 December 2015 and Combined Statement of Financial Position as of 31 December 2014 and 2013 respectively

- Property, plant and equipment accounts were specifically allocated by use. Assets related to warehouse operations in The Netherlands were allocated to the Group. Assets related to the prescription ("Rx") business were allocated to Europa Apotheek Venlo B.V. The allocation of the net book value of the assets to the Group were based on specific asset identification. All locations are rented by EHS Europe Health Services B.V. with rental expenses allocated to the Group based on floor area usage (warehouse) or employee expenses (for supporting departments) of the Group as percentage of aggregate employee expenses (office space).

- Goodwill is related to the acquisition of the former Shop Apotheke online pharmacy, Cologne, activities in 2010. As the business activities of the Group were carved-out (as also explained in this note) the related goodwill balance was also allocated to these Combined Financial Statements. Allocation of the goodwill across multiple cash-generating units is not applicable. As a result the goodwill balance was amortised until 1 January 2013 (Transition Date to IFRS from previous Dutch GAAP) and considered deemed cost under IFRS 1.

- All intangible fixed assets related to the ERP system used to run business operations were assigned to the Group. The allocation of the net book value of the assets to the Group was based on specific asset identification.

- Inventory was allocated to the Group.

- In 2015 the Group entered into a wholesale agent agreement with Europa Apotheek Venlo B.V. This agreement arranges that the economic risks of Rx, OTC and BPC products ordered per request of Europa Apotheek Venlo B.V. are guaranteed by Europa Apotheek Venlo B.V. resulting that revenue and cost of sales are presented on a net basis by the Group with legal title remaining at the Group prior to shipment of the products. This agreement was applied retrospectively for the Combined Financial Statements (covering the years 2013 through September 2015). These products are presented as pre-ordered stock in the Statement of Financial Position.

- Accounts receivable were allocated to Shop-Apotheke B.V. on a customer basis, also as the customers are separately tracked for Shop-Apotheke B.V. The customers were assigned to Shop-Apotheke B.V. or Europa Apotheek Venlo B.V. based on requested orders coming from the websites of Shop-Apotheke or Europa Apotheek Venlo. Accounts receivable write-offs were allocated to the Group based on relative sales share of the Group as percentage of EHS Europe Health Services B.V. (including the Group). Since incorporation, all accounts receivable balances are kept completely separately for the Group.

- Rebate accruals for products were allocated based on relative share of cost of goods sold for the Group as percentage of the Europe Health Services B.V. business (including the Group) and accounted for completely separately since incorporation of the Company.

- The subsidiary EuroService Venlo B.V. was founded on 26 June 2015 and started operations as a wholesale unit for both Shop-Apotheke B.V. and Europa Apotheek Venlo B.V. on 1 October 2015. Services are provided by EuroService Venlo B.V.

- The subsidiary Xsite was completely transferred to the Group on 30 September 2015 with effect as of 1 January 2015.

- Due to business financing by EHS Europe Health Services B.V. until incorporation, cash or bank accounts were transferred to the Group only then, and as a result the Group only had cash accounts related to Xsite subsequent to the acquisition in 2013.

- Trade and other payables related to product purchasing were completely allocated to the Group. Trade and other payables related to shared cost of the organization have joint creditor balances, which were allocated to the Group based on allocation keys (Full Time Equivalent/“FTE”) or cost share, reflecting the nature of the related charges.

- Provisions were assigned to the Group depending on their nature or other reasonable methods based on management’s business judgement.

- Other liabilities and accrued liabilities, in particular for personnel cost, were allocated based on the cost share of the Group as percentage of aggregate cost of Europe Health Services B.V. (including the Group), as deemed relevant by the nature of the accrued costs.

- Liabilities for wages, wage tax and pensions were allocated based on the cost share of the Group as percentage of aggregate cost of Europe Health Services B.V. (including the Group).

- VAT was allocated based on end-customer revenues and cost of the Group as percentage of aggregate revenues and cost, respectively, of Europe Health Services B.V. (including the Group).

Combined Statement of Profit and Loss for the period 1 January 2015 through 30 September 2015 and the years ended 31 December 2014 and 2013 and Consolidated Statement of Profit and Loss for the period 1 October 2015 through 31 December 2015

- In the Combined Income Statements, both revenues and cost of goods were directly allocated to the Group based on ordered products (and related recognized revenue) as received on the Shop Apotheke Europe B.V. websites (due to specific customer tracking).

- In 2015 the Group entered into a wholesale agent agreement with Europa Apotheek Venlo B.V. This agreement arranges that the economic risks of ordered Rx, OTC and BPC products are shared by Europa Apotheek Venlo B.V. resulting that revenue and cost of sales are presented on a net basis by the Group with legal title remaining at the Group prior to shipment of the products. This agreement was applied retrospectively for the Combined Financial Statements (covering the years 2013 through September 2015).

- Salaries, wages and pensions: part of salaries and wages, including pension costs and social security, was dedicated to the Group (mainly direct FTEs in Operations and Sales & Distribution) based on the organizational structure in 2015 and was allocated based on cost centres until 30 September 2015. The organizational structure was retrospectively applied for 2013 through 30 September 2015 as if the Group had already been operating in such a way during these years as the Group's management believes these are the most accurate key drivers of these costs.

- Marketing budgets and transaction-based expenses were allocated to Shop Apotheke Europe B.V. based on cost center accounting.

- Costs that could not be related to Shop Apotheke Europe B.V. directly or by cost centre accounting, e.g. cost for central administration, were allocated based on reasonable allocation keys such as personnel costs, number of orders or revenues.

- Inbound logistics and fulfilment costs were allocated based on a cost per order basis multiplied by the number of orders for the Group.

- Depreciation was calculated according to the assets that were transferred to the Group in the carve-out.

Consolidated Statement of Profit and Loss after separation

After the legal split as of 30 September 2015, the profit and loss statement is presented on a consolidated basis.

Business Equity 2013, 2014 and 1 January 2015 – 30 September 2015

As indicated, the EHS Europe Health Services B.V. (including the Group) utilized a central approach to cash management and the funding of its operations. In the absence of a contractual obligation to deliver cash or other financial assets in relation to the funding from other businesses and the fact that the balances were not settled with the Group's own equity instruments, all balances with other businesses are presented as business equity in the carve out financial statements 2013 and 2014.

Equity 2015 from 1 October 2015

Since incorporation equity is presented separately while prior to this date business equity (as explained previously) is shown in the Statement of Changes in Equity.

Combined Statements of Cash Flows

As indicated, the EHS Europe Health Services B.V. (including the Group) utilized a central approach to cash management and funding of its operations until 30 September 2015. The bank accounts were legally attached to the EHS Europe Health Services B.V. group and consequently all cash transactions were received on the EHS Europe Health Services B.V. group's bank accounts resulting in that the Group did not have its own bank accounts prior to incorporation. The share premium repayment and the dividend declared, as included in the 2015 equity movement, were part of the afore-mentioned central approach to cash management and were non-cash items. As a result the share premium repayment and the dividend declared were not presented separately in the cash flow statement. Due to the central approach to cash management no cash or cash equivalent was assigned to the Group, except for Xsite´s cash subsequent to the acquisition in 2013. In September 2015, the subsidiary EuroService Venlo B.V. obtained €7,1 million cash to start operations on 1 October 2015 (which is included in the additional financing from related parties in the statement of cash flow).

Based on the above the cash flow statement presents the cash flows from the operating, investing and other financing activities, whereby financing takes place by the owner's gross funding presented as business financing in 2013 and 2014 and additional funding from related parties until 30 September 2015.

Corporate income tax

The activities of the Group are operated by a number of legal entities that also operated other businesses. In 2013 and 2014, the Group did not comprise any individual legal entities, but only parts of the operated business of the Europe Health Services B.V. group. Considering that these parts of the business were not individual legal entities, the separate return approach was applied.

In the separate return method of allocation, current and deferred tax expense or benefit for the period is determined for each member of a combined group by applying the requirements of IAS 12 as if that group member were filing a separate tax return. Under the separate return method, the sum of the amounts allocated to the individual group members sometimes may not equal the actual total amount of current and deferred income tax expense, or benefit for the carved-out business. In 2013 and 2014, any difference is considered as a combination adjustment and is recorded through business equity. The current income tax charge is based on the statutory tax rate within the relevant tax jurisdiction and the income tax payable and deferred taxation is recorded as part of business equity.

The losses of the Group, except for Xsite, remained with EHS Europe Health Services B.V. for the years 2013 and 2014, and accordingly were not allocated to the Group, as agreed in the carve-out process. Accordingly any potential corporate income tax risks of the Group, except for Xsite, remained with EHS Europe Health Services B.V. for those years. Retrospectively since 1 January 2015, the Group has been operating as a fiscal unity for corporate tax purposes with profits and losses directly accounted for by the Group.

