Prospectus for the

admission to trading on the
regulated market segment *(Regulierter Markt)* of
the Frankfurt Stock Exchange *(Frankfurter Wertpapierbörse)*
with simultaneous admission to the
sub-segment of the regulated market with additional post-admission obligations (Prime Standard)
of the Frankfurt Stock Exchange

of

2,950,578 newly issued ordinary bearer shares in the share capital of the Company
pursuant to a capital increase

– each such share with a nominal value of €0.02 each
and full dividend rights from 1 January 2017 –

of

Shop Apotheke Europe N.V.
Venlo, the Netherlands

International Securities Identification Number (ISIN): NL0012044747
German Securities Code (WKN): A2AR94
Trading Symbol: SAE

Listing Agent

Citigroup

The date of this Prospectus is 7 November 2017

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1. Summary of the Prospectus

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

Section A - Introduction and Warnings

A.1	**Warnings**	This summary should be read as an introduction to this prospectus (the "**Prospectus**"). An investor should base any decision to invest in the securities described herein on the review of the Prospectus as a whole. In case a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area (the "**EEA**"), have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus, or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the ordinary bearer shares in the share capital of Shop Apotheke Europe N.V., each with a nominal value of €0.02 (the "**Shares**"). Shop Apotheke Europe N.V., Venlo, the Netherlands (the "**Company**" or the "**Issuer**", and, together with its consolidated subsidiaries, the "**Group**", "**we**", "**us**", "**our**" or "**our Group**"), accepts responsibility for the content of this summary.
A.2	**Information regarding the subsequent use of the Prospectus**	Not applicable. Consent of the Company regarding the use of the Prospectus for a subsequent resale or placement of the Shares by financial intermediaries has not been granted.

Section B - Issuer

B.1	**Legal and commercial name**	The Company's legal name is "Shop Apotheke Europe N.V." The Group currently operates primarily under the commercial names which comprise the different domain names under which it is active: "shop-apotheke.com", "shop-apotheke.at", "shop-pharmacie.fr", as well as domain names related to Farmaline (including farmaline.be, farmaline.nl, it-farmaline.it and es-farmaline.es, while the Vitazita branded shops operate on vitazita.com for the several countries with declination such as be.vitazita.com and nl.vitazita.com).
B.2	**Domicile, legal form, legislation under which the Issuer operates, country of incorporation**	The Company has its corporate seat (*statutaire zetel*) in Venlo, the Netherlands, and its registered business address at Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands, and is registered with the trade register of the Chamber of Commerce (*Kamer van Koophandel*, the "**Trade Register**") under number 63986981. The Company is a public company with limited liability (*naamloze vennootschap*) incorporated in the Netherlands and governed by Dutch law.
B.3	**Current operations and principal business activities and principal markets in which the Issuer competes**	**Overview of our business** We are a leading online pharmacy in terms of revenue, with a business focused on non-prescription, over-the-counter medications ("**OTC Medications**") and beauty and personal care products that are otherwise almost preferentially distributed through pharmacies, which we refer to as "**Pharmacy-Related BPC Products**" and prescription medications sold only to a customer possessing a valid prescription. ("**Prescription Medications**"). Our vision is to create the leading online pharmacy brand focused on Prescription Medications, OTC Medications and Pharmacy-Related BPC Products for the whole family in terms of revenue in Continental Europe, where currently no established pan-European offline or online brand exists. (We define "**Continental Europe**" as Germany, France, Italy, Spain, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway, Greece, Slovenia and Austria.)

Since our foundation in 2001, with the launch of the shop-apotheke.com website as the online platform of a Cologne-based pharmacy, we have continually expanded our business. Over the last several years, we have extended our geographic reach within Continental Europe.

Acquisition of the Europa Apotheek Group

On 25 September 2017 we announced the acquisition of the entire issued share capital of EHS Europe Health Services B.V. ("**EHS**") by way of issuance of 2,950,578 new ordinary bearer shares in the share capital of the Company each having a nominal value of €0.02 each (the "**New Shares**") to the shareholders of EHS under the obligation to pay up the New Shares by way of contribution of all EHS shares to the Company (the "**Acquisition**"). On or about 8 November 2017, we intend to complete the Acquisition.

Following a series of asset transfers and legal demergers completed in September 2015 (but with accounting effect from 1 January 2015 in respect of the legal demergers), the business of the Group was carved out from the Europa Apotheek Group (the "**Reorganization**").

The regulatory backdrop related to the provision of bonuses to Prescription Medications customers in the German core market was the main reason for the Reorganization. In Germany, the price for Prescription Medications is specifically regulated under the German Drug Price Ordinance (*Arzneimittelpreisverordnung*), with the effect that the final price for customers is the same for each product in every German pharmacy. This is achieved by regulating the margins of wholesale distributors and pharmacies, and was historically one of the reasons for the lower online penetration as marketing to consumers was very difficult. In 2012, the German jurisprudence and legislature determined that these rules also applied to cross-border (mail-order) pharmacies serving German customers.

On 19 October 2016, the Court of Justice of the European Union passed in the case C-148/15 a judgment that was significant for cross-border (intra-European) mail order, prescription-only medicinal products. The ECJ decided that the fixed prices set out in the German Drug Price Ordinance in its current version were not applicable to (mail-order) pharmacies from other EU countries. The Acquisition offers us an opportunity to expand our customer base in the Prescription Medications market significantly and quickly. As such, the Acquisition is a strategic opportunity for us and therefore we and our shareholders have decided to acquire the Europa Apotheek Group.

On 25 September 2017, we announced the Acquisition, which is expected to be completed on or about 8 November 2017 by way of issuance of the New Shares to the shareholders of EHS under the obligation to pay up the New Shares by way of contribution of all EHS shares to the Company. As a result of the Acquisition, EHS and its direct and indirect subsidiaries (collectively, the "**Europa Apotheek Group**"), focusing on Prescription Medications but, to a lesser extent, also offering OTC Medications, Pharmacy-Related BPC Products and certain cosmetics online (the "**Europa Apotheek Business**"), is expected to be part of our Group as of on or about 8 November 2017.

The terms and conditions of the Acquisition included an agreed share exchange ratio of 1 share in the share capital of EHS in exchange for 2.724 (rounded) New Shares, valuing EHS at approximately €126 million based on the three-month volume-adjusted average price of the Company's listed shares of €42.85 as of 22 September 2017.

Key Competitive Strengths

The still very low online penetration in the Continental European market for OTC Medications and Pharmacy-Related BPC Products as well as the absence of leading online and offline brands in this market and the increasing demand for pharmaceutical products present a unique opportunity for our business to gain traction using our existing platform, which we created over the past 16 years. On this basis we have built the following competitive strengths:

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

We have a very strong value proposition for our customers, comprising highly attractive prices for and a large selection of products (approximately 100,000), as well as a convenient shopping experience and superior product information, consultation and pharmaceutical safety.

We are a clear market leader in the German OTC Medications and Pharmacy-Related BPC Products market, and are well-positioned to capture leadership in Continental Europe.

We have achieved excellence in all areas of our operations.

We have an attractive financial profile evidenced by relevant key performance indicators.

We have a founder-led management team with expert know-how in the pharmacy and online pharmacy business and a proven track record of successfully growing our business.

Strategy

Our vision is to create the leading online pharmacy brand in terms of revenue in Continental Europe, selling Prescription Medications, OTC Medications and Pharmacy-Related BPC Products. We aim to achieve this objective by pursuing the following strategies:

We aim to further strengthen our market leadership in footprint countries such as Germany and Austria.

We aim to further penetrate our existing markets in Continental Europe and to further expand our business into new markets.

We aim to continue to invest in our logistics, fulfillment and distribution infrastructure and our front-end platform.

We aim to develop new revenue streams by becoming the advertising platform of choice for the largest OTC Medications and Pharmacy-Related BPC brands, as well as a data-analytics provider for the pharmaceutical and the beauty industries.

Principal Markets

The Continental European pharmacy market, which includes the product categories on which we focus, namely (i) OTC Medications and (ii) Pharmacy-Related BPC Products, as well as (iii) Prescription Medications, has been steadily growing over the past years. In 2015, the total addressable pharmacy market in Continental Europe amounted to approximately €153 billion (excluding Non-Pharmacy-Related BPC Products in the amount of €31 billion and excluding VAT), whereas the market for Prescription Medications amounted to €120 billion (source: SEMPORA Study June 2016). In 2015, the Continental European market for OTC Medications amounted to approximately €14 billion, while the market for Pharmacy-Related BPC Products amounted to approximately €19 billion (source: SEMPORA Study June 2016). It is expected that the Prescription Medications, OTC Medications and Pharmacy-Related BPC market will grow at a compound annual growth rate ("CAGR") of 3.6% in the period 2015 to 2020 (source: SEMPORA Study June 2016).

The online penetration in the market for OTC Medications and Pharmacy-Related BPC Products is still very low compared to other product categories, such as electronics (22.2%) (source: Euromonitor), due to, in particular, regulatory restrictions on shipping medications from outside the premises of a pharmacy.

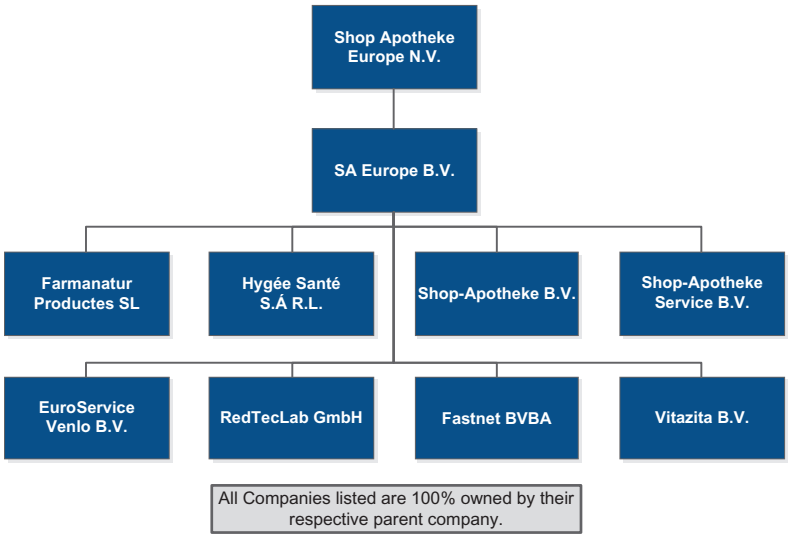
B.4a Most significant recent trends affecting the Issuer and the industry in which it operates

We believe that the factors below have contributed significantly and will contribute to the development of the market in which we operate, over the recent years:

- Aging demographics
- Increase in chronic diseases
- Increasing health awareness and trend toward self-medication
- The competitive environment
- Trend toward e-commerce consumption
- Increasing mobile penetration of the pharmacy market; and
- Expansion of our Prescription Medications Business.

B.5 **Description of the Group and the Issuer's position within the Group**

The Issuer is the parent entity of the Group. The following chart provides an overview of the Group as of the date of this Prospectus:



B.6 **Persons who, directly or indirectly, have a (notifiable) interest in the Issuer's capital and voting rights**

The following table sets forth information with respect to the beneficial ownership of each holder of Shares, or group of affiliated holders of Shares, who own 3% or more of the Company's issued and outstanding share capital as at the date of this Prospectus.

	Immediately prior to the Capital Increase, as of the date of this Prospectus	
Existing Shareholders	**Number of Shares**	**Percent**
MK Beleggingsmaatschappij Venlo B.V.[(1)]	1,189,016	13.11
FIL Ltd[(2)]	585,060	6.45
DHV Verwaltungsgesellschaft mbH[(3)]	501,342	5.53
Christoph Laubmann	475,763	5.25
T Rowe Price International Ltd	462,776	5.10
Capital Research and Management Company	450,214	4.96
UBS[(4)]	445,028	4.91
Carve Capital AB	350,000	3.86
Michael Köhler[(1)(5)]	249,686	2.75
Jan Pyttel[(6)]	285,907	3.15
Other shareholders[(7)]	4,075,086	44.93
Total	**9,069,878**	**100**

(1) MK Beleggingsmaatschappij Venlo B.V. is a company of which 55.9% is held by our member of the Managing Board, Michael Köhler. In aggregate, 16.66% of the Shares can be attributed to Mr. Köhler directly and through MK Beleggingsmaatschappij Venlo B.V. and another company through which he indirectly owns 72,000 shares, Koehler Invest N.V., as of the date of this Prospectus.

(2) Held indirectly through Fil Investments International and FIL Pension Management.

(3) Controlling shareholder with a shareholding of 100% in DHV Verwaltungsgesellschaft mbH is Dr. Robert Hess.

(4) Aggregated interest held indirectly through UBS Asset Management (Deutschland) GmbH, UBS Asset Management (UK) Limited, UBS Asset Management (France) SA, UBS Fund Management (Luxembourg) S.A.,UBS Fund Management (Switzerland) AG and UBS Third Party Management Company S.A.

(5) Member of our Managing Board.

(6) Supervisory board chairman.

(7) None of the shareholders included in this table under "Other shareholders" individually holds 3% or more in the share capital of the Company as of the date of this Prospectus.

Voting rights

Each Share carries one vote at the Company's general meeting. There are no restrictions on voting rights.

	Direct or indirect control over the Issuer and nature of such control	Not applicable (no control).
B.7	**Selected key historical financial information**	The financial information contained in the following tables is taken or derived from our audited consolidated financial statements as of and for the year ended 31 December 2016 ("**2016 Annual Financial Statements**") and audited combined financial statements as of and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 ("**2015, 2014 and 2013 Annual Financial Statements**" and together with the 2016 Annual Financial Statements, the "**Annual Financial Statements**") and our unaudited condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2017 including the unaudited condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016 ("**Interim Financial Statements**") and our internal reporting system. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"). The Interim Financial Statements have been prepared in accordance with IFRS for interim financial reporting (IAS 34). Deloitte Accountants B.V., Flight Forum 1, 5657 DA Eindhoven, The Netherlands, audited the Annual Financial Statements and issued unqualified auditors' reports thereon. The auditor who signed on behalf of Deloitte Accountants B.V. is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*). The Annual Financial Statements and the auditor's reports thereon are included in this Prospectus. Our Interim Financial Statements, which have been reviewed by our newly appointed auditors, BDO Audit & Assurance B.V., are also included in this Prospectus. The financial information shown in the tables below represents a selection of the financial information contained in our Annual Financial Statements and our Interim Financial Statements, unless otherwise noted, and should be read in conjunction with the Annual Financial Statements and the auditor's reports thereon, as well as our Interim Financial Statements, which are included in this Prospectus starting on page F-1. **Selected Financial Information from the Consolidated Statement of Profit and Loss** The following table shows selected items from the consolidated statement of profit and loss of the Company for the periods presented:

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro (unless otherwise indicated)	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Revenue	**126,707**	**82,161**	**177,391**	**125,578**	**84,671**
Cost of sales	-99,490	-65,294	-141,109	-99,841	-66,636
Gross profit	**27,216**	**16,867**	**36,282**	**25,737**	**18,035**
Other income	1,323	1,098	2,204	1,316	928
Selling and distribution	−31,389	−19,514	−41,036	−29,143	−19,523
Administrative expense	−4,245	−3,361	−9,089	−6,729	−3,488
Result from operations	**−7,094**	**−4,910**	**−11,639**	**−8,819**	**−4,048**
Finance Costs					
Finance income	71	0	17	593	–
Finance expense	−892	−1,310	−9,338	−2,275	−826
Net finance costs	−821	−1,310	−9,321	−1,682	−826
Result before tax	**−7,915**	**−6,220**	**−20,960**	**−10,501**	**−4,874**
Income tax income / expense	−209	−4	2,515	−47	−161
Loss for the period	**−8,124**	**−6,224**	**−18,445**	**−10,548**	**−5,035**
of which attributable to owners of the Company:	−8,124	−6,224	−18,445	−10,548	−5,035
Earnings per Share, basic & diluted (*in €*)	**−0.90**	**−6.22**	**−3.08**	**−2.11**	**−5.04**

Selected Items from the Consolidated Statement of Financial Position

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

in '000 euro	As of June 30, 2017 (Consolidated) (unaudited)	As of December 31, 2016 (Consolidated)	2015 (Consolidated) (audited)	2014 (Combined)
Non-Current Assets				
Total non-current assets	26,803	24,782	16,033	14,157
Current Assets				
Total current assets	87,286	95,569	26,739	15,352
Total Assets	**114,088**	**120,351**	**42,772**	**29,509**
Capital and Reserves				
Business equity[(1)]	–	–	–	20,056
Shareholders' equity	85,121	93,245	2,459	–
Provisions	**1,971**	**2,961**	**–**	**–**
Non-current Liabilities				
Total non-current liabilities	3,411	3,334	24,566	563
Current Liabilities				
Total current liabilities	23,585	20,811	15,747	8,890
Total Equity and Liabilities	**114,088**	**120,351**	**42,772**	**29,509**

(1) Because the separate legal entities that comprise the Group were not held by a single legal entity prior to the creation of the Group's current legal structure, business equity is shown in lieu of shareholders' equity in the statement of financial position as of 31 December 2014. Business equity represents the cumulative net investment by EHS in the Group through 29 September 2015. The impact of transactions between the Group and EHS that were not historically settled in cash is also included in business equity.