Furthermore as there is uncertainty that operating losses (so excluding Xsite) may not be realised in the near future, no deferred tax assets have been recognized. Deferred tax positions are only recognized in case taxable profits are made or expected to be made in the foreseeable future or in case deferred tax liabilities are recognized for the same amount.

A deferred tax asset is recognized for the subsidiary Xsite due to expected utilization in the next years.

Segment reporting

A business segment in the sense of IFRS 8 is a unit of a business which conducts business activities and produces financial income and expenses, the operating results of which are regularly reviewed by the Company's chief operating decision-makers with regards to decisions on allocating resources to this sector and the assessment of profitability, and for which there exists corresponding financial information.

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

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.

3. Application of new and revised International Financial Reporting Standards (IFRSs)

3.1. New and revised IFRSs affecting amounts reported and/or disclosures in the Combined Financial Statements

The Group has applied IFRS 1 first-time adoption of international financial reporting standards in preparing these first IFRS Combined Financial Statements and therefore IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective at the end of 2015 have been applied.

Since the Group has not previously prepared financial statements, the Combined Financial Statements do not include any IFRS 1 first-time adoption reconciliations. The Group applied certain optional exemptions and certain mandatory exceptions as applicable for first-time IFRS adopters. Estimates made by the Group in preparing its first IFRS Combined Financial Statements reflect the facts and circumstances which existed at the time such estimates were made. Accordingly, the estimates made by the Group to prepare these Combined Financial Statements are consistent with those made in the historical reporting of financial information as included in EHS Europe Health Services B.V.'s financial statements.

The following optional exemptions of IFRS 1 have been applied:

IFRS 1 provides relief from full retrospective application that would require restatement of all business combinations prior to the Transition Date (1 January 2013). The Group has applied IFRS 3 (revised 2008), Business Combinations ("IFRS 3R"), prospectively from the Transition Date. Therefore, business combinations occurring prior to the Transition Date have not been restated.

Below is a list of new and revised IFRSs that are mandatorily effective for accounting periods that begin on or after 1 January 2015, except as indicated otherwise.

- Amendments to:
    - IAS 19 Defined Benefit Plans: Employee Contributions
    - Annual Improvements to IFRSs 2010-2012 Cycle
    - Annual Improvements to IFRSs 2011-2013 Cycle

<u>Amendments to IAS 19 Defined Benefit Plans: Employee Contributions</u>

As the Company does not have defined benefit plans the amendments did not impact the 2015 financial statements.

<u>Amendments to Annual Improvements to IFRSs 2010-2012 Cycle</u>

The Company has applied the amendments to IFRSs 2010-2012 Cycle for the first time in the current year. The amendments to IFRSs 2010-2012 Cycle include amendments to IFRS 8 *Operating Segments* (disclosures about judgements involved in deciding whether or not to aggregate operating segments and when reconciliation of the total of the reportable segments' assets to the entity's assets is required) and IAS 24 *Related Party Disclosures* (disclosures on key management personnel by a management entity) have been applied retrospectively. The amendments to the Cycle also include amendments to IFRS 2 *Share-based Payments* (definition of vesting conditions), IFRS 3 *Business Combinations* (accounting for contingent consideration in a business combination), IFRS 13 *Fair Value Measurement* (short-term receivables and payables) and IAS 16 *Property, Plant and Equipment*; IAS 38 *Intangible Assets* (revaluation method – proportionate restatement of accumulated depreciation or amortization) did not impact the 2015 financial statements.

<u>Amendments to Amendments to Annual Improvements to IFRSs 2011-2013 Cycle</u>

The Company has applied the amendments to IFRSs 2011-2013 Cycle for the first time in the current year. The amendments to IFRSs 201-20123 Cycle include amendments to IFRS 3 *Business Combinations* (scope exceptions for joint ventures), IFRS 13 *Fair Value Measurement* (scope of paragraph 52 portfolio exceptions) and IAS 40 *Investment Property* (clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property) did not impact the 2015 financial statements.

3.2. New and revised IFRSs in issue but not yet effective:

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and/or have not yet been adopted by the European Union:

IFRS 9[1]	Financial Instruments
IFRS 15[2]	Revenue from Contracts with Customers

[1] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

IFRS 9 *Financial Instruments*

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” (FVTOCI) measurement category for certain simple debt instruments.

The Group anticipates that the application of IFRS 9 in the future is not expected to have a material impact on amounts reported in respect of the financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

IFRS 15 *Revenue from Contracts with Customers*

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Group will conduct a detailed review of the potential consequences of the application of IFRS 15 in the future. As a result it is not possible to provide a reasonable estimate of the effect of IFRS 15.

Below is a list of new and revised IFRSs that are not yet endorsed or are endorsed but not yet effective for fiscal year 2015:

- IFRS 9 Financial Instruments
- IFRS 14 Regulatory Deferral Accounts
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

- Amendments to IAS 27 Equity Method in Separate Financial Statements
- Amendments to IAS 1 Disclosure Initiative
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities – Applying the Consolidation Exception
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7: Disclosure Initiative
- Clarifications to IFRS 15: Revenue from Contracts with Customers

Management is currently assessing the potential impact of these standards.

4. Significant accounting policies

4.1. Statement of Compliance

These Combined Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

For all periods up to and including the years ended 31 December 2014, EHS Europe Health Services B.V., from which the Group was carved-out, prepared its financial statements in accordance with Dutch generally accepted accounting practice (Dutch GAAP).

Going concern

Historically, the Group's business has been funded by EHS Europe Health Services B.V. in the past and the periods presented. As of the carve-out date, the Company has obtained a new financing and capitalization balance.
In 2013 through 2015 the Company incurred net losses for €18,414 thousand and used cash in operating activities for €16,704 thousand. Resulting from the new financing and capitalization as of the carve-out date, the working capital position at the end of 2015 is €10,464 thousand positive. In order to further support its sales growth and internationalization strategy the Group increased its share capital by €10,005 thousand in June 2016 (which was actually contributed in cash in June 2016).
As part of the acquisition of Farmaline the Company paid €1,650 thousand in cash in September 2016 and entered into an earn-out agreement for the period 2016 through 2018 for a maximum amount of €3,300 thousand if all of the agreed upon targets are met.

On October 13, 2016, SHOP APOTHEKE EUROPE NV was listed in the Premium Segment of the Frankfurt Stock Exchange. A total of 4,107,142 shares were placed with investors in the Offering, thereof 3,571,428 newly issued ordinary bearer shares resulting from a capital increase, corresponding to EUR 999.999,84 gross proceeds for the Company. The share capital was increased by 71.424,96 EUR. Also considering the proceeds from the Offering management concluded that the going concern is appropriate for preparation of these Financial Statements.

On the basis of the above, the Combined Financial Statements have been prepared on a going concern basis.

4.2. Basis of preparation

The Combined Financial Statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Combined Financial Statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

4.3. Revenue recognition

Revenue and other operating income are recognized in accordance with the provisions of IAS 18 when the goods or services are delivered provided that it is likely that economic benefits will flow to the Group and the amount can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Upon the sale of products to customers, the date on which the goods are delivered at the indicated place of destination is the date on which economic title to the products passes to the customer. In this case, the transfer of economic title is attached to the transfer of legal title. Revenue is recorded net of sales deductions.

In 2015 the Group entered into a wholesale agent agreement with Europa Apotheek Venlo B.V. This agreement arranges that the economic risks of ordered Rx, OTC and BPC products are covered by Europa Apotheek Venlo B.V. resulting that revenue and cost of sales are presented on a net basis by the Group with legal title remaining at the Group prior to shipment of the products. This agreement was applied retrospectively for the Combined Financial Statements (covering the years 2013 through September 2015).

Revenue from other services

Other services are typically recognized based on the services performed.

4.4. Cost of sales

Cost of sales mainly consists of cost of goods sold, inventory obsolescence provisions and contributions by our suppliers for product promotion and discounts'. Allowances on inventories reflect write-downs of inventories to their net realizable value to allow for risks from slow-moving goods, items past their use-by date or reduced saleability of goods.

4.5. Marketing expenses

Marketing expenses, which include the development and production of advertising materials and the communication of this material through various forms of media, are expensed on publishing date of the campaign. Advertising expense is recognised in selling and distribution in the Combined Statement of Profit and Loss.

4.6. Leasing

All leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.7. Foreign currencies

In preparing the Combined Financial Statements of the Group, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

4.8. Retirement benefit costs

The Group maintains two pension plans covering substantially all of our employees.

Pharmacists of the Group participate in the occupational pension plan 'SPOA'. The contribution is fully paid by the participants in the plan. The SPOA pension plan is an average pay pension plan dependent on the collective contribution.

Eligible employees of the Group participate in the multi-employer pension plan (PMA) determined in accordance with the collective bargaining agreements effective for the industry in which the Group operates. The participation of employees is mandatory. The employees (in service before 2013) participate voluntarily in the PMA pension plan. This multi-employer pension plan covers approximately 2,000 companies and approximately 25,000 contributing members. The PMA pension plan is an average pay pension plan and the employer contribution amounts to 17.6% (2013: 19.0%) of the pensionable base.

The SPOA and PMA pension plans monitor risks on a global basis, not by company nor employee, and are subject to regulation by Dutch governmental authorities. By law (the Dutch Pension Act), a pension fund must be monitored against specific criteria, including the coverage ratio of the plan's assets to its obligations. As of 1 January 2015 new pension legislation has been enacted. This legislation results in amongst others, an increase of legally required coverage levels. The coverage percentage is calculated by dividing the funds capital by the total sum of pension liabilities and is based on actual market interest rates.

The coverage ratio of the SPOA pension fund as per 31 December 2015 amounts to 100.4% (31 December 2014: 105.7%, 31 December 2013: 104.3%).

The coverage ratio of the PMA pension fund as per 31 December 2015 amounts to 102.0% (31 December 2014: 107.0%, 31 December 2013: 118.2%).

The Group has no obligation whatsoever to pay off any deficits the pension funds may incur, nor have we any claim to any potential surpluses.

4.9. Taxation

The tax expense for the fiscal year is comprised of current and deferred income tax. Tax expense is recognised in the Combined Income Statements, except to the extent that it relates to items recognised in other comprehensive income or directly in business equity. In this case, the tax is also recognised in other comprehensive income or directly in business equity.

Current income tax

The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income.

The Group recognises liabilities for uncertain tax positions when it is more likely than not that an outflow will occur to settle the position. The liabilities are measured based upon management's estimation of the expected settlement of the matter. These liabilities are presented within income taxes payable on the combined balance sheets. These amounts, along with estimates of interest and penalties on tax liabilities are also recorded in income taxes payable, and are included in current tax expense.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Combined Financial Statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4.10. Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4.11. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see note 3.16.2); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

4.12. Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale.
- The intention to complete the intangible asset and use or sell it.
- The ability to use or sell the intangible asset.
- How the intangible asset will generate probable future economic benefits.
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

4.13. Impairment of tangible and intangible assets

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). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified. Growth rates used for impairment analysis are assessed by existing customer development and acquisition of new customers based on our customer data model. Furthermore, all variable cost like marketing budgets, delivery cost and operations expenses for impairment analysis are planned performance-based. Non performance based cost like finance, management and facility etc. are planned according to business growth including economies of scale.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash- generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4.14. Inventory

Inventory only contains finished goods and is stated at cost. Costs are determined by the average purchase price method and include direct product purchasing rebates. There are limited net realisable value adjustments due to the fact that in general products can be returned to manufacturer or wholesaler prior to expiring.

4.15. Pre-ordered stock

Pre-ordered stock is the stock ordered on behalf of Europa Apotheek Venlo B.V. and stored in the Group´s warehouse until transferred to Europa Apotheek Venlo B.V. according to their customer orders.

In 2015 the Group entered into a wholesale agent agreement with Europa Apotheek Venlo B.V. This agreement arranges that the economic risks of ordered Rx, OTC and BPC products per request of Europa Apotheek Venlo B.V. are covered by Europa Apotheek Venlo B.V. resulting that revenue and cost of sales are presented on a net basis by the Group with legal title remaining at the Group prior to shipment of the products. Legal title transfers to Europa Apotheek Venlo B.V. upon shipment of the goods to the end-customer. This agreement was applied retrospectively for the Combined Financial Statements (covering the years 2013 through September 2015) resulting that this is separately presented as “Pre-ordered stock”, i.e. stock held for Europa Apotheek Venlo B.V.

4.16. Cash and cash equivalents

EHS Europe Health Services B.V. has funded the Group during the period 1 January 2013 through 30 September 2015 including investment and operating loss as well as working capital. This is referred to as “business financing”. Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand at Xsite GmbH.

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

4.17. Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value and are subsequently measured at amortized cost using the effective interest rate method, less allowance for doubtful debts. An allowance for doubtful debts of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to original terms of the receivables. Significant financial difficulties of the customer, probability that the customer will enter bankruptcy or financial restructuring and default or delinquency in payments are considered indicators that the accounts receivable are impaired. The allowance recognized is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

4.18. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.19. Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

4.20. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.21. Financial assets

Financial assets are classified as "Financial assets at fair value through profit or loss" or "Loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets except for maturities greater than twelve months after the statement of financial position date. These are classified as non-current assets.

Loans and receivables (including trade and other receivables, bank balances and cash, and others) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

4.22. Financial liabilities

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as "Other financial liabilities".

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. Critical accounting judgements and key sources of uncertainty

In the application of the accounting policies, which are described in note [4], the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Corporate allocations

The Combined Financial Statements include allocations for certain expenses historically maintained by EHS Europe Health Services B.V. Such items have been allocated to the Group and included in the Combined Financial Statements based on the most relevant allocation method, primarily relative percentage of revenue, number of orders or personnel cost. Management believes that this basis for the allocation of expenses is reasonable.

Revenue

In 2015 the Group entered into a wholesale agent agreement with Europa Apotheek Venlo B.V. This agreement arranges that the economic risks of ordered Rx, OTC and BPC products are covered by Europa Apotheek Venlo B.V. resulting that revenue and cost of sales are presented on a net basis by the Group with legal title remaining at the Group prior to shipment of the products. This agreement was applied retrospectively for the Combined Financial Statements (covering the years 2013 through September 2015).

In the Combined Income Statements, both revenues and cost of goods were directly allocated to the Group based on ordered products (and related recognized revenue) as received on the Shop Apotheke Europe B.V. websites (due to specific customer tracking).

Evaluation of non-current assets for impairment

Non-current assets include other intangible assets and property, plant and equipment.

Impairment reviews were prepared by comparing the carrying value of the cash-generating unit concerned to that cash generating unit's recoverable amount, being the higher of the value in use and fair value less costs to sell. Value in use is a valuation derived from the discounted future cash flows of the cash-generating units. The most important estimates in determining the present value of cash flows are growth rates used to calculate revenue growth and the discount rate in order to determine present value. The Weighted Average Cost of Capital used e.g. for goodwill impairment calculations has been determined based on published peer benchmarking.

Growth rates are based on past performance, external market growth assumptions, and forecast market conditions by our management using a combination of our business plans and growth assumptions for the next years. A benchmarked discount rate for respective analyses of recoverability was used (WACC of 12.4%). Estimates are reviewed at least annually as of the date of each impairment test and believed to be appropriate. However, changes in these estimates could change the outcomes of the impairment reviews and therefore affect future financial results, the effects of which would be recognized in the Combined Income Statement through operating profit.

During 2013, 2014 and 2015, the Group did not identify any impairment indicators nor record any impairment charges in other intangible assets or property, plant and equipment.

Capitalization of development expenses

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

Accounts receivable

Almost all accounts receivable are derived from sales to customers including receivables from vendors. In order to monitor potential credit losses, the Group performs ongoing credit evaluations of its customers' financial condition. Respective allowances for credit losses on accounts receivable are maintained based upon management's assessment of the expected collectability of all accounts receivable. The respective allowances for credit losses on accounts receivable are reviewed periodically to assess the adequacy of these allowances. In making this assessment, the Group takes into consideration any circumstances of which it is aware regarding a customer's inability to meet its financial obligations; and its judgments as to potential prevailing economic conditions in the industry and their potential impact on its customers.

Vendor allowances

The Company has arrangements with suppliers regarding allowances on supplied goods and also obtains compensation for web advertisements on the supplied products. The respective allowances and compensations are reviewed periodically to assess the adequacy of these amounts. In making this assessment the Group takes into consideration any circumstances of which it is aware regarding the Group's ability to meet its targeted purchases and to provide the agreed web advertisements. These periodic reviews and circumstances are used to reflect the best estimates in these Combined Financial Statements.

6. Revenue and segment information

Our operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the statutory directors of the Group and make strategic decisions. For management purposes, our Group is organized into geographic business units:

- Germany: Mostly prescription-free pharmaceuticals (OTC) and beauty and personal care products (BPC) sold to individual customers located in the German market.

- International: Only prescription-free pharmaceuticals (OTC) and beauty and personal care products (BPC) sold to individual customers located in the Austrian, French and Belgian markets.

- Germany Services: Webshop services of Xsite delivered mostly to German customers/companies.