Selected Items from the Consolidated Statement of Cash Flows

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

in '000 euro	For the six months ended June 30, 2017 (Consolidated) (unaudited)	2016 (Consolidated)	For the financial year ended December 31, 2016 (Consolidated)	2015 (Combined) (audited)	2014 (Combined)
Net cash (used in)/generated by operating activities	566	–738	–17,197	–8,779	–3,683
Net cash (used in)/generated by investing activities	–7,632	–1,740	–24,456	–4,050	–2,297
Net cash (used in)/generated by financing activities	–1,911	9,408	76,609	16,061	6,185
Net increase/(decrease) in cash and cash equivalents	**–8,977**	**6,929**	**34,956**	**3,232**	**205**

Significant changes to the Issuer's financial condition and operating results during and subsequent to the period covered by the historical key financial information

Results of Operations

The following significant changes in the Company's results of operations occurred in the six-month periods ended 30 June 2017 and 30 June 2016, and in the years ended 31 December 2016, 31 December 2015 and 31 December 2014:

Six-month periods ended 30 June 2017 and 30 June 2016

Our revenue for the six-month period ended 30 June 2017 was €126,707 thousand, a €44,546 thousand, or 54.2%, increase compared to €82,161 thousand for the six-month period ended 30 June 2016. The increase was principally the result of sales growth in our German core market and strong international sales growth.

Our result for the six-month period ended 30 June 2017 was a net loss of €8,124 thousand, a €1,900 thousand, or 30.5%, increase compared to a net loss of €6,224 thousand for the six-month period ended 30 June 2016. The increase was principally the result of the increase in marketing / selling and distribution expenses as well as higher administrative expenses.

Years ended 31 December 2016 and 31 December 2015

Our revenue for the year ended 31 December 2016 was €177,391 thousand, a €51,813 thousand, or 41.3%, increase, compared to €125,578 thousand for the year

ended 31 December 2015. The increase was principally the result of strong sales growth in Germany and Austria, resulting from optimized pricing, our increased product offering and a high Share of Repeat Orders.

Our result for the year ended 31 December 2016 was a net loss of €18,445 thousand, a €7,897 thousand, or 74.9%, increase, compared to a net loss of €10,548 thousand for the year ended 31 December 2015, reflecting higher selling and distribution expenses in connection with the European roll-out as well as higher administrative expenses due to the larger volume of the business and one-off costs related to our initial public offering in October 2016.

Years ended 31 December 2015 and 31 December 2014

Our revenue for the year ended 31 December 2015 was €125,578 thousand, a €40,907 thousand, or 48.3%, increase, compared to €84,671 thousand for the year ended 31 December 2014. The increase was principally the result of strong sales growth in Germany and Austria, resulting from the introduction of more competitive pricing, our increased product offering, and an increased Share of Repeat Orders.

Our result for the year ended 31 December 2015 was a net loss of €10,548 thousand, a €5,513 thousand, or 109.5%, increase, compared to a net loss of €5,035 thousand for the year ended 31 December 2014, reflecting costs associated with acquiring new customers and one-off costs related to the Reorganization and our initial public offering in 2016.

Selected operating segment information

The following table shows certain data by operating segment for the periods presented.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Revenue					
Germany[1]	92,129	70,174	145,549	115,660	80,968
International[2]	34,113	11,152	30,376	8,425	2,180
Germany Services[3]	3,145	1,976	4,108	3,398	2,198
Eliminations[4]	−2,680	−1,141	−2,641	−1,905	−675
Total Revenue	**126,707**	**82,161**	**177,391**	**125,578**	**84,671**
Segment EBITDA (excluding administrative expenses)[5]					
Germany	2,478	1,340	3,992	841	462
International	−3,699	−2,099	−4,735	−2,269	−217
Germany Services	161	474	975	1,194	594
Eliminations	−9	–	–	–	–
Consolidated/Combined segment EBITDA (excluding administrative expense)[6]	**−1,069**	**−284**	**231**	**−234**	**839**

(1) Germany includes principally OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in the German market.

(2) International includes only OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in countries outside Germany.

(3) Germany Services includes the webshop services of RedTecLab GmbH delivered principally to German customers.

(4) Eliminations relate to German intercompany sales by RedTecLab GmbH.

(5) We define "segment EBITDA" as EBIT for each segment before depreciation and amortization expenses and administrative expense. "Administrative expense" relates primarily to corporate overhead costs relating to IT, finance and management and excludes depreciation and amortization. See our Annual Financial Statements and our Interim Financial Statements. Segment EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of segment EBITDA, which means that segment EBITDA presented by other companies may not necessarily be comparable with segment EBITDA presented above.

(6) We define "consolidated/combined segment EBITDA" as the total segment EBITDA for our operating segments. There is no uniform definition of consolidated/combined segment EBITDA, which means that consolidated/combined segment EBITDA presented by other companies may not necessarily be comparable with consolidated/combined segment EBITDA presented above.

Alternative Performance Measures

In this Prospectus we present certain alternative performance measures, which are financial measures and ratios that our management and certain of our peers in our industry use to monitor performance or which management regards as being useful for investors. These figures are not recognized measures under IFRS and should, for this reason, not be considered as an alternative to the applicable IFRS measures. None of these alternative performance measures have been subject to audit procedures, except for segment EBITDA included in the segment note included in the notes to the Annual Financial Statements.

The following table shows a reconciliation of our result for the period to EBIT, EBITDA, adjusted EBITDA and consolidated/combined segment EBITDA for the periods presented.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)		(audited)		
Consolidated/Combined segment EBITDA (excluding administrative expense)[1]	**-1,069**	**–284**	**231**	**− 234**	**839**
Administrative expense[2]	-3,930	− 3,137	-8,597	− 6,419	− 3,232
EBITDA[3]	**-5,000**	**− 3,421**	**-8,367**	**− 6,653**	**− 2,392**
Adjustments (unaudited)[4]	–	214	2,577	1,399	–
Adjusted EBITDA (unaudited)[5]	**-5,000**	**− 3,207**	**-5,789**	**− 5,254**	**− 2,392**
Depreciation and amortization	-2,095	–1,489	-3,273	− 2,166	− 1,656
Result from operations (EBIT)[6]	**-7,095**	**− 4,910**	**-11,638**	**− 8,819**	**− 4,048**
Finance costs:					
Finance income	71	0	17	593	–
Finance expense	-892	− 1,310	-9,338	− 2,275	− 826
Net finance costs	-821	− 1,310	-9,321	− 1,682	− 826
Income tax expenses	-209	− 4	2,515	− 47	− 161
Loss for the period	**-8,124**	**− 6,224**	**-18,445**	**− 10,548**	**− 5,035**

1. We define "consolidated/combined segment EBITDA" as the total segment EBITDA for our respective segments. We define "segment EBITDA" as EBIT for each segment before depreciation and amortization expenses and administrative expense. Consolidated/Combined segment EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our combined statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of consolidated/combined segment EBITDA, which means that consolidated/combined segment EBITDA presented by other companies may not necessarily be comparable with consolidated/combined segment EBITDA presented above.
2 "Administrative expense" relates primarily to corporate overhead costs relating to IT, finance and management and excludes depreciation and amortization.
3 EBITDA represents EBIT before depreciation and amortization expenses. EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBITDA, which means that EBITDA presented by other companies may not necessarily be comparable EBITDA presented above.
4 "Adjustments" comprise one-off costs related to the Reorganization in 2015, our initial public offering in 2016 and the Acquisition in 2017.
5 Adjusted EBITDA represents EBITDA before certain non-recurring items related to the Reorganization, the initial public offering and certain other capital markets transactions. Adjusted EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of adjusted EBITDA, which means that adjusted EBITDA presented by other companies may not necessarily be comparable with adjusted EBITDA presented above.

6 EBIT represents our result for the period before income tax expenses (benefits) and net finance costs. EBIT is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBIT, which means that EBIT presented by other companies may not necessarily be comparable with EBIT presented above.

We define net working capital as the sum of (i) inventories plus (ii) pre-ordered stock plus (iii) trade and other receivables plus (iv) other current assets, which include prepayments, accrued income and other receivables, less (v) trade and other payables less (vi) other liabilities, which include VAT, wage tax, other personnel related liabilities as well as various accrued expenses.

Capital expenditure as a percentage of revenue is defined as the quotient of investment capital expenditures (i.e., the sum of investment for property, plant and equipment, investment for intangible assets, investment for our acquisition of the online business of the Belgian pharmacy Farmaline N.V. in 2016 and investment in other financial assets) and revenue, expressed as a percentage.

Recent Developments

The overall development of the first ten months of 2017 reflects profitable growth in our core market (by which we mean growth in our German segment EBITDA) and is in line with management's expectations. Our revenue for the six-month period ended 30 June 2017 was €126,707 thousand, compared to €82,161 thousand in the first six months 2016. We expect the imminent integration of the Europa Apotheek Business into our Group to improve our competitive position significantly.

B.8 Selected key *pro forma* financial information

The following selected key pro forma financial information was taken from our unaudited *pro forma* condensed combined financial information for the year ended 31 December 2016 included in this prospectus (the "***Pro Forma* Financial Information**").

The *Pro Forma* Financial Information was compiled on the basis of the audited consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") as of and for the year ended 31 December 2016, and the Company's unaudited condensed interim consolidated financial statements prepared in accordance with IFRS for interim financial reporting (IAS 34) as of and for the six-month period ended 30 June 2017, as well as the historical consolidated financial statements for the year ended 31 December 2016 of EHS, prepared in accordance with Book 2 of the Dutch Civil Code, and its audited financial statements for the six-month period ended 30 June 2017, including the reviewed condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016, prepared in accordance with Book 2 of the Dutch Civil Code. The historical financial statements of EHS have been prepared in accordance with Book 2 of the Dutch Civil Code. The *Pro Forma* Financial Information is required to present the Company's unaudited *pro forma* condensed combined financial information as if the Acquisition had been completed on 1 January 2016 for purposes of the statement of profit and loss. The presentation of the *Pro Forma* Financial Information is based on information available and certain *pro forma* assumptions, and the applicable notes.

Unaudited Pro Forma Condensed Combined Statement of Profit and Loss for the six-month period ended 30 June 2017 (in thousands of euro, except share and per share data)

Continuing operations	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)	SAE NV Pro Forma Combined
Revenue	126,707	80,029	-234	206,502
Costs of sales	-99,490	-68,724	–	-168,215
Gross profit	**27,216**	**11,305**	**-234**	**38,287**
Other income	1,323	1	-1,187	138
Selling and Distribution	-31,389	-8,618	-2,963	-42,970
Administrative Expense	-4,245	-4,069	-45	-8,359
Result from operations	**-7,094**	**-1,381**	**-4,428**	**-12,904**
Finance income	71	0	30	101
Finance expense	-892	-93	-30	-1,015
Net finance costs	-821	-92	–	-913
Share of post-tax profits of equity accounted associates	–	48	–	48
Result before tax	**-7,915**	**-1,425**	**-4,428**	**-13,769**
Income tax expenses	-209	364	1,107	1,262
Net loss for the period from continuing operations	**-8,124**	**-1,061**	**-3,321**	**-12,506**
Basic and diluted loss per share	**-0.90**			**-1.04**
Weighted average shares outstanding:	**9,069,878**		**2,950,578**	**12,020,456**

Unaudited Pro Forma Condensed Combined Statement of Profit and Loss for the year ended 31 December 2016 (in thousands of euro, except share and per share data)

Continuing operations	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)	SAE NV Pro Forma Combined
Revenue	177,391	141,409	-653	318,147
Costs of sales	-141,109	-120,742	–	-261,851
Gross profit	**36,282**	**20,666**	**-653**	**56,296**
Other income	2,204	31	-2,153	82
Selling and Distribution	-41,036	-13,430	-5,845	-60,311
Administrative Expense	-9,089	-6,809	-205	-16,103
Result from operations	**-11,639**	**459**	**-8,857**	**-20,037**
Finance income	17	84	-64	37
Finance expense	-9,338	-257	64	-9,531
Net finance costs	-9,321	-173	–	-9,494
Share of post-tax profits of equity accounted associates	–	87	–	87
Result before tax	**-20,960**	**372**	**-8,857**	**-29,444**
Income tax expenses	2,515	-79	2,214	4,650
Net loss/profit for the year from continuing operations	**-18,445**	**294**	**-6,643**	**-24,794**
Basic and diluted loss per share	**-3.08**			**-2.77**
Weighted average shares outstanding:	**5,993,861**		**2,950,578**	**8,944,439**

Unaudited Pro Forma Condensed Combined Statement of Financial Position as at 30 June 2017 (in thousands of euro)

	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)	SAE NV Pro Forma Combined
Assets				
Non-current assets				
Property, plant and equipment	3,466	56	–	3,522
Intangible assets	23,336	566	188,783	212,686
Financial fixed assets	–	900	–	900
Deferred tax assets	–	2,093	–	2,093
	26,803	3,615	188,783	219,201
Current assets				
Inventories	14,546	–	4,766	19,312
Pre-ordered stock	4,766	–	-4,766	-0
Trade and other receivables	12,275	9,616	–	21,891
Receivables from related parties	111	2,889	921	3,921
Receivables from participants	–	3,921	-3,921	–
Other current assets	2,554	1,388	–	3,942
Other financial assets	23,528	–	–	23,528
Cash and cash equivalents	29,507	688	–	30,195
	87,286	18,502	-3,000	102,788
Total Assets	**114,088**	**22,117**	**185,783**	**321,989**
Equity and Liabilities				
Shareholders' equity				
Shareholders' equity	85,121	16,778	166,625	268,525
Non-current liabilities				
Provisions	1,971	323	–	2,294
Deferred tax liability	–	–	18,259	18,259
Amounts due to EHS	3,000	–	-3,000	–
Other liabilities	411	–	–	411
	5,382	323	15,259	20,963
Current liabilities				
Trade and other payables	16,010	1,511	–	17,521
Current account facility banks	–	1,781	–	1,781
Other liabilities	7,575	1,724	3,900	13,199
	23,585	5,016	3,900	32,501
Total Equity and Liabilities	**114,088**	**22,117**	**185,783**	**321,989**

B.9 Profit forecast or estimate

On Group level, we expect consolidated revenue growth in the range of approximately 55% to 65% above the growth rates achieved during 2016 compared to the prior year's period, supported by the Acquisition of the Europa Apotheek Group which is expected to be consolidated from on or about 8 November 2017 onwards.