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

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

2015	Germany	International	Germany Services	Eliminations	Combined
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**115,660**	**8,425**	**3,398**	**-1,905**	**125,578**
Cost of sales	-92,383	-7,163	-295	0	-99,841
Gross Profit	**23,277**	**1,262**	**3,103**	**-1,905**	**25,737**
% of revenue	20.1%	15.0%	91.3%		20.5%
Other income	1,194	95	27	0	1,316
Selling & Distribution	-23,630	-3,626	-1,936	1,905	-27,287
Segment EBITDA	**841**	**-2,269**	**1,194**	**0**	**-234**
Administrative expense					-6,419
EBITDA					**-6,653**
Depreciation and amortization					-2,166
EBIT					**-8,819**
Finance income					593
Finance expense					-2,275
Net finance cost					-1,682
Result before tax					**-10,501**

2014	Germany	International	Germany Services	Eliminations	Combined
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**80,968**	**2,180**	**2,198**	**-675**	**84,671**
Cost of sales	**-64,759**	**-1,703**	**-174**	**0**	-66,636
Gross Profit	**16,209**	**477**	**2,024**	**-675**	**18,035**
% of revenue	20.0%	21.9%	92.1%		21.3%
Other income	**873**	**23**	**32**		928
Selling & Distribution	**-16,620**	**-717**	**-1,462**	**675**	-18,124
Segment EBITDA	**462**	**-217**	**594**	**0**	**839**
Administrative expense					**-3,232**
EBITDA					**-2,392**
Depreciation and amortization					**-1,656**
EBIT					**-4,048**
Finance income					**0**
Finance expense					**-826**
Net finance cost					-826
Result before tax					**-4,874**

2013	Germany	International	Germany Services	Eliminations	Combined
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**54,278**	**893**	**121**	**0**	**55,292**
Cost of sales	-41,898	-640	-7	0	-42,545
Gross Profit	**12,380**	**253**	**114**	**0**	**12,747**
% of revenue	22.8%	28.4%	94.0%		23.1%
Other income	658	11	4		673
Selling & Distribution	-11,136	-316	-160	0	-11,612
Segment EBITDA	**1,902**	**-52**	**-42**	**0**	**1,808**
Administrative expense					-2,560
EBITDA					**-752**
Depreciation and amortization					-1,126
EBIT					**-1,878**
Finance income					0
Finance expense					-839
Net finance cost					-839
Result before tax					**-2,717**

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

The Group does not allocate certain costs to the segments. These unallocated items include primarily corporate overhead costs shown as administrative expense in the tables above. The result by segment is shown in the line segment EBITDA including costs directly related to the revenue of the segments (marketing, operations). Segment EBITDA is adjusted for costs that are directly related to the segment revenue. EBITDA means earnings before tax, interest, depreciation and amortization.

All judgements in applying the allocation and aggregation criteria are made by management. This includes a brief description of the operating segments that have been aggregated in this way and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

Revenue from major products and services

The revenue from major products and services is the following:

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Prescription (Rx)	2,614	2,677	3,251
Over-the-counter (OTC) & beauty and personal care (BPC)	121,472	80,470	51,920
Other services	1,492	1,524	121
	125,578	84,671	55,292

The Group's revenue from external customers, based on the location of the entity, and information about its non-current assets (excluding non-current financial assets and deferred income tax assets) based on geographic location of the assets are as follows (all amounts in thousands of Euro):

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Other geographical information	Additions to non-current assets		
Netherlands	3,900	2,289	3,753
Germany	150	8	1,318
	4,050	2,297	5,071
Other geographical information			
- location of non-current assets	non-current assets		
Netherlands	14,878	12,995	12,211
Germany	1,155	1,162	1,304
	16,033	14,157	13,515

Revenue in the country of domicile (related to shipments from The Netherlands) amounts to €124,086 thousand in 2015 (2014: €83,147 thousand, 2013: €55,171 thousand). No single customer contributed more than 0.5% to the Group's revenue for the years 2013 through 2015.

7. Cost of sales

Below, cost of sales are shown per region:

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Germany	92,383	64,759	41,898
International	7,163	1,703	640
Germany Services	295	174	7
	99,841	66,636	42,545

Cost of sales

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Cost of goods sold	99,164	66,090	42,123
Employee benefit expenses	677	546	422
	99,841	66,636	42,545

The Group operates in two principal geographical areas: Germany and International (which comprises the countries Austria, France and Belgium).

8. Revenue – other services

The revenue from other services relates to income from service transactions provided to Europa Apotheek Venlo B.V. (2015: €1,316 thousand; 2014: €928 thousand; 2013: €673 thousand).

Our core business is to advertise, sell and deliver OTC medications and pharmacy-related BPC products to online customers. We acquire customers once, and then drive engagement and repeat purchases from those customers over a long period of time by leveraging the acquired customer base.

In addition, we provide purchasing, warehousing and picking services to our related party Europa Apotheek Venlo B.V. at defined rates per parcel. They are not related to the Group's core activities, also as the Group is required to perform these services considering the necessary economies of scale for both companies. Accordingly these revenues from other services are presented separately from the revenues from core activities and shown as Other Income.

9. Selling & Distribution

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Selling & distribution without personnel and depreciation	20,887	13,074	8,358
Employee benefit expenses	6,399	5,050	3,254
Depreciation and amortization expenses	1,856	1,399	836
Total selling & distribution*	29,143	19,523	12,448

* Total selling & distribution expense shown in segment reporting excludes depreciation.

The main categories within Selling & Distribution are marketing expenses, distribution cost, operations and marketing personnel expenses.

10. Administrative Expense

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Administrative expenses without personnel and depreciation	4,144	1,923	1,236
Employee benefit expenses	2,275	1,308	1,324
Depreciation and amortization expenses	310	257	290
Total administrative expenses*	6,729	3,488	2,850

*Administrative expense shown in segment reporting excludes depreciation.

The main categories within Administrative expenses are personnel expenses e.g. for management, finance, HR, IT as well as other IT related cost, operations overhead cost and facility expenses.

Employee benefit expenses

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Wages and salaries	7,218	5,186	3,647
Social security charges	1,355	853	483
Pension and retirement expenses	220	204	206
Other expenses employees	558	661	664
	9,351	6,904	5,000

Reconciliation Employee benefit to selling & distribution, administrative expenses and cost of sales

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Selling & distribution	6,399	5,050	3,254
Administrative expenses	2,275	1,308	1,324
Cost of sales	677	546	422
	9,351	6,904	5,000

The average number of employees of the Group during the year converted to full-time equivalents was as follows:

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
Average FTE´s (Full Time Equivalents)	245	182	133

All employees are involved in providing the Group’s services relating to its online pharmacy and e-commerce activities.

Retirement benefit plan – defined contribution plan:

The total expense recognised in profit or loss represents contributions payable to the plan by the Group. As of 31 December 2015, contributions of €2 thousand (2014: €90 thousand; 2013: €53 thousand) due in respect of the reporting period had not been paid over to the plan. These amounts were paid subsequent to the end of the reporting period.

Depreciation and amortization expenses

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Depreciation of property, plant and equipment	659	572	595
Amortisation of intangible assets	1,506	1,084	531
	2,165	1,656	1,126

11. Finance expenses

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Other finance expense	2,275	826	839
	2,275	826	839

Finance expense relates to shareholder loan financing (2015 only) and expenses incurred in relation to the accounts receivable financing by online payment methods such as credit card companies and paypal. Part of the fees paid to these companies that relate to the financing (prepayment) element has been reported as other finance expense, the remainder as selling and distribution cost.

12. <u>Income tax expenses</u>

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Result before tax	-10,501	-4,874	-2,717
Non-deductible costs		13	11
Temporary difference fiscal depreciation goodwill and website	-212	-212	-449
Temporary difference shareholder loan	679		
Use of tax loss carry forward Germany	-335	-234	0
Taxable result before tax	-10,369	-5,307	-3,155
Income tax expense:			
Effect of tax during the year Netherlands	2,592	1,327	789
No deferred tax due to uncertainty	-2,560	-1,327	-789
Effect of tax loss carry forward Netherlands	32	0	0
Effect of tax loss carry forward Germany	-101	-70	0
Effect on movement deferred taxes	22	-91	-113
Current tax expense in profit and loss	-47	-161	-113

The Company has carry-forward losses in The Netherlands for an amount of €9,741 thousand at the end of 2015, which are uncertain upon realization. These can be used for the period up to and including 2024. The applicable tax rate for 2015, 2014 and 2013 is the corporate tax rate of 25% payable by corporate entities in The Netherlands on taxable profits and the corporate tax rate of 30% payable by corporate entities in Germany on taxable profits.

Deferred tax balances

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Deferred tax asset in relation to:			
Loss carry-forward minus difference valuation intangible asset	32	7	52
Deferred tax liability in relation to:			
Loss carry-forward minus difference valuation intangible asset	68	0	0
Deferred tax liability in relation to:			
Goodwill	649	563	447
Deferred tax liability in relation to:			
Shareholder loan	1,848	0	0

The deferred tax liability for goodwill relates to the acquisition of the Shop Group in 2010 which was an asset deal under Dutch jurisdiction with an initial (at acquisition) duration of 10 years.

A summary of the movements is given below.

	Deferred tax asset	Deferred tax liability
	EUR 1,000	EUR 1,000
Balance 1 January 2013	0	334
Recognized in profit and loss	0	113
Recognized in business equity	52	0
Balance 31 December 2013	52	447
Balance 1 January 2014	52	447
Recognized in profit and loss	45	116
Balance 31 December 2014	7	563
Balance 1 January 2015	7	563
Recognized in profit and loss		72
Recognized in business equity	-25	1,929
Balance 31 December 2015	32	2,564

13. Earnings per share

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	Euro per share	Euro per share	Euro per share
Basic and diluted earnings			
From continuing operations	-10.55	-5.04	-2.83
From discontinued operations	0.00	0.00	0.00
Total basic and diluted earnings	-10.55	-5.04	-2.83

Basic and diluted earnings per share

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Result for the year attributable to owners of the Company	-10,548	-5,035	-2,831
Earnings used in the calculation of basic and diluted earnings per share	-10,548	-5,035	-2,831
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	-10,548	-5,035	-2,831
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1,000,000	1,000,000	1,000,000
Basic and diluted earnings per share			
From continuing operations	-10.55	-5.04	-2.83
From discontinued operations	0.00	0.00	0.00
Total basic and diluted earnings per share	-10.55	-5.04	-2.83

The number of ordinary shares is determined in accordance with the number of shares that existed in June 2016 prior to the issuance of share (in September 2016) due to the capital increase and the Farmaline acquisition (and related increased number of shares) which may differ from the capital structure at the time of the IPO. These numbers of shares are used as if the number of shares were also present in 2013 and 2014 (so before incorporation of the Group). The basic and diluted earnings per share are similar as no dilutive factors are identified.

14. Property, plant and equipment

A summary of the movements of property, plant and equipment is given below.

	Total
	EUR 1,000
Cost	
Balance 1 January 2013	3,679
Additions	1,002
Disposals	0
Balance 31 December 2013	4,681
Additions	477
Disposals	-3
Balance 31 December 2014	5,155
Additions	1,313
Disposals	-296
Balance 31 December 2015	6,172

	Total
	EUR 1,000
Accumulated depreciation and impairment	
Balance 1 January 2013	2,214
Depreciation	595
Disposals	0
Balance 31 December 2013	2,809
Depreciation	576
Disposals	-3
Balance 31 December 2014	3,382
Depreciation	658
Disposals	-285
Balance 31 December 2015	3,755

	Total
Carrying value	EUR 1,000
Balance 31 December 2013	1,872
Balance 31 December 2014	1,773
Balance 31 December 2015	2,417

In the calculation of depreciation useful lives of 3 - 10 years are used for operating assets. The operating assets mainly consist of hardware and leasehold improvements.

15. Intangible assets

Intangible assets consist of finite-lived intangible assets, except for goodwill. A summary of the movements of intangible assets is given below.

	Intangible assets ERP	Intangible assets website	Intangible assets goodwill	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Cost				
Balance 1 January 2013	5,083	315	6,442	11,840
Additions	2,798	1,272	334	4,404
Disposals	0	-315	0	-315
Balance 31 December 2013	7,881	1,272	6,777	15,929
Additions	1,820	0	0	1,820
Disposals	0	0	0	0
Balance 31 December 2014	9,700	1,272	6,777	17,749
Additions	2,670	67	0	2,737
Disposals	0	0	0	0
Balance 31 December 2015	12,370	1,340	6,777	20,487

	Intangible assets ERP	Intangible assets website	Intangible assets goodwill	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Accumulated amortisation and impairment				
Balance 1 January 2013	1,884	306	1,879	4,069
Amortisation	509	22	0	531
Disposals	0	-315	0	-315
Balance 31 December 2013	2,393	13	1,879	4,285
Amortisation	952	127	0	1,079
Disposals	0	0	0	0
Balance 31 December 2014	3,345	141	1,879	5,365
Amortisation	1,371	134	0	1,505
Disposals	0	0	0	0
Balance 31 December 2015	4,716	275	1,879	6,870
Carry value				
Balance 31 December 2013	5,487	1,259	4,897	11,643
Balance 31 December 2014	6,355	1,132	4,897	12,384
Balance 31 December 2015	7,654	1,065	4,897	13,616

In the calculation of amortization the following useful lives are used:

- Website: 3 years
- ERP-software: 7 years
- Goodwill: infinite life subject to impairment

Impairment Tests for Goodwill

Goodwill is related to the German OTC and BPC business as the most relevant Shop Apotheke Europe B.V. market. Applying the discounted cash flow approach, growth rates and discount rates are the major assumptions to determine the value in use.

Impairment losses or reversals on impairment losses are not applicable in 2013, 2014 and 2015.

Estimates used to measure recoverable amounts

Revenue growth over the course of the business plan was estimated considering experience from previous years. Basis for the growth rates is the anticipated development of business with existing and new customers. The applied discount rate reflects the market risk of the CGU Germany. The calculation of the appropriate discount rate accounts for factors specific to the Company and its business units. It is based on industry specific Weighted Average Costs of Capital (a pre-tax WACC of 12.4% is applied).

Sensitivity analysis of applied estimates

Management growth expectations, as applied in the business plan for the next five years, assume annual reasonable revenue growth rates, gross margin percentages and marketing expenses until 2020 based on past experiences in conjunction with market studies; beyond that a long term fixed growth rate of 1% (subsequent to 2020) is assumed in the business plan. A scenario analysis was performed, with minimum annual revenue growth rates of 14% (until 2020), stable gross margins, a consistent WACC and relatively decreasing marketing expenses, which would not result in an impairment. Management also performed sensitivity analysis (this analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant) on the individual estimates and assumptions (revenue growth of 5% point lower growth rate, margin decrease in percentage of revenue of 1% point lower, WACC increase of 2% point higher and marketing expenses in percentage of revenue of 2% point higher) resulting in no impairment charge.

16. Inventories

The cost of inventories recognized as an expense during the year in respect of continuing operations was €99,154 thousand (2014: €66,082 thousand, 2013: €42,123 thousand).

The costs of inventories recognized as an expense includes €72 thousand of write-downs of inventory to net realizable value in the year 2015.

No inventories are expected to be recovered after more than twelve months.

17. Trade and other receivables

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Trade receivables	4,258	3,478	3,047
Allowance for doubtful debts	-158	-538	-435
	4,100	2,940	2,612

The average credit period on sales of goods and services is 10 days in 2015 (2014: 11 days; 2013: 14 days). Since all receivables relate to German customers that by law are only obliged to pay after 30 days, no impairment is made for receivables between 11 and 29 days.

No interest is charged on trade receivables. The Group has recognised an allowance for doubtful debt as stated above.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer scoring. Limits and scoring attributed to customers are reviewed periodically; in addition customer orders are checked automatically by defined algorithms to prevent fraud.

Of the trade receivables balance at the end of the year 2015, €57,372 (2014: €46,410) was due from the Group's largest customer. No other customers individually represent more than 2 % of the total balance of trade receivables in total.

There are no trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognized an allowance for doubtful debts.

Age of receivables that are past due but not impaired:

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
30 – 60 days	245	135	149
61 – 90 days	0	0	0
91 – 120 days	0	0	0
121 days and older	0	0	0
	245	135	149
Average age (in days)	45	45	45

Movement in the allowance for doubtful debts:

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Balance beginning of the year	538	435	445
Impairment losses recognised	-128	829	224
Amounts written off as uncollectible	-253	-726	-234
Balance end of the year	158	538	435

Age of impaired receivables:

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
30 – 60 days	0	0	0
61 – 90 days	46	51	36
91 – 120 days	27	60	18
121 days and older	85	426	381
	158	538	435
Average age (in days)	137	162	168

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. With the introduction of the new ERP system in 2013, customers scoring and automatic order checks were introduced.

18. Other current assets

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Prepayments	992	902	407
Other current assets and accrued income	2,054	1,090	748
	3,046	1,992	1,155

19. Cash and cash equivalents

All cash balances are at free disposal of the Group. At the end of 2014 and 2013 the cash balances solely related to its subsidiary Xsite GmbH.

20. Business equity

Share capital

The share capital of the Group (after incorporation as of 30 September 2015) amounts to €100,000 divided into 1,000,000 shares each with a nominal value of €0.10 of which 1,000,000 shares have been issued and fully paid. It has been increased to 1,066,700 in September 2016 by issuance of new shares to existing shareholders.

Shareholders's equity and business equity

Prior to the contribution of the mailorder pharmacy business activities of EHS Europe Health Services group into the Company, the Group's equity represented EHS Europe Health Services B.V.'s investment in the combined entities of the Group, or business equity. Following the Separation, the Group's equity represents the Company's issued and outstanding share capital, additional paid in capital and reserves.

Prior to Separation—Business Equity

As indicated, the EHS Europe Health Services B.V. (including the Group) utilized a central approach to cash management and the funding of its operations. In the absence of a contractual obligation to deliver cash or other financial assets in relation to the funding from other businesses and the fact that the balances were not settled with the Group's own equity instruments, all balances with other businesses were presented as business equity in lieu of shareholders' equity for the years 2013 and 2014. Business equity represents the cumulative net investment by EHS Europe Health Services B.V. in the Group through that date.