Furthermore, with respect to the same period, we expect a year-on-year improvement of the company-level adjusted EBITDA expressed as a percentage of revenue to around -2% to -3% (compared to -3.3% a year earlier). Adjusted EBITDA excludes one-off transaction costs related to the Acquisition and the Listing (as defined in Element C.6 below). Adjusted EBITDA is an alternative performance measure; please see Element B.7 for further information.

B.10 Qualifications in the audit report on the historical financial information

Not applicable. The audit reports on the historical financial information included in this Prospectus have been issued without qualifications.

B.11 Insufficiency of the Issuer's working capital for its present requirements

Not applicable. Our working capital is, in the Group's opinion, sufficient for the Group's present requirements, namely, for at least the next twelve months following the date of this Prospectus.

Section C - Securities

C.1	**Type and class of the securities being offered and/or admitted to trading**	The Shares are ordinary bearer shares in the share capital of the Company, each with a nominal value of €0.02 and full dividend rights as from 1 January 2017.
	Security identification number	International Securities Identification Number (ISIN): NL0012044747. German Securities Code (Wertpapierkennnummer, WKN): A2AR94. Trading Symbol: SAE.
C.2	**Currency**	Euro.
C.3	**The number of shares issued and fully paid**	As of the date of the Prospectus, the issued share capital of the Company amounts to €181,397.56 and is divided into 9,069,878 ordinary shares in bearer form (*aandelen aan toonder*) with a nominal value of €0.02 each. All share capital of the Company is fully paid up.
	Nominal value	As of the date of this Prospectus, each Share represents a nominal value of €0.02 in the share capital of the Company.
C.4	**A description of the rights attached to the securities**	Each Share confers the right to cast one vote in the general meeting of the Company (the "General Meeting"). There are no voting restrictions, other than that the Company has no voting rights on the Shares that it or its subsidiary companies owns, if any. The Shares will be eligible for any dividends which the Company may declare on Shares as from 1 January 2017. Each holder of the Shares has a pre-emptive right in proportion to the aggregate nominal value of its shareholding upon the issue of new Shares. Exceptions to this pre-emptive right include the issue of new Shares: (i) against payment in kind (contribution other than in cash), (ii) to employees of the Company or another member of its Group and (iii) to persons exercising a previously-granted right to subscribe for Shares. These pre-emptive rights also apply in case of granting of rights to subscribe for Shares. Subject to the approval of the Supervisory Board of the Company, the Managing Board is authorized to limit or exclude the pre-emptive rights to which shareholders are entitled if and to the extent that the General Meeting has authorized the Managing Board for this purpose, and only if the Managing Board at that time is also authorized to issue Shares. We convened and held an extraordinary general meeting of the Company on 6 November 2017 (the "**EGM**"), for the purpose of, among other things, facilitating a shareholder decision on the Acquisition and the issuance of the New Shares. In the EGM, the General Meeting resolved to designate the Managing Board for a period of five years as from the date of the EGM (up to and including 5 November 2022), or until such date on which the General Meeting revokes or again extends the authorization, if earlier, as the corporate body authorized to issue shares and grant rights to acquire shares, subject to the prior approval of the Supervisory Board, up to a maximum of 20% of the total number of issued shares outstanding immediately after the issuance of the New Shares. This authorization was granted by the General Meeting to the Managing Board with the explicit reservation that the General Meeting reserves its right to resolve on any issuance of Shares and grant rights to acquire Shares at any time, including during the period that the Managing Board is also authorized to do so. On 16 May 2017, the General Meeting resolved to designate the Managing Board as the competent body to repurchase Shares, with the prior approval of the Supervisory Board, on the stock exchange or otherwise, for a period of 18 months with effect as of 16 May 2017 (up to and including 15 January 2019). In its resolution, the General Meeting resolved to restrict the competency of the Managing Board as regards the repurchase of Shares up to a maximum of 10% of the total issued and outstanding share capital of the Company on 1 January 2017, provided that the Company will not hold more Shares in treasury than a maximum of 10% of the total issued and outstanding share capital of the Company at any given time. The repurchase can take place at a price between the nominal value of the Shares and the weighted average price on the Xetra trading venue at the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for five trading days prior to the day of purchase plus 10%.
C.5	**Description of any restrictions on the free transferability of the securities**	The New Shares will be freely transferable except for the lock-up agreements with the Listing Agent described below in Element E.5; however, any offer of the New Shares to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction.

C.6	**Application for admission to trading on a regulated market and identity of regulated markets where the securities are to be traded**	The Company applied for admission of the New Shares to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (the "**Listing**") and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on 1 November 2017. The listing approval for the Shares is expected to be granted on 9 November 2017. Trading in the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on 10 November 2017.
C.7	**Dividend policy**	The Company currently intends to retain all available funds and future earnings to support operations and to finance the growth and development of the business of the Group and does not intend to pay dividends in the foreseeable future. There can be no assurances that in any given year a dividend will be paid. The payment of dividends, if any, and the amounts and timing thereof, will depend on a number of factors, including future revenue, profits, financial conditions, general economic and business conditions and prospects and such other factors as the Managing Board, subject to the prior approval of the Supervisory Board, may deem relevant as well as other legal and regulatory requirements, many of which are beyond the control of the company. There can be no assurances that the Group's performance will facilitate adherence to the dividend policy or any increase in the pay-out ratio and, in particular, the Company's ability to pay dividends may be impaired if any of the risks described in this Prospectus were to occur. The Company is a holding company and its ability to generate income and pay dividends is dependent on the ability of its subsidiaries to declare and pay dividends or lend funds to the Company. In addition, the Company's ability to pay dividends is subject to restrictions on the distribution of dividends under Dutch law. Furthermore, the Company's dividend policy is also subject to change as the Managing Board, subject to the prior approval of the Supervisory Board, will revise the Company's dividend policy from time to time.
Section D - Risks		
D.1	**Key risks specific to the Issuer and its industry**	**Risks Relating to our Business** • We have incurred significant operating losses since our inception, and there is no guarantee that we will be able to successfully grow and operate our business and achieve profitability in the future. • We may experience significant fluctuations in our results of operations and rate of growth. • We may not be able to maintain or grow our revenues or our business. • Our future success depends on the continued growth of e-commerce for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products. • If we are unable to manage our growth effectively, this could have a material adverse effect on our business, financial condition and results of operations. • Negative developments in general economic conditions and/or economic deterioration, especially in Germany, could adversely impact consumer spending for some or all of our product categories with a consequent decline in revenue. • Our recent entry in the respective markets of the Netherlands, Italy and Spain, as well as our plan to expand our business in Continental Europe, will expose us to a variety of different local legal, regulatory, tax and cultural standards which we might fail to address or comply with. • We have a limited operating history and operate in fragmented and for us new geographical markets, making it difficult to evaluate our future prospects. • We are subject to intense competition that presents a constant threat to the success of our business. • We may not be able to maintain an effective system of internal controls over financial reporting, and our internal reporting and/or risk management procedures may not be adequate to meet the needs of our growing business. • Any pharmacy errors with respect to the filling or packaging of medications and other products that we sell may expose us to liability and result in negative publicity. • Information provided by our pharmacists or on our websites may result in liability or negative publicity.

- We have limited experience in acquiring companies and may not be able to execute our acquisition strategy effectively or successfully integrate acquired businesses.
- We might decide to pursue new business opportunities, develop new websites or offer new products, sales formats or services, which could prove not to be cost-efficient or otherwise may be unsuccessful.
- The inability to acquire, use or maintain the current domain names for our online shops as well as future domain names for our online shops could substantially harm our business, financial condition and results of operations.
- Failure to provide our customers with an attractive online shopping experience or to meet their expectations could limit our growth and prevent us from achieving or maintaining profitability.
- Any failure to operate, maintain, integrate and scale our internet and mobile infrastructure and our other technology may have a negative impact on our operations.
- Inability to forecast our business accurately could prevent us from properly planning expenses and process capacity.
- If we are unable to accurately assess our operating performance through certain key performance indicators, our ability to determine and implement appropriate business strategies may be impaired.
- We depend on key management and may be unable to attract, train, motivate and retain suitably qualified personnel and to maintain good relationships with our workforce.
- The Europa Apotheek Business, which we intend to acquire on or about 8 November 2017, is for the most part not reflected in our historic financial information.
- *Pro Forma* Financial Information describes only a hypothetical situation, and, therefore, does not reflect the actual results of operation of the Group.

Risks related to the Acquisition of the Europa Apotheek Business

- The acquisition of the Europa Apotheek Business is subject to legal and regulatory risks.
- The Europa Apotheek Business may not perform in line with expectations and, therefore, not justify the expense related to the Acquisition, and we may fail to achieve the strategic goals pursued by the Acquisition or may only be able to do so to a limited extent, at higher costs and/or at a later point in time than originally anticipated.

Risks Related to Regulation

- Our Prescription Medication business in Germany fundamentally depends on the continued ability to engage in mail-order Prescription Medication sales in Germany.
- If one or more of our pharmacy licenses are withdrawn, we may not be able to ship our products into markets into which we currently deliver our products.
- We are subject to a variety of regulations in the jurisdictions in which we operate, including but not limited to consumer protection laws, regulations governing e-commerce, online pharmacies and competition laws, and future regulations might impose additional requirements and other obligations on our business.
- Adverse judgments or settlements resulting from legal proceedings could expose us to monetary damages and limit our ability to operate our business.

D.3 Key risks specific to the securities

Related to Our Shares and the Listing

- Our ability to pay dividends depends, among other things, on our financial condition and results of operations.
- The price of our Shares could fluctuate significantly, and investors could lose all or part of their investment.
- Future offerings of debt or equity securities by us could adversely affect the market price of the Shares, and future capitalization measures could substantially dilute the interests of our shareholders.
- Future sales of the Shares by our existing shareholders could depress the price of the Shares.

Section E - Offer

E.1	**The total net proceed and an estimate of the total expenses of the Offering and Listing, including estimated expenses charged to the investor by the Issuer**	Not applicable. There will be no public offering.
	Estimate of the total expenses of the Offering and listing, including estimated expenses charged to the investor by the issuer	The Company expects to incur total costs related to the Listing of up to approximately €3.9 million. Investors receiving New Shares will not be charged with expenses by the Company or the Listing Agent in connection with the Listing.
E.2a	**Reasons for the Offering, use of proceeds, estimated net amount of proceeds**	Not applicable. There will be no public offering.
E.3	**Offer conditions**	Not applicable. There will be no public offering.
E.4	**Interests material to the issue/offer including conflicting interests**	In connection with the stock exchange listing of the New Shares, the Listing Agent acts for the Company on the transaction and coordinates the structuring and execution of the transaction, and accordingly has a financial interest in the success of the Listing. The Listing Agent and its affiliates have, and may from time to time in the future continue to have, business relations with our Group (including lending activities) or may perform services for our Group in the ordinary course of business.
E.5	**Name of the person or entity Offering to sell the security**	Not applicable. There will be no public offering.
	Lock-up agreement: the parties involved; and indication of the period of the lock-up	The shareholders of the Europa Apotheek Group who will receive New Shares in connection with the Acquisition (together, the "**EA Shareholders**") have agreed with the Listing Agent that for the period effective as of the date of the issuance of the New Shares until the date which falls 180 days after the first day of trading of the New Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), not to, directly or indirectly, without the prior written consent of the Listing Agent, who is under no obligation to grant such consent, market, transfer or otherwise dispose of New Shares; this also applies to any transaction economically equivalent to a disposal in economic terms, for example the issue of options or conversion rights on shares of the Company. The Listing Agent may waive the above lock-up undertakings in full or in part in its absolute discretion, and there are no agreed upon conditions to its granting of such a waiver. The foregoing will not apply to transfers to affiliates of such EA Shareholders and any other shareholders of the Company immediately prior to the Listing, provided in each case that such transferee(s) agree(s) towards the Listing Agent to be bound by the same lock-up undertaking. The Listing Agent may waive the above lock-up undertakings in full or in part in its absolute discretion. All members of the Managing Board and the Supervisory Board have entered into such lock-up agreements other than Supervisory Board members, Jérôme Cochet and Björn Söder, who will not own any New Shares.
E.6	**Amount and percentage of immediate dilution resulting from the Offering**	As a result of the issuance of the New Shares, EA Shareholders acquiring New Shares who were not shareholders of the Company prior to the Acquisition will experience a direct dilution of €41.14 (65%) per Share, and the relative voting power of our existing shareholders who are not EA Shareholders will be diluted by 32.53% per Share.
E.7	**Estimated expenses charged to the investor by the Issuer**	Not applicable. Investors will not be charged expenses by the Company or the Listing Agent in connection with the Listing. Investors may have to bear customary transaction and handling fees charged by their account-keeping financial institution.

Summary – German Translation (Zusammenfassung des Prospekts)

The Autoriteit Financiële Markten (AFM) has neither reviewed for accuracy nor approved the following German translation of the summary of the Prospectus. In case of any discrepancy the English summary will prevail.

Bei der nachfolgenden deutschsprachigen Zusammenfassung handelt es sich um eine Übersetzung der englischsprachigen Zusammenfassung. Die Inhalte der Übersetzung wurden von der Autoriteit Financiële Markten (AFM) als zuständiger Behörde des Herkunftsmitgliedstaats im Sinne der Richtlinie 2003/71/EG, in ihrer jeweils gültigen Fassung, weder auf inhaltliche Richtigkeit geprüft noch gebilligt.

2. Deutsche Übersetzung der Zusammenfassung des Prospekts

*Die Zusammenfassungen, die als "**Punkte**" bezeichnet werden, gehen zurück auf Veröffentlichungspflichten. Die Punkte sind in den Abschnitten A – E (A.1 – E.7) fortlaufend nummeriert. Diese Zusammenfassung enthält alle Punkte, die für die vorliegende Art des Wertpapiers und des Emittenten in eine Zusammenfassung aufzunehmen sind. Da einige Punkte nicht behandelt werden müssen, können in der Nummerierungsreihenfolge Lücken auftreten. Selbst wenn ein Punkt wegen der Art des Wertpapiers und des Emittenten in die Zusammenfassung aufgenommen werden muss, ist es möglich, dass in Bezug auf diesen Punkt keine relevanten Informationen gegeben werden können. In diesem Fall enthält die Zusammenfassung eine kurze Beschreibung des Punkts mit dem Hinweis "Entfällt".*

Abschnitt A - Einleitung und Warnhinweise

A.1	**Warnhinweise**	Diese Zusammenfassung sollte als eine Einleitung zum Prospekt (der "**Prospekt**") gelesen werden. Bei jeder Entscheidung in die hier beschriebenen Wertpapiere zu investieren, sollten sich Anleger auf die Prüfung des gesamten Prospektes stützen. Für den Fall, dass vor einem Gericht Ansprüche auf Grund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der klagende Anleger, unter nationalen Rechtsvorschriften der Mitgliedsstaaten des Europäischen Wirtschaftsraums vor Prozessbeginn die Kosten der Übersetzung dieses Prospektes zu tragen haben. Allein diejenigen Personen, die die Zusammenfassung einschließlich etwaiger Übersetzungen erstellt haben, können haftbar gemacht werden. Die zivilrechtliche Haftung setzt jedoch voraus, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, oder wenn sie zusammen mit den anderen Teilen des Prospekts gelesen wird, nicht alle erforderlichen Kerninformationen vermittelt, die Anlegern bei ihrer Entscheidung hinsichtlich einer Investition in auf den Inhaber lautenden Stammaktien am Grundkapital von Shop Apotheke Europe N.V., welche jeweils einen Nennwert von €0,02 haben (die "**Aktien**"), hilfreich sein sollen. Shop Apotheke Europa N.V., Venlo, Niederlande (die "**Gesellschaft**" oder der "Emittent" und zusammen mit ihren konsolidierten Tochterunternehmen, die "**Gruppe**", "**wir**", "**uns**" oder "**unsere Gruppe**") übernimmt Verantwortung für den Inhalt dieser Zusammenfassung.
A.2	**Angabe über die spätere Verwendung des Prospekts**	Entfällt. Es wurde keine Zustimmung zur Verwendung des Prospekts für eine spätere Weiterveräußerung oder endgültige Platzierung der Aktien durch Finanzintermediäre erteilt.