Impact of Separation from EHS Europe Health Services B.V. on Equity and amounts due to related parties

There were a number of transactions entered into to consummate the Separation. These resulted in an increase in the equity of €931 thousand and a reduction in amounts due from related parties.

Post Separation—Shareholders' Equity

As described above 1,000,000 shares of the Company were issued to EHS Europe Health Services B.V.'s shareholders in connection with the Separation. Upon the completion of the Separation, the Company has been refinanced as follows:

- Share capital: share capital was issued based on the par value of €0.10 per share for the shares issued in connection with the Separation;

- Additional paid in capital: the net asset value of the contribution, is reported as share premium.

The total authorized number of ordinary shares is 1,000,000 as of 31 December 2015 with a par value of €0.10 per ordinary share. The issued and paid-up share capital of the Company amounted to €100,000 divided into 1,000,000 ordinary shares of €0.10 each as of the date incorporation and has been increased to 1,066,700 ordinary shares of €0.10 each in September 2016 by the issuance of 66,700 new shares.

The Company obtained long term loans from shareholders due to the legal split in 2015 (€26,521 thousand nominal value). For reference see the related party disclosures.

Other information

See note 4 to the company financial statements for the restrictions on the distribution of dividends and the repayment of capital.

Additional information about shareholders' equity is included in the combined statement of changes in equity.

21. Trade and other payables

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Trade payables	8,638	7,625	6,122

The average credit period on purchases is 14 days in 2015 (2014: 14 days; 2013: 12 days). No interest is charged on the trade payables, calculated from Group trade payables and purchases for both the Group and Europa Apotheek Venlo B.V., which is served by a common purchasing service contract. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

22. Other liabilities

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Employee benefit liabilities	673	348	272
Other accruals and deferred income	3,233	917	800
	3,906	1,265	1,072
Employee benefit liabilities			
Pension liabilities	2	87	52
Other employee benefit liabilities	671	261	220
	673	348	272
Other accruals and deferred income split			
Other tax liabilities	2,850	471	377
Other accruals and deferred income excluding tax	383	446	424
	3,233	917	800
Other tax liabilities			
Value Added Tax	2,505	194	150
Wage tax and social security liabilities	345	277	227
	2,850	471	377

The employee benefit liabilities include the accruals for bonus payments, vacation days and several other accruals.

23. Financial instruments

23.1. Information on risks

The following financial risks can be identified: interest rate risk, credit risk, liquidity risk and currency risk.

This note provides information on these financial risks to which the Group is exposed, the objectives and policy for managing risks arising from financial instruments as well as the management of capital.

Interest rate risk:

The interest rate risk includes the influence of positive and negative changes to interest rates on the profit, equity, or cash flow in the current or a future reporting period. Interest rate risks from financial instruments can arise within the Group mainly in connection with financial liabilities. A change in the market risk at reporting date by 100 BP, would have an effect of circa €0 in 2015 on the Group profit or equity, since the shareholder loan has a long-term fixed interest rate.

Credit risk:

Credit risk is the risk of a loss being incurred because a counterparty is unable or unwilling to meet its obligations. The Group is exposed to credit risk; this is the risk of non-payment by customers for services provided.

Receivables which are past due, but for which no provision has been recognised, are without exception trade receivables from normal sales. For provision for doubtful debts see note [17] of the Combined Financial Statements.

The other receivables and the prepayments and accrued income do not contain any accounts older than one year.

Liquidity risk:

Liquidity risk is the risk that the Group is unable to obtain the financial resources required to meet its financial obligations on time. In this connection, the Group regularly assesses the expected cash flows over a period of several years. These cash flows include operating cash flows, dividends and share premium repayment, interest payments, replacement capital expenditure and the effects of a change in the Group's creditworthiness. The aim is to have sufficient funds available at all times to provide the required liquidity.

The Group's liquidity needs are affected by many factors, some of which are based on the normal ongoing operations of the business, and others that relate to the uncertainties of the global economy and the industry. Although cash requirements fluctuate based on the timing and extent of these factors, the Group believes that cash generated from operations, together with the liquidity provided by existing cash and cash equivalents are sufficient to satisfy the current requirements, including the 2015 capital expenditures. In 2015 the Group was refinanced upon or subsequent to the incorporation. As a result the Group obtained long-term loans from the shareholders in conjunction with a cash transfer from EHS Europe Health Services B.V. In June 2016 the Group has increased its share capital by €10,005 thousand by the issuance of new shares to existing shareholders to further support its sales growth and internationalization strategy.

Currency risk:

The Group’s sales are only denominated in euros. The cost of raw materials and consumables used and other expenses are almost completely denominated in euros and to a very limited extent in other currencies. Therefore, foreign currency exchange risk is considered to be limited.

Liquidity and interest risk tables:

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

	Weighted average effective interest rate	Less than 1 month	1-3 months	3 months to 1 year	1-5 years	5+ years	Total	Carrying amount
	%	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
31.12.2013								
Non-interest bearing	0	0	0	0	0	0	0	0
Finance lease liability	0	0	0	0	0	0	0	0
Variable interest rate instruments	0	0	0	0	0	0	0	0
Fixed interest rate instruments	0	0	0	0	0	0	0	0
Financial guarantee contracts	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0
31.12.2014								
Non-interest bearing	0	0	0	0	0	0	0	0
Finance lease liability	0	0	0	0	0	0	0	0
Variable interest rate instruments	0	0	0	0	0	0	0	0
Fixed interest rate instruments	0	0	0	0	0	0	0	0
Financial guarantee contracts	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0
31.12.2015								
Non-interest bearing	0	0	0	0	3,000	0	3,000	3,000
Finance lease liability	0	0	0	0	0	0	0	0
Variable interest rate instruments	0	0	0	0	0	0	0	0
Fixed interest rate instruments	7.5	0	0	0	0	31,526	31,526	19,002
Financial guarantee contracts	0	0	0	0	0	0	0	0
		0	0	0	3,000	31,526	34,526	22,002

23.2. Capital management

The Group manages its business equity to ensure it will be able to continue as going concern while maximising the return to its. The Group's overall growth strategy remains unchanged from 2013, 2014 and 2015. The Group is not subject to any externally imposed capital requirements.

23.3. Categories of financial instruments

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Financial liabilities:			
Shareholder loan	19,002	0	0
Deposit	3,000	0	0
	22,002	0	0

23.4. Fair value of financial assets and financial liabilities

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

Except as detailed in the following table, the Company considers that the carrying amounts of financial assets and financial liabilities recognised in the Combined Financial Statements approximate their fair values. The fair values are the same as the carrying amounts since all trade and other receivables are due within 30 days and all trade and other payables are paid within 30 days.

	Year ended 31.12.2015		Year ended 31.12.2014		Year ended 31.12.2013	
	EUR 1,000		EUR 1,000		EUR 1,000	
	Carrying amount	Fair Value	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial liabilities:	22,002	21,492	0	0	0	0

23.5. Fair value hierarchy

As of 31.12.2013	Level 1	Level 2	Level 3	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Financial liabilities:		0		0
	0	0	0	0

As of 31.12.2014	Level 1	Level 2	Level 3	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Financial liabilities:		0		0
	0	0	0	0

As of 31.12.2015	Level 1	Level 2	Level 3	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Financial liabilities:				
Shareholder loan			19,002	19,002
Deposit			2,490	2,490
	0	0	21,492	21,492

The fair values of the financial assets and financial liabilities included in the level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties (the latter only applicable for financial assets).

24. Related party transactions

Details of transactions between the Group and other related parties are disclosed below.

24.1. Transactions with the EHS Europe Health Services group

As of 30 September 2015, the Group was carved out from the EHS Europe Health Services group. As a result of the carve-out the Group entered into service agreements with the EHS Europe Health Services group, which will provide for the provision of services such as purchasing, warehouse operations, IT and administration performed by the Group for EHS Europe Health Services group. As of 1 October 2015 a €3 million non-current deposit (five years term at 0% interest) was provided from EHS Europe Health Services group to the Group to facilitate agent product purchases on behalf of EHS Europe Health Services group. The services also included the provision of certain application maintenance, application development and infrastructure maintenance services. The service agreements will provide for a term of up to five years.

Revenue from other services relates to income from service transactions provided to Europa Apotheek Venlo B.V. is allocated to the segments based on revenue until 30 September 2015 and thereafter based on service agreements (2015: €1,316 thousand; 2014: €928 thousand; 2013: €673 thousand).

MK Beleggingsmaatschappij B.V. is a related party without transactions in the years 2013 to 2015.

Shop Apotheke Group entered into a supply agreement with a company ultimately owned by Dr. Robert Hess, who is at the same time our indirect shareholder by owning 100% of the shares in Dr. Hess Verwaltungsgeschellschaft mbH which indirectly holds 10% of the shares in Shop Apotheke Group.

Stichting Administratiekantoor (STAK) bought a 20% share in EHS Europe Health Services B.V. at the same price as other shareholders and issued 200,000 certificates to individual shareholders (no movements since incorporation) who bought them at the same price. STAK held the shares from 2012 to midst of 2015.

The STAK was dissolved in July 2015 before the carve-out of Shop Apotheke Europe B.V. No fair value was assigned to the certificates as the conditions were similar to the other shareholders, except for a 3 year lock-up period which was terminated upon dissolution in 2015.

Financing of the Group took place by the owner’s funding presented as business financing in 2014: €7,011 thousand; 2013: €10,578 thousand.

24.2. Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Short-term benefits	633	410	343
Post-employment benefits	3	2	2
	636	412	345

The remuneration of directors was determined by the shareholders of EHS Europe Health Services B.V. in 2012-2014 and by the shareholders of Shop Apotheke Europe B.V. since incorporation. A supervisory board determining future remuneration schemes will be installed in 2016.

24.3. Loans to key management personnel

The Group has provided several of its key management personnel with short-term loans at rates comparable to the average commercial rate of interest.

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Loans to key management personnel	70	80	80

24.4. Loans from related parties

	Year ended 31.12.2015	Year ended 31.12.2014
	EUR 1,000	EUR 1,000
Loan	19,002	0
Promissory note	0	0
	19,002	0

The loan obtained from related parties has the following conditions and parameters:

Annual actual interest: 2.5% (7.5% effective rate)

No redemption scheme prior to the redemption date of the loan in 2022. Interest is accumulated and paid at the time of redemption, which may take place prior to 2022.The loan is subordinated in nature. Lenders may ask for redemption in case of majority change of control.

In accordance with IFRS, the loan is reported based on fair value at inception (with amortised cost subsequently), discounting the loan at 7.5% to value the loan at €19,002 thousand as of 31 December 2015 (nominal value of €26,521 thousand). A deferred tax liability has been recorded for the difference between fair value and nominal value.

The shareholder loans provided by the Board of Directors amount to €7,886 thousand on 31 December 2015 (which is included in the total amount above).

25. Business combinations

On 13 December 2013, the Group acquired 100% of the shares of Xsite GmbH, an e-commerce platform company. No acquisition-related costs were incurred related to the acquisition. The total purchase consideration was €1 million, all of which was paid at closing. The acquisition financing was provided by cash from EHS Europe Health Services B.V. In the Combined Financial Statements, the acquisition was posted according to the purchase price allocation method and no goodwill was recorded as the entire purchase price was allocated to Xsite´s website source code for this website which is considered a critical asset to the Group. Due to the tax-loss carry forward of €1,007 thousand a deferred tax asset has been set up. The operations of Xsite and the related financial reporting were fully integrated upon acquisition:

Subsidiary: Xsite GmbH, Düsseldorf, Germany
Share: 100 %

Included in the result for the year 2013 is €-87 thousand attributable to the additional business generated by Xsite. Revenue for 2013 includes €121 thousand for Xsite. Had this business combination been effected as of 1 January 2013 the revenue of the Group would have been €639 thousand higher and the result for the year €567 thousand lower. The directors consider these pro-forma numbers to represent an approximate measure of the performance of the Group on an annualized basis and to provide a reference point for comparison in future period.

26. Operating lease arrangements

Payments recognized as an expense

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Lease payments	23	36	37
Rental payments	705	548	416
	728	584	453

27. Contingent liabilities

Guarantees

Guarantee obligations have been provided by the Group for €34 thousand (Xsite).

Fiscal unity

For the purpose of value added tax, Shop Apotheke Europe B.V., SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V. and EuroService Venlo B.V. are associated in a fiscal unity and are therefore severally liable for the value added tax owed of the entire fiscal unity as of October 2015 (subsequent to this date and not for the prior period). For the purpose of corporate income tax, SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V. and EuroService Venlo B.V. are associated in a fiscal unity and are therefore severally liable for the corporate income tax owed of the entire fiscal unity as of October 2015 (subsequent to this date and not for the prior period).

Article 403 of the Dutch Civil Code

As of its incorporation on 30 September 2015, Shop Apotheke Europe B.V. is liable for all Dutch group companies (subsequent to this date and not for the prior period), i.e. SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V. and EuroService Venlo B.V. according to Article 403 of the Dutch Civil Code, the according declaration 2015 has been filed with the trade register.

Rental commitments buildings and other (lease) agreements

The obligations for lease of property as of 31 December 2015 entered into with third parties are €4,539 thousand. Of this amount €1,007 thousand is due within one year, €3,532 thousand is due within one through five years on 30 September 2020 and €0 is due after five years.

Obligations for other lease agreements amount €49 thousand. Of this amount €19 is due within one year, €30 thousand is due within one through five years on 31 August 2018 and €0 is due after five years.

Legal cases

As at the date of these financial statements the company is currently subject to a first instance civil law proceeding in France with several accusations obtained. If the plaintiffs were to be successful, the company could be restricted in pursuing certain advertisement and sales measures but the company could also be obliged to take into consideration some or all of the French law requirements regarding the online activity of pharmacists and could as a result be restricted in doing business in France. The potential violation of the respective French laws would be published. Additionally, the company would be required to pay €30,000 to the plaintiffs for the alleged unfair competition, plus the legal costs. The company could face additional penalties if the company was not complying to such court decision. The company is in appeal of the accusations. Considering the current stage of the legal proceeding (with related uncertainties) no provision is recorded and accordingly is disclosed as a contingent liability.

28. Auditors' fees

The following auditors' fees (EUR 1,000) were expensed in the income statement in the reporting period:

	Year ended 31.12.2015	Year ended 31.12.2014	Year ended 31.12.2013
	EUR 1,000	EUR 1,000	EUR 1,000
Audit of the financial statements[1]	120	42	36
Other audit procedures -IPO	631	0	0
Tax and other services	0	24	13
Total[1]	751	143	49

[1] The fees listed above relate to the procedures applied to the company and its consolidated Group entities by Deloitte Accountants B.V. (for 2013 / 2014: Flynth adviseurs en accountants B.V.) as the external auditor referred to in Section 1 (1) of the Dutch Accounting Firms Oversight Act (Wta) as well as by the Deloitte network (for 2013 / 2014: Flynth adviseurs en accountants B.V.)

29. Events after the reporting date

In April 2016, the general shareholder meeting of Shop Apotheke Europe B.V. took the decision for a capital increase of €10,005 thousand in cash which was actually contributed in June 2016 (resulting that equity increased by €10,005 thousand in the first six months of 2016). In September 2016 66,700 shares were issued on the par value of €0.10 each related to this capital increase.

In September 2016, the company acquired assets relating to the online business of the Belgian online pharmacy Farmaline N.V. (the acquisition is considered a business combination under IFRS 3) by which the company aims to improve the competitive position in Continental Europe significantly. After signing the acquisition agreement in August 2016, the acquisition of the Farmaline Business by way of an asset and share deal was completed in September 2016. As part of the acquisition the Company issued 32,990 Shares to the owners of Farmaline and paid €1,650 thousand in cash in September 2016. Furthermore an earn-out agreement was entered into for the period 2016 through 2018 for a maximum amount of €3,300 thousand if all of the agreed upon targets are met.

On September 23, 2016, Shop Apotheke Europe B.V. was converted to Shop Apotheke Europe N.V.

On October 13, 2016, Shop Apotheke Europe N.V. was listed in the Premium Segment of the Frankfurt Stock Exchange. A total of 4,107,142 shares were placed with investors in the Offering, thereof 3,571,428 newly issued ordinary bearer shares resulting from a capital increase, corresponding to EUR 999.999,84 gross proceeds for the Company. The share capital was increased by EUR 71.424,96.

The shareholder loan has been repaid on October 31, 2016 at its nominal value of EUR 27.073 thousand and the related deferred tax liability of EUR 1.721 thousand was released.

Company financial statements

SHOP APOTHEKE EUROPE B.V.

for the period 30 September 2015 to 31 December 2015

- Company balance sheet
- Company profit and loss account
- Notes to the Company financial statement

Company balance sheet as of 31 December 2015 and 30 September 2015

Before appropriation of result	Notes	31.12.2015	30.09.2015
		EUR 1,000	EUR 1,000
Assets			
Finance fixed assets			
Subsidiaries	3	9,290	0
		9,290	0
Current assets			
Receivables from Group Companies		13,523	0
Amounts due from related parties		2,685	0
Other current assets		32	0
Cash and cash equivalents		0	100
		16,240	100
Total Assets		**25,530**	**100**
Equity and Liabilities			
Capital and reserves			
Issued capital		100	100
Share premium		4,488	0
Legal reserves		1,904	0
Net income for the year		-4,033	0
Shareholders‘ equity	4	2,459	100
Non-current liabilities			
Loan from related parties (shareholders)	5	19,002	0
Deferred tax liability		1,880	0
		20,882	0
Current liabilities			
Other liabilities		2,189	0
		2,189	0
Total Equity and Liabilities		**25,530**	**100**

Company profit and loss account 30 September 2015 through 31 December 2015

	Notes	30 September 2015 through 31 December 2015
		EUR 1,000
Share in result of subsidiaries	3	-3,698
Other income and expense after taxation		-335
Result after taxation		-4,033

Notes to the company financial statements

1. General

The description of the Company's activities and the Company structure, as included in the Notes to the combined financial statements, also apply to the Company financial statements.