Abschnitt B - Emittent

B.1	**Juristische und kommerzielle Bezeichnung**	Die juristische Bezeichnung der Gesellschaft lautet "Shop Apotheke Europe N.V.". Die Gruppe agiert gegenwärtig primär unter den kommerziellen Bezeichnungen ihrer jeweiligen Domain Namen "shop-apotheke.com", "shop-apotheke.at", "shop-pharmacie.fr" sowie der Domain Namen in Bezug auf Farmaline (einschließlich farmaline.be, farmaline.nl, it-farmaline.it und es-farmaline.es, während die Geschäfte, die unter der Marke Vitazita geführt werden, sich des Domain Namens vitazita.com und länderspezifischen Ableitungen wie be.vitazita.com und nl.vitazita.com bedienen).
B.2	**Sitz, Rechtsform, geltendes Recht unter dem der Emittent operiert, Land der Gründung**	Die Gesellschaft hat ihren Firmensitz (*statutaire zetel*) in Venlo, Niederlande, und ihre eingetragene Geschäftsadresse in Dirk Hartogweg 14, 5928 LV Venlo, Niederlande. Sie ist im Handelsregister der Handelskammer (*kamer van koophandel*) unter der Nummer 63986981 eingetragen. Die Gesellschaft ist eine naamloze vennootschap (Aktiengesellschaft), die in den Niederlanden gegründet wurde und niederländischem Recht unterliegt.

B.3	**Derzeitige Geschäftstätigkeit sowie Hauptmärkte, auf denen der Emittent vertreten ist**	**Überblick über unser Geschäftsmodell** Wir sind eine im Hinblick auf die Umsatzgröße marktführende Online-Apotheke, wobei im Mittelpunkt unserer geschäftlichen Aktivitäten der Vertrieb rezeptfreier Medikamente (*over-the-counter* – "**OTC-Medikamente**") und Beauty- und Pflegeprodukte, die ansonsten bevorzugt über Apotheken vertrieben werden und die wir als "**apothekenübliche BPC-Produkte**" bezeichnen, sowie verschreibungspflichtiger Medikamente an die Kunden mit einer gültigen Verschreibung ("**verschreibungspflichtige Medikamente**") steht. Sempora Management Consultants zufolge sind wir gegenwärtig im Hinblick auf die Umsatzgröße die führende Online-Apotheke für OTC-Medikamente und apothekenübliche BPC-Produkte in Deutschland – welches einen der größten Märkte in Kontinentaleuropa für OTC-Medikamente und apothekenübliche BPC-Produkte für die ganze Familie darstellt. Unsere Vision ist es, im Hinblick auf die Umsatzgröße, die führende Online-Apotheken-Marke für verschreibungspflichte Medikamente, OTC-Medikamente und apothekenübliche BPC-Produkte in Kontinentaleuropa zu werden, wo es derzeit keine etablierten paneuropäischen Offline- oder Online-Apotheken gibt. (Wir verstehen unter "**Kontinentaleuropa**" Deutschland, Frankreich, Italien, Spanien, Polen, Rumänien, die Niederlande, Belgien, Portugal, die Tschechische Republik, Ungarn, Schweden, Bulgarien, Dänemark, die Slowakei, Norwegen, Griechenland, Slowenien und Österreich.) Seit unserer Gründung im Jahr 2001, als unsere Website "shop-apotheke.com" als Online-Plattform einer Kölner Apotheke eingeführt wurde, haben wir unsere geschäftlichen Aktivitäten kontinuierlich ausgeweitet. Im Jahr 2010 trafen wir die strategische Entscheidung, unsere Geschäftstätigkeit von Köln nach Venlo in den Niederlanden zu verlagern, um von den dortigen fortgeschrittenen regulatorischen Rahmenbedingungen für die Geschäftsführung von Apotheken durch juristische Personen und einem besseren Zugang zu ausländischen Märkten zu profitieren, um in weitere kontinentaleuropäische Märkte zu expandieren. **Erwerb der Europa Apotheek Group** Am 25. September 2017 haben wir den Erwerb des gesamten Grundkapitals der EHS Europe Health Services B.V. ("**EHS**") im Wege der Ausgabe von 2.950.278 neuen auf den Inhaber lautenden Stammaktien der Gesellschaft mit einem Nennwert von je €0,02 (die "Neuen Aktien") an die Anteilseigner von EHS mit der Verpflichtung der Einzahlung der Neuen Aktien im Wege der Einbringung aller Geschäftsanteile in die Gesellschaft (die "Akquisition") bekannt gemacht. Am oder um den 8. November 2017 möchten wir die Akquisition abgeschlossen haben. Als Folge einiger Vermögensübertragungen und rechtlicher Abspaltungen (die "**Reorganisation**"), die im September 2015 abgeschlossen wurden (hinsichtlich der rechtlichen Abspaltungen mit bilanzieller Wirkung zum 1. Januar 2015), wurde das Geschäft des Konzerns aus der Europa Apotheek Group ausgegliedert. Hauptgrund für die Reorganisation waren die damaligen regulatorischen Rahmbedingungen in Bezug auf Boni-Regelungen für verschreibungspflichtige Medikamente in Deutschland. Der Preis für verschreibungspflichtige Medikamente wird in Deutschland durch die Arzneimittelpreisverordnung reguliert. Dies hat zur Folge, dass der Endpreis für den Kunden in jeder deutschen Apotheke identisch ist. Erreicht wurde dies durch die Regulierung der Margen von Großhändlern und Apotheken, und rückblickend stellte dies einen der Gründe für die geringere Internetverbreitung dar, da dadurch ein effektives Marketing erschwert wurde. 2012 hatten sowohl die höchstrichterliche deutsche Rechtsprechung als auch der deutsche Gesetzgeber beschlossen, dass diese Regelungen auch für grenzüberschreitende (Versand-)Apotheken bei Belieferung deutscher Kunden anwendbar sind. Am 19. Oktober 2016 verabschiedete der Europäische Gerichtshof in der Rechtssache C-148/15 ein für den grenzüberschreitenden innereuropäischen Versandhandel von verschreibungspflichtigen Medikamenten bedeutendes Urteil. Es wurde entschieden, dass die in der derzeit in Deutschland geltenden Arzneimittelpreisverordnung festgelegten Preise auf (Versand-)Apotheken mit Sitz in anderen EU-Ländern nicht anwendbar seien. Durch den Erwerb bietet sich uns eine Möglichkeit, unseren Kundenstamm auf dem Markt für verschreibungspflichte Medikamente schnell und signifikant zu erweitern. Da der Erwerb als solcher eine strategische Chance für uns darstellt, haben wir uns gemeinsam mit unseren Aktionären dazu entschlossen, die Europa Apotheek Gruppe zu erwerben. Am 25. September 2017 haben wir den Erwerb bekannt gemacht, der voraussichtlich am oder um den 8. November 2017 im Wege der Ausgabe Neuer Aktien an die Anteilseigner von EHS gegen Einbringung aller Geschäftsanteile an der EHS in die Gesellschaft abgeschlossen werden wird.

Als Ergebnis des Erwerbes, wird das Europa Apotheek Geschäft voraussichtlich zum oder um den 8. November 2017 Teil unseres Konzerns werden.

Die Akquisitionsbedingungen enthalten ein vereinbartes Umtauschverhältnis einer Aktie aus dem Grundkapital von EHS in 2,724 (gerundet) Neue Aktien bei einer Bewertung von EHS von ungefähr €126 Millionen basierend auf einem dreimonatigen volumengewichteten Durchschnittspreis der börsennotierten Aktien der Gesellschaft von €42,85 zum 22. September 2017.

Zentrale Wettbewerbsstärken

Die derzeit niedrige Online-Verbreitung im kontinentaleuropäischen Markt für OTC-Medikamente und apothekenübliche BPC-Produkte sowie das Nichtvorhandensein führender Online- und Offline-Marken in diesem Markt und die wachsende Nachfrage nach Pharmaprodukten bieten eine einmalige Gelegenheit unsere bereits existierende Plattform, die wir über die letzten 16 Jahre geschaffen haben, weiter auszubauen. Auf dieser Grundlage konnten wir die folgenden Wettbewerbsstärken entwickeln:

- Unser Fokus liegt auf einem großen Zielmarkt, der sich zunehmend dem Online-Geschäft zuwendet.
- Wir bieten unseren Kunden ein starkes Leistungsangebot, bestehend aus hoch attraktiven Preisen, einer großen Produktauswahl (von etwa 100.000 Produkten), einem komfortablen Einkaufserlebnis sowie ausgezeichneter Produktinformation, Beratung und Arzneimittelsicherheit.
- Wir sind klarer Marktführer im deutschen Markt für OTC-Medikamente und apothekenübliche BPC-Produkte und sind gut aufgestellt, um in Kontinentaleuropa die Marktführerschaft zu erlangen.
- Wir haben hervorragende Leistungen in allen Bereichen unserer Geschäftstätigkeit erreicht.
- Wir haben ein attraktives Finanzprofil, wie bestimmte Leistungskennzahlen belegen.
- Wir verfügen über ein gründergeführtes Managementteam, das über Expertenwissen im Pharmageschäft und im Online Pharmageschäft verfügt und sich in Anbetracht der Erfolgsgeschichte unseres geschäftlichen Wachstums bewährt hat.

Strategie

Unser Ziel ist es, im Hinblick auf die Umsatzgröße die führende Online-Apotheke in Kontinentaleuropa für OTC-Medikamente und apothekenübliche BPC-Produkte zu werden. Um dieses Ziel zu erreichen, verfolgen wir die nachfolgenden Strategien:

- Wir streben an, unsere Marktführerschaft in unseren ursprünglichen Märkten wie etwa Deutschland und Österreich zu festigen.
- Wir streben die weitere Durchdringung der kontinentaleuropäischen Märkte, in denen wir bereits tätig sind, sowie die weitere Expansion in neue Märkte an.
- Wir streben an, weitere Investitionen in unsere Logistik-, Abwicklungs- und Vertriebsstruktur sowie in unsere Front-End-Plattform zu tätigen.
- Wir streben an, neue Einnahmequellen zu erschließen, indem wir die bevorzugte Werbeplattform für die bedeutendsten OTC Medikamente sowie apothekenübliche BPC-Produkte-Marken als auch Anbieter für Datenanalysen für die Pharma- und Schönheitsindustrie werden.

Hauptmärkte

Der kontinentaleuropäische Pharmamarkt, der die Produktkategorien umfasst, auf die wir unser Geschäftsmodell ausgerichtet haben, nämlich (i) OTC-Medikamente und (ii) apothekenübliche BPC-Produkte sowie auch (iii) verschreibungspflichtige Medikamente, ist in den letzten Jahren beständig gewachsen. Im Jahr 2015 belief sich das Gesamtvolumen des Pharmamarktes in Kontinentaleuropa auf ca. €153 Mrd. (ausgeschlossen nicht apothekenübliche BPC-Produkte im Gesamtvolumen von €31 Mrd. und exklusive Mehrwertsteuer), wobei sich der Markt für verschreibungspflichtige Medikamente auf €120 Mrd. belief (Quelle: SEMPORA Studie Juni 2016). Im Jahr 2015 belief sich in Kontinentaleuropa das Marktvolumen für OTC-Medikamente auf ca. €14 Mrd., während der Markt für apothekenübliche BPC-Produkte ein Volumen von ca. €19 Mrd. hatte (Quelle: SEMPORA Studie Juni

2016). Für OTC-Medikamente und apothekenübliche BPC-Produkte wird für den Zeitraum von 2015 bis 2020 eine durchschnittliche jährliche Wachstumsrate von 3,6% erwartet (Quelle: SEMPORA Studie Juni 2016).

Die Online-Durchdringung des Marktes für OTC-Medikamente und apothekenübliche BPC Produkte ist immer noch sehr gering verglichen mit anderen Produktkategorien, wie etwa im Elektronikbereich (22,2%) (Quelle: Euromonitor). Dies ist insbesondere auf regulatorische Beschränkungen zurückzuführen, die für den Versand von Medikamenten außerhalb von Apotheken-Räumlichkeiten gelten.

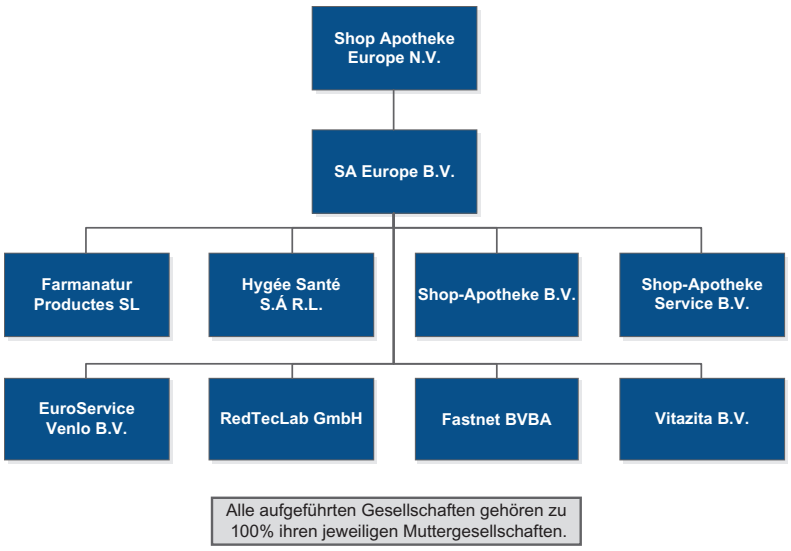
B.4a Wichtigste jüngste Trends, die sich auf den Emittenten und die Branche, in der er tätig ist beziehen

Wir sind der Ansicht, dass die untenstehenden Faktoren in den letzten Jahren erheblich zu der Entwicklung des Marktes, in dem wir tätig sind, beigetragen haben und hierzu weiter beitragen werden:

- Demographischer Wandel
- Zunehmende Verbreitung chronischer Krankheiten
- Wachsendes Gesundheitsbewusstsein und Trend zur Selbstmedikation
- Das Wettbewerbsumfeld
- Ein Trend zum elektronischen Geschäftsverkehr
- Steigende Mobilgerätedurchdringung des Pharmamarktes
- Erweiterung unseres Geschäfts mit verschreibungspflichtigen Medikamenten.

B.5 Beschreibung der Gruppe und der Stellung des Emittenten innerhalb dieser Gruppe

Der Emittent ist die Muttergesellschaft der Gruppe. Das folgende Schaubild enthält eine Übersicht über die Gruppe zum Zeitpunkt dieses Prospekts:



B.6 **Personen, die eine direkte oder indirekte Beteiligung am Eigenkapital des Emittenten oder Stimmrechte halten**

Die folgende Tabelle enthält Informationen bezüglich der wirtschaftlichen Eigentümerschaft jedes Anteilseigners oder Gruppe verbundener Anteilseigner, die 3% oder mehr aller ausgegebenen und im Umlauf befindlichen Aktien zum Datum dieses Prospekts halten.