2. Summary of Significant Accounting Policies

The company financial statements of Shop Apotheke Europe B.V. are prepared in accordance with the legal requirements of Part 9, Book 2 of the Dutch Civil Code. The company has made use of the possibility based on Article 362, paragraph 8, Part 9, Book 2 of the Dutch Civil Code to prepare company financial statements based on the accounting policies used for the combined financial statements, except for the valuation of subsidiaries which is accounted for in accordance with the equity method.

The summaries of other significant accounting policies, significant judgments and estimates and adoptions of new and revised accounting standards are given in note 2, 3 and 4 respectively of the notes to the combined financial statements.

Receivables are mainly receivables on Group companies and related parties. The accounting policy on trade and other receivables is included in note 4.17 of the notes to the combined financial statements.

In accordance with article 402 Part 9 of Book 2 of the Dutch Civil Code the Company income statement of Shop Apotheke Europe B.V. is presented in abbreviated form.

3. Financial fixed assets

A summary of the movements in the subsidiaries is given below:

	SA Europe B.V.	Total
	EUR 1,000	EUR 1,000
Balance, 30 September	0	0
Carve-out	12,988	12,988
Result SA Europe B.V.	-3,698	-3,698
Balance, 31 December	9,290	9,290

See note 1 of the notes to the combined financial statements for an overview of the major subsidiaries and for an explanation of the carve-out of the group's activities subsequent to incorporation.

4. Shareholder’s equity

The total authorised number of ordinary shares is 1,000,000 at December 31, 2015 (September 30, 2015: 1,000,000) with a par value of EUR 0.10 per ordinary share. The issued and paid-up share capital of the Company amounts to EUR 100,000 divided into 1,000,000 ordinary shares of EUR 0.10 each.

Additional information is given in the combined statement of changes in shareholder’s equity and in note 20 of the notes to the combined financial statements.

The difference between the result for the period upon incorporation until the end of the fiscal period (September 30, 2015 through December 31, 2015), as presented in the company profit and loss account September 30, 2015 through December 31, 2015, and the result for the year January 1, 2015 through December 31, 2015, as presented in the Combined Statement of Profit and Loss for the years ended 31 December 2015, 31 December 2014 and 31 December 2013, solely relates to the different periods presented between the combined Statement of Profit and Loss and the company profit and loss.

Legal reserves

Based on Dutch law, a legal reserve needs to be established for capitalized costs of development of software. The legal reserve cannot be used for dividend distribution and is therefore restricted in usage.

Movements during 2015 relate to the net balance of capitalization and amortization of software developed in-house.

5. Loan from related parties (shareholders)

Additional information is given in note 24.4 of the notes to the combined financial statements.

6. Personnel

The number of employees employed by Shop Apotheke Europe B.V. at year-ended December 31, 2015 was 0.

7. Commitments and Contingencies

Shop Apotheke Europe B.V. forms a fiscal unity together with its Dutch subsidiaries, for purposes of Dutch value-added tax laws. As a consequence, the company bears joint and several liability for the debts with respect to value-added taxes of the fiscal unity.

As of its incorporation on 30 September 2015, Shop Apotheke Europe B.V. is liable for all Dutch group companies (subsequent to this date and not for the prior period), i.e. SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V. and EuroService Venlo B.V. according to Article 403 of the Dutch Civil Code, the according declaration 2015 has been filed with the trade register.

No guarantees have been issued on behalf of subsidiaries nor have commitments been made by Sbop Apotheke Europe B.V. itself.

8. Remuneration of the Board of directors

See note 24.2 of the notes to the combined financial statements.

9. Related parties

All companies within the Group are considered to be related parties.

See also notes 24 and 25 of the notes to the combined financial statements.

10. Auditors’fees

Information with respect to auditors' fees is given in note 28 of the notes to the combined financial statements.

Signing of the financial statements

Venlo, 17 January 2017

Statutory directors:

Marc Fischer, Theresa Holler, Michael Köhler, Dr. Ulrich Wandel, Stephan Weber

Supervisory board:

Jan Pyttel, Dr. Björn Söder, Frank Köhler, Jérôme Cochet

Other information

Events after balance sheet date

In April 2016, the general shareholder meeting of Shop Apotheke Europe B.V. took the decision for a capital increase of EUR10,005 thousand in cash which was actually contributed in June 2016 (resulting that equity increased by EUR 10,005 thousand in the first six months of 2016). In September 2016 66,700 shares were issued on the par value of EUR 0.10 each related to this capital increase. In September 2016, the company acquired assets relating to the online business of the Belgian online pharmacy Farmaline N.V. (the acquisition is considered a business combination under IFRS 3) by which the company aims to improve the competitive position in Continental Europe significantly. After signing the acquisition agreement in August 2016, the acquisition of the Farmaline Business by way of an asset and share deal was completed in September 2016. As part of the acquisition the Company issued 32,990 Shares to the owners of Farmaline and paid EUR1,650 thousand in cash in September 2016. Furthermore an earn-out agreement was entered into for the period 2016 through 2018 for a maximum amount of EUR 3,300 thousand if all of the agreed upon targets are met.

On September 23, 2016, Shop Apotheke Europe B.V.was converted into Shop Apotheke Europe N.V.

On October 13, 2016, SHOP APOTHEKE EUROPE was listed in the Premium Segment of the Frankfurt Stock Exchange. A total of 4,107,142 shares were placed with investors in the Offering, thereof 3,571,428 newly issued ordinary bearer shares resulting from a capital increase, corresponding to EUR 999.999,84 gross proceeds for the Company. The share capital was increased by EUR 71.428,56.

The shareholder loan has been repaid on October 31 at its nominal value of EUR 27.073 thousand and the related deferred tax liability of EUR 1.721 thousand was released.

Independent auditor’s report

Reference is made to the auditor’s report as included hereinafter.

Statutory rules concerning appropriation of result

According to the articles of the Company’s statutory regulations the appropriation of the result for the year is at the disposal of the general meeting.

Appropriation of result for the period September 30, 2015 – December 31, 2015

The board of directors proposes that the loss for the period September 30, 2015 – December 31, 2015 amounting to TEUR 4.033 should be deducted from the other reserves.

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Independent auditor's report

To: the Shareholders and Supervisory Board of Shop Apotheke Europe B.V.

Report on the financial statements

We have audited the combined financial statements of the years 2015, 2014 and 2013 of Shop Apotheke Europe B.V. based in Venlo. The combined financial statements include the combined financial statements of 2015, 2014 and 2013 and the company financial statements 2015.

The combined financial statements comprise:

- The consolidated statement of the financial position as at December 31, 2015 and the combined statement of financial position at December 31, 2014 and December 31, 2013.

- The combined statements of profit and loss, other comprehensive income and cash flows, the consolidated changes in shareholders' equity for the year ended December 31, 2015 and the combined statement of changes in equity for the years ended December 31, 2014 and December 31, 2013.

- The notes for the years ended December 31, 2015, December 31, 2014 and December 31, 2013, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as at December 31, 2015.

- The company profit and loss account for September 30, 2015 through December 31, 2015.

- The notes comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Directors' report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the combined financial statements give a true and fair view of the financial position of Shop Apotheke Europe B.V. as at December 31, 2015, December 31, 2014 and December 31, 2013 and of its result and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

The company financial statements give a true and fair view of the financial position of Shop Apotheke Europe B.V. as at December 31, 2015, and of its result for September 30, 2015 through December 31, 2015 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Emphasis of the basis of presentation

Without modifying our opinion, we draw attention to the fact that, as described in note 1 and 2 to the combined financial statements, the Mail-order Pharmacy business activities of EHS Europe Health Services B.V. included in the combined financial statements has not operated as an entity separate from EHS Europe Health Services B.V. before September 30, 2015. Therefore, these combined financial statements may not necessarily be indicative of results that would have occurred had the Mail-order Pharmacy business activities of EHS Europe Health Services B.V. operated as a separate stand-alone entity during the related period (January 1, 2013 through September 29, 2015) presented or of future results of the combined businesses.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the Directors' report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Eindhoven, January 19, 2017

Deloitte Accountants B.V.

Signed on the original: J. Hendriks