	Unmittelbar vor der Kapitalerhöhung	
Direkte Aktionäre	**Anzahl der Aktien**	**%**
MK Beleggingsmaatschappij Venlo B.V.(1)	1.189.016	13,11
FIL Ltd(2)	585.060	6,45
DHV Verwaltungsgesellschaft mbH(3)	501.342	5,53
Christoph Laubmann	475.763	5,25
T Rowe Price International Ltd	462.776	5,10
Capital Research and Management Company	450.214	4,96
UBS(4)	445.028	4,91
Carve Capital AB	350.000	3,86
Michael Köhler(1)(5)	249.686	2,75
Jan Pyttel(6)	285.907	3,15
Sonstige Aktionäre(7)	4.075.086	44,93
Gesamtaktien	**9.069.878**	**100**

(1) MK Beleggingsmaatschappij Venlo B.V. ist eine Gesellschaft, die zu 55,9% vom Mitglied des Vorstands, Michael Köhler gehalten wird, dem insgesamt 16,66% der Aktien direkt oder indirekt durch die MK Beleggingsmaatschappij Venlo B.V. sowie 72.000 Aktien durch eine weitere Gesellschaft, die Koehler Invest N.V., zugerechnet werden können.

(2) Mittelbare Beteiligung durch Fil Investments International und FIL Pension Management.

(3) Beherrschender Gesellschafter der DHV Verwaltungsgesellschaft mbH ist Dr. Robert Hess, der 100% der Anteile hält.

(4) Gesamte mittelbare Beteiligung durch UBS Asset Management (Deutschland) GmbH, UBS Asset Management (UK) Limited, UBS Asset Management (France) SA, UBS Fund Management (Luxembourg) S.A.,UBS Fund Management (Switzerland) AG und UBS Third Party Management Company S.A.

(5) Vorstandsmitglied.

(6) Aufsichtsratsvorsitzender.

(7) Zum Datum dieses Prospekts hält keiner der in dieser Tabelle unter "Sonstige Aktionäre" genannten Aktionäre persönlich 3% oder mehr aller ausgegebenen und im Umlauf befindlichen Aktien.

Stimmrechte

Jede Aktie gewährt in der Hauptversammlung der Gesellschaft eine Stimme. Es bestehen keine Beschränkungen der Stimmrechte.

Unmittelbare oder mittelbare Beherrschung des Emittenten und Art der Beherrschung.

Nicht einschlägig (keine Beherrschung).

B.7 **Ausgewählte wesentliche historische Finanzinformationen.**

Die Finanzinformationen, die in den folgenden Tabellen enthalten sind, stammen aus dem geprüften Konzernabschluss zum und für das am 31. Dezember 2016 endende Geschäftsjahr ("**Jahresabschluss 2016**"), sowie den geprüften, kombinierten Abschlüssen für die Geschäftsjahre endend zum 31. Dezember 2015, 31. Dezember 2014 und 31. Dezember 2013 ("**Abschlüsse 2015, 2014 und 2013**" und zusammen mit dem Jahresabschluss 2016 "**Jahresabschlüsse**") und dem ungeprüften verkürzten Konzernzwischenabschluss für den zum 30. Juni 2017 endenden Sechs-Monats-Zeitraums einschließlich des ungeprüften verkürzten kombinierten Zwischenabschlusses des zum 30. Juni 2016 endenden Sechs-Monats-Zeitraums ("**Zwischenabschluss**"), sowie unserem internen Berichterstattungssystem. Die Jahresabschlüsse wurden gemäß den International Financial Reporting Standards ("**IFRS**"), wie sie in der EU anzuwenden sind, erstellt. Der Zwischenabschluss wurde gemäß den IFRS für Zwischenberichterstattung (IAS 34) erstellt.

Deloitte Accountants B.V., Flight Forum 1, 5657 DA Eindhoven, Niederlande hat die Abschlüsse geprüft und mit uneingeschränkten Bestätigungsvermerken versehen. Der im Namen von Deloitte Accountants B.V. zeichnende Wirtschaftsprüfer ist ein Mitglied des königlichen niederländischen Instituts der Wirtschaftsprüfer (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*). Die Abschlüsse nebst Bestätigungsvermerken sind in diesem Prospekt enthalten.

Unser Zwischenabschluss, der durch unseren neu ausgewählten Wirtschaftsprüfern, BDO Audit & Assurance B.V. prüferisch durchgesehen wurden, ist ebenfalls Teil dieses Prospekts.

Die Finanzinformationen, die in den folgenden Tabellen ausgeführt sind, stellen eine Auswahl an Finanzinformationen unserer Jahres- und Zwischenabschlüsse dar, sofern nicht anders gekennzeichnet und sollten nur in Verbindung mit den Abschlüssen und der Bestätigungsvermerke der Wirtschaftsprüfer, die in diesem Prospekt ab Seite F-1 enthalten sind, gelesen werden.

Ausgewählte Finanzinformationen aus der Konzern-Gewinn- und Verlustrechnung

Die nachfolgende Tabelle gibt ausgewählte Posten aus der Konzern-Gewinn- und Verlustrechnung der Gesellschaft:

	Sechs-Monats-Zeitraum zum 30. Juni		**zum 31. Dezember endende Geschäftsjahr**		
in '000 Euro (sofern nicht anders angegeben)	**2017 (Konsolidiert)**	**2016 (Konsolidiert)**	**2016 (Konsolidiert)**	**2015 (Kombiniert)**	**2014 (Kombiniert)**
	(ungeprüft)			**(geprüft)**	
Umsatzerlöse	**126.707**	**82.161**	**177.391**	**125.578**	**84.671**
Herstellungskosten	-99.490	-65.294	-141.109	-99.841	-66.636
Bruttoergebnis	**27.216**	**16.867**	**36.282**	**25.737**	**18.035**
Sonstige Erträge	1.323	1.098	2.204	1.316	928
Vertriebskosten	− 31.389	− 19.514	− 41.036	− 29.143	− 19.523
Allgemeine Verwaltungsaufwendungen	− 4.245	− 3.361	− 9.089	− 6.729	− 3.488
Betriebsergebnis	**− 7.094**	**− 4.910**	**− 11.639**	**− 8.819**	**− 4.048**
Finanzkosten					
Finanzerträge	71	0	17	593	–
Finanzaufwendungen	− 892	− 1.310	− 9.338	− 2.275	− 826
Nettofinanzergebnis	− 821	− 1.310	− 9.321	− 1.682	− 826
Ergebnis vor Steuern	**− 7.915**	**− 6.220**	**− 20.960**	**− 10.501**	**− 4.874**
Ertragsteuern	− 209	− 4	2.515	− 47	− 161
Periodenverlust	**− 8.124**	**− 6.224**	**− 18.445**	**− 10.548**	**− 5.035**
Zurechenbar zu Aktionären der Gesellschaft:	− 8.124	− 6.224	− 18.445	− 10.548	− 5.035
Gewinn je Aktie (*in €*)	**− 0,90**	**− 6,22**	**− 3,08**	**− 2,11**	**− 5,04**

Ausgewählte Informationen aus der Konzernbilanz

Die nachfolgende Tabelle gibt ausgewählte Informationen aus der Konzernbilanz der Gesellschaft zum 31. Dezember 2014, 2015 und 2016 sowie zum 30. Juni 2017 wieder:

	zum 30. Juni	zum 31. Dezember		
in '000 Euro	2017 (Konsolidiert) (ungeprüft)	2016 (Konsolidiert)	2015 (Konsolidiert) (geprüft)	2014 (Kombiniert)
Anlagevermögen				
Summe langfristige Vermögenswerte	26.803	24.782	16.033	14.157
Umlaufvermögen				
Gesamtes Umlaufvermögen	87.286	95.569	26.739	15.352
Summe Aktiva	**114.088**	**120.351**	**42.772**	**29.509**
Eigenkapital und Rücklagen				
Geschäftseigenkapital(1)	–	–	–	20.056
Eigenkapital	85.121	93.245	2.459	–
Provisionen	1.971	2.961	–	–
Langfristige Verbindlichkeiten				
Summe langfristige Verbindlichkeiten	3.411	3.334	24.566	563
Kurzfristige Verbindlichkeiten				
Summe kurzfristige Verbindlichkeiten	23.585	20.811	15.747	8.890
Summe Passiva	**114.088**	**120.351**	**42.772**	**29.509**

(1) Da die verschiedenen juristischen Personen, aus denen die Gruppe besteht, vor der Gründung der Gruppe nicht durch ein einzelnes Rechtssubjekt gehalten wurden, wird in den Bilanzen vom 31. Dezember 2014 Geschäftseigenkapital anstelle von Eigenkapital ausgewiesen. Geschäftseigenkapital bildet das kumulative Nettoinvestment der EHS Europe Health Services B.V. in die Gruppe bis zum 29. September 2015 ab. Die Auswirkungen der Transaktionen zwischen der Gruppe und der EHS Europe Health Services B.V., welche in der Vergangenheit nicht in bar erfüllt wurden, sind ebenfalls im Geschäftseigenkapital abgebildet.

Ausgewählte Informationen aus der Konzern-Kapitalflussrechnung

Die nachfolgende Tabelle gibt ausgewählte Informationen aus der Konzern-Kapitalflussrechnung der Gesellschaft für die zum 31. Dezember 2014, 2015 und 2016 geendeten Geschäftsjahre sowie für die zum 30. Juni 2016 und 2017 geendeten Sechs-Monats-Zeiträume wieder:

	Sechs-Monats-Zeitraum zum 30. Juni		zum 31. Dezember endende Geschäftsjahre		
in '000 Euro	**2017 (Konsolidiert)**	**2016 (Konsolidiert)**	**2016 (Konsolidiert)**	**2015 (Kombiniert)**	**2014 (Kombiniert)**
	(ungeprüft)			**(geprüft)**	
Netto Cash Flow (verwendet)/generiert aus operativer Geschäftstätigkeit	566	− 738	− 17.197	− 8.779	− 3.683
Netto Cash Flow (verwendet)/generiert aus Investitionstätigkeit	− 7.632	− 1.740	− 24.456	− 4.050	− 2.297
Netto Cash Flow (verwendet)/generiert aus Finanzierungstätigkeit	− 1.911	9.408	76.609	16.061	6.185
Änderung des Finanzmittelbestandes	**− 8.977**	**6.929**	**34.956**	**3.232**	**205**

Wesentliche Änderung der Finanzlage und des Betriebsergebnisses des Emittenten in dem oder nach dem von den historischen Finanzinformationen abgedeckten Zeitraums

Ertragslage

Die folgenden wesentlichen Veränderungen in der Ertragslage der Gesellschaft sind in den Sechs-Monats-Zeiträumen zum 30. Juni 2017 und 30. Juni 2016 und in den zum 31. Dezember 2016, zum 31. Dezember 2015 und zum 31. Dezember 2014 endenden Geschäftsjahren aufgetreten:

Sechs-Monats-Zeiträume zum 30. Juni 2017 und 2016

Unsere Umsatzerlöse betrugen in dem zum 30. Juni 2017 endenden Sechs-Monats-Zeitraum € 126.707 Tausend, was einem Anstieg von € 44.546 Tausend oder 54,2 % gegenüber € 82.161 Tausend für den zum 30. Juni 2016 endenden Sechs-Monats-Zeitraum entspricht. Der Anstieg ist im Wesentlichen auf ein Umsatzwachstum in unserem deutschen Kernmarkt sowie ein starkes internationales Umsatzwachstum zurückzuführen.

Unser Geschäftsergebnis für den zum 30 Juni 2017 endenden Sechs-Monats-Zeitraum entspricht einem Nettoverlust von € 8.124 Tausend, was einem Anstieg von € 1.900 Tausend oder 30,5 % im Vergleich zu dem Nettoverlust von € 6.224 für den zum 30. Juni 2016 endenden Sechs-Monats-Zeitraum entspricht. Der Anstieg ist im Wesentlichen auf Anstiege von Marketing- sowie Vertriebs- und Verwaltungsaufwendungen zurückzuführen.

Geschäftsjahre, die zum 31. Dezember 2016 und zum 31. Dezember 2015 endeten

Unsere Umsatzerlöse betrugen in dem zum 31. Dezember 2016 endenden Geschäftsjahr € 177.391 Tausend, was einem Anstieg von € 51.813 Tausend oder 41,3 % gegenüber € 125.578 Tausend in dem zum 31. Dezember 2015 endenden Geschäftsjahr entspricht. Der Anstieg ist im Wesentlichen auf ein starkes Umsatzwachstum in Deutschland und Österreich zurückzuführen, welches auf die Einführung einer wettbewerbsfähigeren Preisgestaltung zurückzuführen ist, sowie auf unser erweitertes Produktangebot und eine erhöhte Anzahl von wiederkehrenden Bestellungen.

Unser Geschäftsergebnis für das zum 31. Dezember 2016 endende Geschäftsjahr resultierte in einem Nettoverlust von € 18.445 Tausend, was einem Anstieg von € 7.897 Tausend oder 74,9 % im Vergleich zu € 10.548 für das zum 31. Dezember 2015 endende Geschäftsjahr entspricht, was sich auf höhere Vertriebskosten im Zusammenhang mit dem europäischen Roll-out, höhere Verwaltungsaufwendungen aufgrund des angestiegenen Geschäftsvolumens und Einmalkosten im Zusammenhang mit unserem Börsengang im Oktober 2016 zurückführen lässt.

Geschäftsjahre, die zum 31. Dezember 2015 und zum 31. Dezember 2014 endeten

Unsere Umsatzerlöse betrugen in dem zum 31. Dezember 2015 endenden Geschäftsjahr € 125.578 Tausend, was einem Anstieg von € 40.907 Tausend oder 48.3% gegenüber € 84.671 Tausend in dem zum 31. Dezember 2014 endenden Geschäftsjahr entspricht. Dieser Anstieg ist überwiegend auf einen wesentlichen Anstieg der Umsatzerlöse in Deutschland und Österreich zurückzuführen, welches aus der Einführung von wettbewerbsfähigeren Preisen, unserem steigenden Produktangebot und steigenden Nachbestellungen von Aktien resultiert.

Unser Geschäftsergebnis für das zum 31. Dezember 2015 endende Geschäftsjahr resultierte in einem Nettoverlust von € 10.548 Tausend, was einem Anstieg von € 5.513 Tausend oder 109,5% im Vergleich zu einem Nettoverlust von € 5.035 Tausend für das zum 31. Dezember 2014 endende Geschäftsjahr entspricht. Dies war im Wesentlichen auf gestiegene Kosten für die Kundenakquise, Einmalkosten im Zusammenhang mit der Reorganisation sowie auf unseren Börsengang in 2016, zurückzuführen.

Ausgewählte Segmentinformationen

Die nachfolgende Tabelle enthält bestimmte Informationen per Geschäftssegment für die genannten Zeiträume.

	Sechs-Monats Zeitraum zum 30. Juni		zum 31. Dezember endende Geschäftsjahre		
in '000 Euro	2017 (Konsolidiert)	2016 (Konsolidiert)	2016 (Konsolidiert)	2015 (Kombiniert)	2014 (Kombiniert)
	(ungeprüft)			(geprüft)	
Umsatzerlöse					
Deutschland[1]	92.129	70.174	145.549	115.660	80.968
International[2]	34.113	11.152	30.376	8.425	2.180
Dienstleistungen Deutschland[3]	3.145	1.976	4.108	3.398	2.198
Eliminierungen[4]	−2.680	−1.141	−2.641	−1.905	−675
Summe Umsatzerlöse	**126.707**	**82.161**	**177.391**	**125.578**	**84.671**
Geschäftssegment EBITDA (abzüglich Verwaltungsaufwand)[5]					
Deutschland	2.478	1.340	3.992	841	462
International	−3.699	−2.099	−4.735	−2.269	−217
Dienstleistungen Deutschland	161	474	975	1.194	594
Eliminierungen	−9	–	–	–	–
Konsolidiertes/Kombiniertes Geschäftssegment EBITDA (abzüglich Verwaltungsaufwand)[6]	**−1.069**	**−284**	**231**	**−234**	**839**

(1) Deutschland beinhaltet hauptsächlich OTC-Medikamente und apothekenübliche BPC-Produkte, die an einzelne Kunden auf dem deutschen Markt verkauft werden.

(2) International beinhaltet nur OTC-Medikamente und apothekenübliche BPC-Produkte, die an einzelne Kunden außerhalb des deutschen Markts verkauft wurden.

(3) Dienstleistungen Deutschland beinhaltet Webshop-Dienstleistungen der RedTecLab GmbH, die hauptsächlich an deutsche Kunden erbracht werden.

(4) Eliminierungen bezieht sich auf konzerninterne Verkäufe der RedTecLab GmbH innerhalb Deutschlands.

(5) Wir definieren das Segment-EBITDA als EBIT für jedes Segment vor Abschreibungen und Verwaltungskosten. "Verwaltungskosten" beziehen sich hauptsächlich auf Unternehmensgemeinkosten in Bezug auf IT, Finanzierung und Management ohne Abschreibungen (siehe unsere Jahresabschlüsse und Zwischenabschlüsse und insbesondere Anmerkungen 6 und 10 zu unseren Jahresabschlüssen 2015, 2014 und 2013). Das Segment-EBITDA ist kein anerkannter Begriff unter IFRS und ist keine Alternative zu Daten aus der Gewinn- und Verlustrechnung, die in Übereinstimmung mit IFRS erstellt werden. Es gibt keine einheitliche Definition von Segment-EBITDA, was bedeutet, dass der Begriff Segment-EBITDA, wenn er von anderen Unternehmen verwendet wird, nicht zwangsläufig mit Segment-EBITDA wie es oben dargestellt ist, übereinstimmt.

(6) Wir definieren "Konsolidiertes/Kombiniertes Geschäftssegment-EBITDA" als gesamtes Geschäftssegment EBITDA für unsere operativen Segmente. Es gibt keine einheitliche Definition von "Konsolidiertes/Kombiniertem Geschäftssegment-EBITDA". Dadurch ist "Konsolidiertes/ Kombiniertes Geschäftssegment-EBITDA" das von anderen Gesellschaften präsentiert wird, nicht notwendig vergleichbar mit dem oben gezeigten "Kombiniertes Geschäftssegment-EBITDA".

Alternative Leistungskennzahlen

In diesem Prospekt verwenden wir bestimmte alternative Leistungskennzahlen, die von unserem Management und einiger unserer Wettbewerber in unserem Segment als finanzielle Kennzahlen verwendet werden, um die Leistung des Konzerns zu bewerten oder die das Management als nützlich für den Anleger erachtet. Diese Kennzahlen sind nicht nach IFRS anerkannt und sollten aus diesem Grund nicht als Alternative zu den anwendbaren IFRS-Kennzahlen angesehen werden. Keine von diesen alternativen Leistungskennzahlen war Teil des Prüfungsverfahrens, mit Ausnahme des Segment-EBITDA, welches Teil der Segment-Notizen aus den Abschlüssen ist.

Die nachfolgende Tabelle enthält eine Überleitung unserer Periodenergebnisse auf EBIT, EBITDA, bereinigtem EBITDA und konsolidiertem / kombiniertem Geschäftssegment-EBITDA für die dargelegten Perioden.

	Sechs-Monats-Zeitraum zum 30. Juni		zum 31. Dezember endende Geschäftsjahre		
in '000 Euro	2017 (Konsolidiert)	2016 (Konsolidiert)	2016 (Konsolidiert)	2015 (Kombiniert)	2014 (Kombiniert)
	(ungeprüft)		(geprüft)		
Konsolidiertes/Kombiniertes Geschäftssegment EBITDA (abzüglich Verwaltungsaufwand[1] …	**-1.069**	**− 284**	**231**	**− 234**	**839**
Verwaltungsaufwand[2]	-3.930	− 3.137	-8.597	− 6.419	− 3.232
EBITDA[3]	**5.000**	**− 3.421**	**-8.367**	**− 6.653**	**− 2.392**
Bereinigungen (ungeprüft)[4]	−	214	2,577	1,399	−
Bereinigtes EBITDA (unaudited)[5]	**− 5.000**	**− 3.207**	**-5.789**	**− 5.254**	**− 2.392**
Abschreibungen	-2.095	− 1.489	-3.273	− 2.166	− 1.656
Result from operations (EBIT)[6]	**-7.095**	**− 4.910**	**-11.638**	**− 8.819**	**− 4.048**
Finanzierungskosten:					
Finanzerträge	71	0	17	593	−
Finanzaufwendungen	-892	− 1.310	-9.338	− 2.275	− 826
Nettofinanzergebnis	-821	− 1.310	-9.321	− 1.682	− 826
Ertragsteuern	-209	− 4	2.515	− 47	− 161
Periodenergebnis	**-8.124**	**− 6.224**	**-18.445**	**− 10.548**	**− 5.035**

(1) Wir definieren "konsolidiertes/kombiniertes Geschäftssegment-EBITDA" als das gesamte Geschäftssegment-EBITDA für unsere Geschäftssegmente. Das Geschäftssegment-EBITDA ist kein IFRS-Begriff und nimmt nicht für sich in Anspruch, eine Alternative zu den Daten aus unserer konsolidierten/ kombinierten Gewinn- und Verlustrechnung zu sein, die nach IFRS erstellt wurde. Da keine einheitliche Definition von Geschäftssegment-EBITDA existiert, ist die Kennzahl Geschäftssegment-EBITDA anderer Gesellschaften nicht zwangsläufig mit der Kennzahl Geschäftssegment-EBITDA, wie oben dargestellt, vergleichbar.

(2) "Verwaltungsaufwand" bezieht sich im Wesentlichen auf Gemeinkosten, die in Zusammenhang mit der IT, dem Finanzwesen und dem Management anfallen und berücksichtigt nicht Abschreibungen (siehe unsere Abschlüsse und Zwischenabschluss sowie insbesondere die Anhänge 6 und 10 zu unseren Jahresabschlüssen 2015, 2014 und 2013.

(3) "EBITDA" ist definiert als EBIT unter Nichtberücksichtigung von Abschreibungen. EBITDA ist kein IFRS-Begriff und nimmt nicht für sich in Anspruch, eine Alternative zu den Daten aus unserer Gewinn- und Verlustrechnung zu sein, die nach IFRS erstellt wurde. Da keine einheitliche Definition von EBITDA existiert, ist die Kennzahl EBITDA anderer Gesellschaften nicht zwangsläufig mit der Kennzahl EBITDA, wie oben dargestellt, vergleichbar.

(4) "Bereinigungen" umfassen nicht wiederkehrende Aufwendungen im Zusammenhang mit der Reorganisation in 2015 und dem Börsengang in 2016, sowie der Erwerb der EHS Europe Health Services B.V. in 2017. Siehe "8. Ausgewählte Finanzinformationen" und "15. Allgemeine Angaben zur Gesellschaft und zum Konzern-15.5. Übernahme des Europa Apotheek Konzerns".

(5) "Bereinigtes EBITDA" ist definiert als EBIT unter Nichtberücksichtigung von Abschreibungen sowie Bereinigungen. Bereinigtes EBITDA ist kein IFRS-Begriff und nimmt nicht für sich in Anspruch, eine Alternative zu den Daten aus unserer Gewinn- und Verlustrechnung zu sein, die nach IFRS erstellt wurde. Da keine einheitliche Definition von Bereinigtes EBITDA existiert, ist die Kennzahl Bereinigtes EBITDA anderer Gesellschaften nicht zwangsläufig mit der Kennzahl Bereinigtes EBITDA, wie oben dargestellt, vergleichbar.

(6) "EBIT" ist definiert als Ergebnis für die Periode vor Ertragssteuern und Finanzergebnis. EBIT ist keine IFRS-Kennzahl und nimmt nicht für sich in Anspruch, eine Alternative zu den Informationen aus unserer Gewinn- und Verlustrechnung zu sein, die nach IFRS erstellt wurde. Da keine einheitliche Definition von EBIT existiert, ist die Kennzahl EBIT anderer Gesellschaften nicht zwangsläufig mit der Kennzahl EBIT, wie oben dargestellt, vergleichbar.

Wir definieren das Nettoumlaufvermögen als Summe aus (i) Vorräten zuzüglich (ii) vorbestellter Bestände (iii) Handels- als auch sonstiger Forderungen zuzüglich (iv) sonstiger kurzfristiger Vermögenswerte abzüglich (v) Handels- sowie sonstiger Verbindlichkeiten abzüglich (vi) sonstiger Verbindlichkeiten, einschließlich Umsatzsteuer, Lohnsteuer, anderer Personalverbindlichkeiten als auch verschiedener passiver Rechnungsabgrenzungen.

Investitionsausgaben als prozentualer Anteil am Umsatz ist definiert als der Quotient von Investitionsausgaben (d.h. die Summe von Investitionen für Eigentum, Anlagen, Ausstattung, Investitionen für immaterielle Vermögenswerte, Investitionen für die Farmaline Akquisition und Investitionen für andere Vermögenswerte) und Umsatz, ausgedrückt als Prozentsatz.

Aktuelle Entwicklungen

Die Gesamtentwicklung der ersten zehn Monate des Jahres 2017 spiegelt das profitable Wachstum in unserem Kernmarkt wider (wobei wir hier auf das Wachstum innerhalb unseres deutschen Segments abgestellt wird und den Erwartungen der Geschäftsführung entspricht: Unser Ertrag für den Sechs-Monats-Zeitraum, der am 30. Juni 2017 endete, lag bei €126.707 Tausend, verglichen mit €82.161 Tausend in den ersten sechs Monaten des Jahres 2016. Wir erwarten, dass die baldige Eingliederung des Europa Apotheek Geschäfts in unsere Gruppe unsere Wettbewerbsposition signifikant verbessern wird.

B.8	**Ausgewählte wesentliche Pro-forma Finanz-informationen**	Die folgenden ausgewählten Pro-Forma-Finanzinformationen, welche in diesem Prospekt enthalten sind (die "**Pro-Forma-Finanzinformationen**"), wurden aus unseren ungeprüften, sowie zusammengefassten Finanzinformationen für das am 31. Dezember 2016 abgelaufene Geschäftsjahr entnommen. Die Pro-Forma-Finanzinformationen wurden auf der Grundlage des geprüften konsolidierten Abschlusses nach den International Financial Reporting Standards, wie sie in der Europäischen Union anzuwenden sind ("IFRS") zum 31. Dezember 2016 und des ungeprüften verkürzten Konzernzwischenabschlusses nach IFRS für Zwischenberichterstattung (IAS 34) ab und für die zum 30. Juni 2017 abgelaufene sechs-Monats Periode inklusive dem ungeprüften verkürztem Konzernzwischenabschluss für die zum 30. Juni 2016 abgelaufene sechs-Monats Periode, sowie der historische Konzernabschluss für zum 31. Dezember 2016 abgelaufene Geschäftsjahr der EHS BV, vorbereitet nach dem 2. niederländischem Zivilgesetzbuch, und dem ungeprüften Abschluss der zum 30. Juni 2017 abgelaufenen sechs-Monats Periode der EHS B.V. erstellt nach den Richtlinien des 2. niederländischem Zivilgesetzbuches. Der historische Jahresabschluss der EHS B.V. wurde auch nach den Richtlinien des 2. niederländischen Zivilgesetzbuchs erstellt. Die Pro-Forma Finanzinformationen sind Voraussetzung, um die ungeprüften und kombinierten Pro-Forma-Finanzinformationen der Gesellschaft so zu präsentieren, als ob die Übernahme der Europa-Apotheek zum 1. Januar 2016 zum Zweck der Gewinn- und Verlustrechnung abgeschlossen worden wäre. Die Pro-Forma-Finanzinformationen wurden nur zu illustrativen Zwecken erstellt. Da die Illustration als solche lediglich eine hypothetische Situation beschreibt, spiegelt die Darstellung nicht die tatsächliche Ertragslage des Unternehmens nach dem Erwerb wider. Die Darstellung der Pro-Forma-Finanzinformation basiert auf verfügbaren Informationen und bestimmten Pro-Forma-Annahmen, sowie den anwendbaren Erläuterungen.

Ungeprüfte, zusammengefasste und verkürzte Pro-Forma-Finanzinformationen über Gewinn und Verlust der letzten sechs Monate zum 30. Juni 2017 (in tausend Euro, außer Aktien und Angaben zur Aktie)

Fortgeführter Betrieb	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)	SAE NV Pro Forma Combined
Umsatzerlöse	126.707	80.029	-234	206.502
Herstellungskosten	-99.490	-68.724	–	-168.215
Bruttoergebnis	**27.216**	**11.305**	**-234**	**38.287**
Sonstige Erträge	1.323	1	-1.187	138
Vertriebskosten	-31.389	-8.618	-2.963	-42.970
Allgemeine Verwaltungsaufwendungen	-4.245	-4.069	-45	-8.359
Betriebsergebnis	**-7.094**	**-1.381**	**-4.428**	**-12.904**
Finanzerträge	71	0	30	101
Finanzaufwendungen	-892	-93	-30	-1.015
Nettofinanzergebnis	-821	-92	–	-913
Ergebnisanteil an Unternehmen, die nach der Equity-Methode bilanziert werden, vor Steuern	–	48	–	48
Ergebnis vor Steuern	**-7.915**	**-1.425**	**-4.428**	**-13.769**
Ertragsteuern	-209	364	1.107	1.262
Periodenverlust	**-8.124**	**-1.061**	**-3.321**	**-12.506**
Gewinn je Aktie (*in €*)	**-0,90**			**-1,04**
Gewichteter Durchschnitt ausstehender Aktien	**9.069.878**		**2.950.578**	**12.020.456**

Ungeprüfte, zusammengefasste und verkürzte Pro-Forma-Finanzinformationen über Gewinn und Verlust für das zum 31. Dezember 2016 abgelaufene Geschäftsjahr (in tausend Euro, außer Aktien und Angaben zur Aktie)

Fortgeführter Betrieb	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)	SAE NV Pro Forma Combined
Umsatzerlöse	177.391	141.409	-653	318.147
Herstellungskosten	-141.109	-120.742	–	-261.851
Bruttoergebnis	**36.282**	**20.666**	**-653**	**56.296**
Sonstige Erträge	2.204	31	-2.153	82
Vertriebskosten	-41.036	-13.430	-5.845	-60.311
Allgemeine Verwaltungsaufwendungen	-9.089	-6.809	-205	-16.103
Betriebsergebnis	**-11.639**	**459**	**-8.857**	**-20.037**
Finanzerträge	17	84	-64	37
Finanzaufwendungen	-9.338	-257	64	-9.531
Nettofinanzergebnis	-9.321	-173	–	-9.494
Ergebnisanteil an Unternehmen, die nach der Equity-Methode bilanziert werden, vor Steuern	–	87	–	87
Ergebnis vor Steuern	**-20.960**	**372**	**-8.857**	**-29.444**
Ertragsteuern	2.515	-79	2.214	4.650
Periodenverlust	**-18.445**	**294**	**-6.643**	**-24.794**
Gewinn je Aktie (*in €*)	**-3,08**			**-2,77**
Gewichteter Durchschnitt ausstehender Aktien	**5.993.861**		**2.950.578**	**8.944.439**

Ungeprüfte, zusammengefasste und verkürzte Pro-Forma-Finanzinformationen zur Finanzlage per 30. Juni 2017 (in tausend Euro)

	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)	SAE NV Pro Forma Combined
Vermögenswerte				
Langfristige Vermögenswerte				
Sachanlagen	3.466	56	–	3.522
Immaterielle Vermögenswerte	23.336	566	188.783	212.686
Sonstige finanzielle Vermögenswerte	–	900	–	900
Latente Steueransprüche	–	2.093	–	2.093
	26.803	3.615	188.783	219.201
Kurzfristige Vermögenswerte				
Vorräte	14.546	–	4.766	19.312
Vorbestelllager	4.766	–	-4.766	-0
Forderungen aus Lieferungen und Leistungen	12.275	9.616	–	21.891
Forderungen von nahestehenden Personen	111	2.889	921	3.921
Forderungen von Gesellschaftern	–	3.921	-3.921	–
Sonstige finanzielle Vermögenswerte	2.554	1.388	–	3.942
Sonstige Vermögenswerte	23.528	–	–	23.528
Zahlungsmittel und Zahlungsmitteläquivalente	29.507	688	–	30.195
	87.286	18.502	-3.000	102.788
Bilanzsumme	**114.088**	**22.117**	**185.783**	**321.989**
Eigenkapital und Verbindlichkeiten				
Eigenkapital der Anteilseigner				
Eigenkapital der Anteilseigner	85.121	16.778	166.625	268.525
Langfristige Verbindlichkeiten				
Rückstellungen	1.971	323	–	2.294
Latente Steuerschulden	–	–	18.259	18.259
Verbindlichkeiten gegenüber EHS	3.000	–	-3.000	–
Sonstige Verbindlichkeiten	411	–	–	411
	5.382	323	15.259	20.963
Kurzfristige Verbindlichkeiten				
Verbindlichkeiten aus Lieferungen und Leistungen und sonstige Verbindlichkeiten	16.010	1.511	–	17.521
Kontokorrentkredit	–	1.781	–	1.781
Sonstige Verbindlichkeiten	7.575	1.724	3.900	13.199
	23.585	5.016	3.900	32.501
Bilanzsumme	**114.088**	**22.117**	**185.783**	**321.989**

B.9 Gewinnprognosen oder Schätzungen

Auf Konzernebene erwarten wir ein konsolidiertes Umsatzwachstum im Bereich von 55% bis 65% über den Wachstumsraten, die im Jahr 2016 gegenüber dem Vorjahreszeitraum erzielt wurden, unterstützt durch den Erwerb der Europa Apotheek Group, welche voraussichtlich ab dem 8. November 2017 konsolidiert wird.

Darüber hinaus erwarten wir gegenüber dem Vorjahreszeitraum eine jährliche Verbesserung der bereinigten EBITDA-Marge auf Unternehmensebene auf rund -2% bis -3% (Vorjahr -3,3%). Die bereinigte EBITDA-Marge beinhaltet keine einmaligen Transaktionskosten in Bezug auf den Erwerb des Europa Apotheek Geschäfts und der Börsennotierung (wie in Element C.6 weiter unten definiert). Das bereinigte EBITDA ist ein alternativer Leistungsindikator, siehe dazu Absatz B.7 für weitere Informationen.

B.10 Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen

Entfällt. Die Bestätigungsvermerke für die in diesem Prospekt enthaltenen historischen Finanzinformationen wurden jeweils uneingeschränkt erteilt.

B.11	**Nichtausreichen des Geschäftskapitals des Emittenten zur Erfüllung bestehender Anforderungen**	Entfällt. Das uns zur Verfügung stehende Umlaufvermögen ist nach Auffassung des Konzerns für seine derzeitig bestehenden Verbindlichkeiten ausreichend, nämlich mindestens für die nächsten zwölf Monate ab Datum dieses Prospekts.
Abschnitt C - Wertpapiere		
C.1	**Art- und Gattung der angebotenen und/oder zum Handel zuzulassenden Wertpapiere**	Auf den Inhaber lautende Stammaktien, jeweils mit einem Nennwert von je €0,02 und mit voller Gewinnberechtigung ab dem 1. Januar 2017.
	Wertpapierkennung	International Securities Identification Number (ISIN): NL0012044747. Wertpapierkennnummer (WKN): A2AR94. Börsenkürzel: SAE.
C.2	**Währung**	Euro.
C.3	**Zahl der ausgegebenen und voll eingezahlten Aktien**	Zum Datum dieses Prospekts beträgt das Grundkapital der Gesellschaft €181.397,56, eingeteilt in € 9.069.878 auf den Inhaber lautende Stammaktien, jeweils mit einem Nennwert von €0,02. Das gesamte Grundkapital der Gesellschaft ist voll eingezahlt.
	Nennwert	Zum Zeitpunkt der Veröffentlichung dieses Prospekts repräsentiert jede Aktie einen anteiligen Betrag von je €0,02 am Grundkapital der Gesellschaft.
C.4	**Beschreibung der mit den Wertpapieren verbundenen Rechte**	Jede Aktie gewährt in der Hauptversammlung der Gesellschaft (die "**Hauptversammlung**") eine Stimme. Beschränkungen des Stimmrechts bestehen nicht, mit Ausnahme eines Stimmrechtsausschlusses für die Aktien, die die Gesellschaft selbst, oder eine ihrer etwaigen Tochtergesellschaften, hält. Die Aktien sind ab dem 1. Januar 2017 voll gewinnanteilberechtigt. Jeder Aktionär verfügt über ein verhältnismäßiges Bezugsrecht entsprechend dem Gesamtnennwert seiner Aktien im Zeitpunkt der Ausgabe Neuer Aktien. Von diesem Bezugsrecht ausgenommen sind die Ausgabe Neuer Aktien: (i) gegen Sacheinlagen (eine andere Kapitaleinlage als eine Bareinlage), (ii) an Arbeitnehmer der Gesellschaft oder jedes andere Mitglied der Gruppe, und (iii) an Personen, die ein in der Vergangenheit eingeräumtes Bezugsrecht ausüben. Diese Bezugsrechte gelten auch für den Fall, dass Zeichnungsrechte ausgegeben werden. Mit Genehmigung des Aufsichtsrats der Gesellschaft ist der Vorstand berechtigt, die Bezugsrechte der Aktionäre zu beschränken oder auszuschließen, sofern, und in dem Umfang, in dem der Vorstand hierzu von der Hauptversammlung ermächtigt wurde, und nur falls der Vorstand zu diesem Zeitpunkt auch ermächtigt ist, Aktien auszugeben. Wir haben eine Außerordentliche Hauptversammlung am 6. November 2017 mit der Absicht, unter anderem, die Entscheidung der Anteilseigner hinsichtlich der Akquisition und der Ausgabe Neuer Aktien, zu erleichtern, einberufen und abgehalten (die "Außerordentliche Hauptversammlung"). In der Außerordentlichen Hauptversammlung hat die Hauptversammlung beschlossen, den Vorstand zu ermächtigen, für einen Zeitraum von fünf Jahren ab dem Tag der Außerordentlichen Hauptversammlung (bis zu und einschließlich dem 5. November 2022) oder bis zu dem Tag, an dem die Hauptversammlung die Genehmigung wiederrufen oder nochmals verlängert hat, falls früher, sofern die Hauptversammlung hierzu ermächtigt ist, Aktien auszugeben und Rechte zu gewähren, Aktien zu erwerben, vorbehaltlich einer vorherigen Genehmigung des Aufsichtsrats, bis zu einer Höchstgrenze von 20% der Gesamtanzahl an ausgegebenen Aktien, die unmittelbar nach der Emission der Neuen Aktien ausstehen. Diese Ermächtigung wurde dem Vorstand von der Hauptversammlung unter dem ausdrücklichen Vorbehalt gewährt, dass die Hauptversammlung sich ihr Recht vorbehält, jederzeit während einer solchen Genehmigung selbst zur Ausgabe von Aktien und dem Bezug von Aktien berechtigt zu sein, einschließlich dem Zeitraum, in dem der Vorstand ebenfalls ermächtigt ist. Am 16. Mai 2017 hat die Hauptversammlung beschlossen den Vorstand mit dem Rückkauf von Aktien an der Wertpapierbörse, mit der eingeholten Zustimmung des Aufsichtsrates oder andernfalls, für einen Zeitraum von 18 Monaten beginnend ab dem 16. Mai 2017 (bis einschließlich dem 15. Januar 2019) zu bevollmächtigen. In

		ihrer Beschlussfassung hat die Hauptversammlung weiter, die Zuständigkeit des Vorstands hinsichtlich des Rückkaufs von Aktien bis auf maximal 10% des gesamten ausgegebenen und ausstehenden Grundkapitals der Gesellschaft am 1. Januar 2017 beschränkt, sofern die Gesellschaft nicht mehr als 10% des gesamten ausgegebenen und ausstehenden Grundkapitals zu irgendeinem Zeitpunkt im Eigenkapital hält. Der Rückkauf kann zu einem Preis zwischen dem Nennwert der Aktien und den durchschnittlichen Preis der Xetra Handelsplattform der Frankfurter Wertpapierbörse, innerhalb von fünf Tagen vor dem Rückkauf zuzüglich 10%, erfolgen.
C.5	**Beschreibung aller etwaigen Beschränkungen für die freie Übertragbarkeit der Wertpapiere**	Die Neuen Aktien sind frei übertragbar, unterliegen dabei aber der mit dem Listing Agent eingegangenen Lock-Up-Vereinbarung, wie unter E.5 beschrieben; allerdings kann ein etwaiges Angebot der angebotenen Aktien gegenüber Personen, die in bestimmten Ländern wohnhaft oder Staatsangehörige bestimmter Länder sind, durch die Gesetze des jeweiligen Landes beeinträchtigt werden.
C.6	**Antrag auf Zulassung der Wertpapiere zum Handel an einem regulierten Markt und Nennung aller regulierten Märkte, in denen die Wertpapiere gehandelt werden bzw. werden sollen**	Die Gesellschaft hat die Zulassung der Aktien zum Handel auf dem regulierten Markt der Frankfurter Wertpapierbörse (die "Zulassung") mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) am 1. November 2017 beantragt. Der Zulassungsbeschluss für die Aktien wird voraussichtlich am 9. November 2017 erteilt. Der Handel mit den Aktien an der Frankfurter Wertpapierbörse wird voraussichtlich am 10. November 2017 beginnen.
C.7	**Dividendenpolitik**	Die Gesellschaft beabsichtigt derzeit, alle verfügbaren und künftigen Gewinne zur Unterstützung ihres Geschäftsbetriebs und zur Finanzierung des Wachstums und der Entwicklung des Geschäftsbetriebs der Gruppe einzubehalten und beabsichtigt nicht, in absehbarer Zukunft Bardividenden auszuschütten. Es kann nicht zugesichert werden, dass es in irgendeinem Jahr zur Zahlung von Dividenden kommen wird. Etwaige Dividendenzahlungen sowie deren Höhe und Zeitpunkt hängen von verschiedenen Faktoren ab, wie etwa den künftigen Einnahmen, Erträgen, der finanziellen Situation, den gesamtwirtschaftlichen Rahmenbedingungen und Zukunftsperspektiven sowie weiteren Faktoren, die der Vorstand, vorbehaltlich der vorherigen Zustimmung des Aufsichtsrats, für relevant erachtet, sowie von weiteren gesetzlichen und regulatorischen Anforderungen, auf welche die Gesellschaft größtenteils keinen Einfluss hat. Es kann keine Zusicherung abgegeben werden, dass die Leistung der Gruppe die Wahrung der Dividendenpolitik oder eine Erhöhung der Ausschüttungsquote ermöglichen wird; insbesondere könnte die Fähigkeit der Gesellschaft, Dividenden zu zahlen, beeinträchtigt sein, sofern sich eines der in diesem Prospekt beschriebenen Risiken verwirklicht. Die Gesellschaft ist eine Holdinggesellschaft und ihre Fähigkeit Einträge zu generieren und Dividenden auszuschütten hängt davon ab, ob ihre Tochtergesellschaften in der Lage sind, Dividenden anzukündigen und auszuzahlen oder der Gesellschaft Kapital bereitzustellen. Im Übrigen ist die Auszahlung von Dividenden Beschränkungen des niederländischen Rechts bzgl. der Ausschüttung von Dividenden unterworfen. Darüber hinaus kann sich die Dividendenpolitik der Gesellschaft, die der Vorstand, vorbehaltlich vorheriger Zustimmung durch den Aufsichtsrat, von Zeit zu Zeit überarbeitet, zukünftig ändern.
Abschnitt D - Risiken		
D.1	**Zentrale Risiken, die dem Emittenten oder seiner Branche eigen sind**	**Risiken im Zusammenhang mit unserer Geschäftstätigkeit** • Seit unserer Geschäftsaufnahme haben wir erhebliche Verluste erwirtschaftet und es besteht weder eine Gewährleistung, dass wir künftig in der Lage sein werden, erfolgreich zu wachsen und unser Geschäft erfolgreich zu gestalten, noch dass wir Profitabilität erreichen. • Möglicherweise werden unsere Geschäftsergebnisse und Wachstumsraten erheblichen Schwanken unterliegen. • Möglicherweise werden wir nicht in der Lage sein, unsere Geschäftseinnahmen oder unsere Geschäftstätigkeit aufrechtzuerhalten oder zu erhöhen. • Unser künftiger Erfolg ist abhängig vom dauerhaften Wachstum des Versandhandels von rezeptpflichtigen Medikamenten, nicht-rezeptpflichtigen Medikamenten und apothekenbezogene BPC Produkte.

- Sollten wir nicht in der Lage sein, effektives Wachstum zu generieren, könnte sich dies nachteilig auf unsere Geschäftstätigkeit, Finanz- und Ertragslage auswirken.
- Nachteilige Entwicklungen der Gesamtwirtschaftslage und/oder ökonomische Verschlechterungen – insbesondere in Deutschland – können nachteilige Auswirkungen auf das Konsumverhalten unserer Kunden mit Blick auf den Erwerb bestimmter oder sämtlicher unserer Produkte mit der Folge eines Einnahmenrückgangs haben.
- Unser kürzlich erfolgter Einstieg in den jeweiligen niederländischen, italienischen und spanischen Markt, sowie unser Plan, unsere Geschäftstätigkeit in Kontinentaleuropa auszuweiten, wird uns einer Vielzahl unterschiedlicher lokalrechtlicher, regulatorischer, steuerlicher und kultureller Standards aussetzen, die wir möglicherweise nicht erfüllen oder einhalten werden können.
- Wir haben eine kurze Unternehmensgeschichte und sind in fragmentierten, für uns neuen, geografischen Märkten, tätig, was es schwierig macht, unsere Zukunftsperspektiven abzuschätzen.
- Wir unterliegen einem enormen Wettbewerbsdruck, der eine dauerhafte Bedrohung für den Erfolg unseres Unternehmens bedeutet.
- Wir sind möglicherweise nicht dazu in der Lage, ein effizientes System interner Kontrollen unserer Rechnungslegung aufrechtzuerhalten. Unsere internen Berichterstattungs- und/oder Risikomanagement-Verfahren reichen möglicherweise nicht aus, um den Bedürfnissen unseres wachsenden Unternehmens gerecht zu werden.
- Jeder Fehler einer Apotheke bei der Abfüllung oder Verpackung von Medikamenten oder anderen Produkten, die wir verkaufen, könnte uns möglicherweise einer Haftung aussetzen und negative Publizitätseffekte nach sich ziehen.
- Informationen, die von unseren Apothekern oder auf unserer Webseite zur Verfügung gestellt werden, könnten uns möglicherweise einer Haftung aussetzen und negative Publizitätseffekte nach sich ziehen.
- Wir haben nur begrenzte Erfahrungen mit dem Erwerb von Unternehmen und können daher möglicherweise unsere Erwerbsstrategie nicht effektiv durchsetzen oder das erworbene Unternehmen nicht erfolgreich eingliedern.
- Möglicherweise beschließen wir, neue Geschäftsmöglichkeiten zu verfolgen, neue Webseiten zu entwickeln oder neue Produkte, Verkaufsformate oder Dienstleistungen anzubieten, die unter Umständen nicht kostengünstig oder anderweitig erfolgreich sind.
- Die Unfähigkeit, die derzeitigen oder künftigen Domainnamen unserer Onlineshops zu übernehmen, zu nutzen oder zu behalten, könnte unserem Geschäft, unserer Finanzlage und unseren Geschäftsergebnissen erheblich zusetzen.
- Sollten wir nicht dazu in der Lage sein, unseren Kunden ein attraktives Online-Einkaufserlebnis anzubieten, oder ihre Erwartungen zu erfüllen, könnte dies unser Wachstum beschränken und wir könnten daran gehindert sein, Profitabilität zu erlangen oder beizubehalten.
- Sollten wir nicht dazu in der Lage sein, unsere Internet- und Mobilgeräte-Infrastruktur sowie andere Technologien zu bedienen, aufrechtzuerhalten, zu integrieren und zu skalieren, könnte dies einen negativen Effekt auf unsere Geschäftstätigkeit haben.
- Sollten wir nicht in der Lage sein, unser Geschäft ordnungsgemäß zu prognostizieren, können wir davon abgehalten sein, unsere Ausgaben und unsere Prozessfähigkeit angemessen zu planen.
- Sollten wir nicht in der Lage sein, unsere Geschäftstätigkeit ordnungsgemäß mittels bestimmter Schlüsselleistungsindikatoren zu prüfen, kann unsere Fähigkeit zur Bestimmung und Durchführung einer angemessenen Geschäftsstrategie beeinträchtigt sein.

		• Wir sind von unserem obersten Management abhängig und könnten möglicherweise nicht in der Lage sein, hinreichend qualifiziertes Personal auf uns aufmerksam zu machen, auszubilden, zu motivieren oder an uns zu binden. Außerdem könnten wir möglicherweise nicht in der Lage sein, eine gute Beziehung zu unseren Beschäftigten aufrechtzuerhalten. • Das Europa Apotheek Geschäft, das wir beabsichtigen am oder um den 8. November 2017 zu erwerben, ist größtenteils nicht in unseren historischen Finanzkennzahlen berücksichtigt. • Die Pro Forma Finanzinformation beschreibt ausschließlich eine hypothetische Situation und spiegelt die tatsächlichen Geschäftsergebnisse der Gruppe daher nicht wider. **Risiken bezogen auf die Akquisition des Europa Apotheek Geschäfts** • Die Akquisition unterliegt rechtlichen und regulatorischen Risiken. • Die Entwicklung des Europa Apotheek Geschäfts könnte möglicherweise nicht den Erwartungen entsprechen und dadurch die getätigten Ausgaben der Akquisition nicht rechtfertigen. Wir könnten unsere strategischen Ziele hinsichtlich der Akquisition nicht oder nur bis zu einem bestimmten Grad erreichen oder zu höheren Kosten und/oder zu einem späteren Zeitpunkt als ursprünglich geplant, erreichen. **Regulatorische Risiken** • Unser Vertrieb rezeptfreier Medikamente ist von der Zulässigkeit des Versandhandels rezeptfreier Medikamente in Deutschland abhängig. • Wenn uns eine oder mehrere Apothekenlizenzen entzogen werden, sind wir nicht mehr in der Lage unsere Produkte in Märkte zu versenden, die wir aktuell mit unseren Produkten beliefern. • Wir unterliegen einer Vielzahl rechtlicher Vorschriften, einschließlich, aber nicht beschränkt auf, Verbraucherschutzrechte, Vorschriften für E-Commerce, Online-Apotheken und Wettbewerbsrechte. Ferner können zukünftige Vorschriften zusätzliche Anforderungen und andere Verpflichtungen nach sich ziehen. • Verurteilungen oder Vergleiche in Folge von Gerichtsverfahren könnten uns finanzielle Schäden aussetzen und unsere Fähigkeit beeinträchtigen, unsere Geschäftstätigkeit fortzuführen.
D.3	**Zentrale Risiken, die den Wertpapieren eigen sind**	**Risiken bezogen auf unsere Aktien und deren Zulassung** • Unsere Fähigkeit, Dividenden zu zahlen, hängt u.a. von unserer finanziellen Situation und unserer Ertragslage ab. • Der Preis unserer Aktien könnte signifikant schwanken und Anleger könnten ihr gesamtes oder Teile ihres Investments verlieren. • Künftige Angebote von Schuldverschreibungen und Aktien könnten den Marktpreis der Aktien negativ beeinflussen und zukünftige Kapitalisierungsmaßnahmen könnten die Beteiligungen unserer Aktionäre erheblich verwässern. • Künftige Verkäufe von Aktien durch unsere bestehenden Gesellschafter könnten den Marktpreis der Aktien negativ beeinflussen
Abschnitt E – Angebot		
E.1	**Gesamtnettoerlöse und geschätzte Gesamtkosten der Emission und der Zulassung, einschließlich geschätzter Kosten, die dem Anleger vom Emittenten in Rechnung gestellt werden**	Entfällt. Es wird kein öffentliches Angebot geben. Die Gesellschaft schätzt, dass sich die Gesamtausgaben der Gesellschaft hinsichtlich der Börsennotierung der Aktien an der Frankfurter Wertpapierbörse auf voraussichtlich €3,9 Millionen belaufen. Anleger, die Neue Aktien erhalten, werden hinsichtlich der Börsennotierung nicht mit Ausgaben des Unternehmens oder des Listing Agents belastet.

E.2a	**Gründe für das Angebot, Zweckbestimmung der Erlöse, geschätzte Nettoerlöse**	Entfällt. Es wird kein öffentliches Angebot geben.
E.3	**Angebotskonditionen**	Entfällt. Es wird kein öffentliches Angebot geben.
E.4	**Wesentliche Interessen an der Emission/dem Angebot, einschließlich Interessenskonflikten**	Im Zusammenhang mit der Börsennotierung der neuen Aktien, handelt der Listing Agent während der Transaktion für das Unternehmen und koordiniert die Strukturierung und Durchführung der Transaktion. Aufgrund des Vertragsverhältnisses, hat der Listing Agent ein berechtigtes finanzielles Interesse an einer erfolgreichen Platzierung. Der Listing Agent und seine Tochtergesellschaften stehen in einer Geschäftsbeziehung mit unserem Konzern und können zeitweise in der Zukunft weiterhin in einer solchen Beziehung stehen (einschließlich Darlehensgewährungen) oder auch geschäftsübliche Dienstleistungen für unsere Gruppe erbringen.
E.5	**Name der Person/des Unternehmens, die/das das Wertpapier zum Verkauf anbietet**	Entfällt. Es wird kein öffentliches Angebot geben.
	Lock-up Vereinbarungen, beteiligte Parteien und Lock-up Frist	Die Anteilseigner der Europa Apotheek Gruppe, die im Zusammenhang mit dem Erwerb der Europa Apotheek Gruppe Neue Aktien erhalten werden (die "**EA Anteilseigner**") haben sich mit dem Listing Agent dahingehend verständigt, wirksam ab dem Zeitpunkt der Ausgabe der Neuen Aktien bis 180 Tage nach dem ersten Handelstag der Neuen Aktien an der Frankfurter Wertpapierbörse die Neuen Aktien weder direkt noch indirekt ohne die vorherige schriftliche Zustimmung des Listing Agents, der zu dieser Zustimmung nicht verpflichtet ist, anzubieten, zu übertragen oder auf andere Weise zu disponieren. Diese Bestimmung gilt auch für jede Art der Übertragung, die wirtschaftlich einem Verkauf gleichsteht wie etwa die Ausgabe von Optionen oder Wandlungsrechten auf Aktien. Der Listing Agent kann auf die oben erläuterten Veräußerungsverbote ganz oder teilweise in seinem freien Ermessen verzichten. Es bestehen keine vereinbarten Bedingungen für die Gewährung eines solchen Verzichts. Das Voranstehende gilt nicht für die Übertragung auf verbundene Unternehmen der EA Anteilseigner oder andere Anteilseigner der Gesellschaft im unmittelbaren Vorfeld der Zulassung vorausgesetzt, dass der/die Übertragungsempfänger in jedem Fall dem Listing Agent gegenüber nach der Lock-Up-Vereinbarung verpflichtet ist. Der Listing Agent ist berechtigt, auf die oben genannte Lock-Up-Verpflichtung gänzlich oder teilweise nach seinem alleinigen Ermessen zu verzichten. Alle Mitglieder des Vorstandes und des Aufsichtsrates sind Partei einer solchen Lock-Up-Verpflichtung mit Ausnahme von den Aufsichtsratsmitgliedern, Jérôme Cochet und Björn Söder, die keine Neuen Aktien halten werden.
E.6	**Betrag und Prozentsatz der aus dem Angebot resultierenden unmittelbaren Verwässerung**	Infolge der Ausgabe der Neuen Aktien werden EA Anteilseigner, die vor dem Erwerb keine bestehenden Gesellschafter der Shop Apotheke waren, eine direkte Verwässerung von 41,14 € (65%) pro Aktie erfahren. Des Weiteren werden die entsprechenden Stimmrechte unserer bestehenden Gesellschafter, die keine EA Anteilseigner sind, um 32,53% pro Aktie verwässert.
E.7	**Schätzung der Ausgaben, die dem Anleger vom Emittenten in Rechnung gestellt werden.**	Nicht anwendbar. Die Anleger werden nicht mit Ausgaben der Gesellschaft oder des Listing Agents in Zusammenhang mit der Zulassung belastet. Die Anleger müssen möglicherweise allein die üblichen Transaktions- und Bearbeitungsgebühren tragen, die von ihrer Depotbank erhoben werden.

3. Risk Factors

*An investment in the shares (the "**Shares**") of Shop Apotheke Europe N.V. (the "**Company**" or the "**Issuer**" and, together with its consolidated subsidiaries "**we**", "**us**", "**our**" or "**our Group**"), is subject to a number of risks. Prospective investors should read the entire prospectus (the "Prospectus") and carefully consider the following risks together with all the other information contained in this Prospectus prior to making any investment decision regarding the Shares. The following risks, alone or together with additional risks and uncertainties not currently known to us, or that we might currently deem immaterial, could materially adversely affect our business, financial condition and results of operations. The market price of the Shares could fall if any or all of these risks were to materialize, in which case prospective investors could lose all or part of their investment.*

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

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

3.1 Risks Related to Our Business

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

The Group incurred a net loss of €18,445 thousand in the year ended 31 December 2016, of €10,548 thousand in the year ended 31 December 2015, of €5,035 thousand in the year ended 31 December 2014 and of €8,124 thousand in the six-month period ended 30 June 2017. There is no assurance that our Group will ever become profitable. Our net loss for the periods presented in this Prospectus is largely attributable to costs associated with marketing and investments relating to the expansion of our business. Our strategy to maintain and enhance the positive awareness of our existing brands and domain names required significant financial resources to cover marketing expenses in the past and will continue to require such resources in the future. Furthermore the strategy to grow our operations, to enhance the online penetration of the Continental European markets in which we are currently active and to expand our business into new Continental European countries, may require significant investments and may also prove more expensive than we currently anticipate.

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

Many factors driving our cost base are beyond our control and we may not be able to recover any increased costs by raising the prices charged to our customers. Should our costs increase, we would have to accept lower margins to remain competitive or increase prices, both of which would adversely affect our plan to become profitable, which would in turn have a material adverse effect on our business, financial condition and results of operations.

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

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

- our ability to retain and increase sales to existing customers, attract new customers, as well as to determine and satisfy our customers' demands;
- the price we charge or the bonuses or rebates we offer for our products or changes in the pricing policies of our competitors;
- our marketing expenditures;
- the frequency and size of customer orders and repeat orders, the average order value, the quantity and mix of products our customers purchase and the realization of cross-selling opportunities;

- changes in consumer acceptance and usage of the internet, online services and e-commerce (for example, besides other potential reasons, due to consumer fear of receiving counterfeit medicine or products through online sales, or due to fear of data leaks) in particular as related to the continued shift from offline to online purchasing;
- our ability to purchase medications and other products at a competitive price, to manage inventory and to fulfill orders;
- the amount and timing of our operating expenses, as well as the expenses and timing of upgrades and developments in our logistics and IT systems and infrastructure;
- the effects of potential acquisitions, joint ventures and other business combinations, and our ability to integrate them into our business on a successful and timely basis;
- capital expenditures that we may incur to acquire or develop additional capabilities;
- changes in government regulation, for example impediments to the mail-order supply of medications sold only to a customer possessing a valid prescription ("**Prescription Medications**") and OTC Medications; and
- economic and market conditions, in particular with respect to the e-commerce pharmacy market (for example, a liberalization of the pharmacy market through regulatory changes that would allow external ownership of pharmacies, proliferation of pharmacy chains, restrictions on bonuses on prescription products, restrictions on marketing of pharmacy services and changes in sales channels of products or product lines).

These factors make it difficult for us to predict future revenues and results of operations and to accurately forecast our rate of growth. Our revenues and results of operations have fluctuated in the past and may fluctuate significantly in the future. Consequently, comparing our results on a period-to-period basis may not be meaningful. For example, the necessary interruption of the prescription bonus offers in Germany in 2012 led to a significant decrease of revenues from sales of Prescription Medications to customers in Germany, in particular with respect to the Europa Apotheek Business. After the reintroduction of bonus offers following the decision issued by the European Court of Justice on 19 October 2016, sales of Prescription Medications and, consequently, revenue with respect to the Europa Apotheek Business have increased again. Investors should therefore not rely on our past results or investments as an indication of our future performance.

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

3.1.3 ***We may not be able to maintain or grow our revenues or our business.***

We have experienced significant growth of our revenues in the past, with revenues increasing from €84,671 thousand for the year ended 31 December 2014 to €177,391 thousand for the year ended 31 December 2016, corresponding to a compounded annual growth rate ("**CAGR**") of approximately 44.7% from 2014 to 2016. We have made and are continuing to make substantial investments to expand our business in Continental Europe and to improve further customer experience and our logistics, fulfillment and distribution infrastructure. However, there can be no assurance that these efforts will be sufficient to grow our revenues or the number of our active customers in the aggregate or in relation to the costs we incur. If our revenue growth slows or if our revenues decline, this could have a material adverse effect on our business, financial condition and results of operations. (We define "**Continental Europe**" as Germany, France, Italy, Spain, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway, Greece, Slovenia and Austria.)

3.1.4 ***Our future success depends on the continued growth of e-commerce for Prescription Medications, non-prescription, over-the-counter medications ("OTC Medications") and beauty and personal care products that are otherwise almost preferentially distributed through pharmacies, which we refer to as "Pharmacy-Related BPC Products".***

Our strategy depends on the continued development and growth of e-commerce in Continental Europe, specifically for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products. In 2016, the Continental European market for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products amounted to approximately €124 billion, €15 billion and €20 billion, respectively (source: SEMPORA Research, June 2016, "European Pharmacy Market"). We believe that such growth will be supported by increasingly greater acceptance of e-commerce by consumers. However, if consumers' acceptance of e-commerce in general, or of e-commerce for Prescription Medications, OTC Medications and Pharmacy-Related

BPC Products in particular, decreases, or ceases to increase at as strong a rate as it has to date, or if e-commerce for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products does not develop as expected, our revenues could be adversely affected, which could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

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

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

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

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

Our performance depends and will depend on general economic conditions in the markets globally or in one or more of the principle markets in which we currently operate or which we intend to enter. Some of these markets have shown significant economic disparities and volatility in recent years – as was especially noticeable during the European financial and debt crisis, in particular in the second half of 2008 and 2009. For example,

several European countries were until recently, or continue to be, in recession (including Cyprus, Greece, Ireland, Italy, Portugal and Spain). These countries could experience further recessions, and the economies of countries with stable or growing economies, such as Germany, could contract, potentially substantially, in the future. Several European economies have recently experienced a decrease in the general level of prices for goods and services. There is a risk of deflation affecting the European markets which may lead to a reduction of investment levels in the affected economies, increased unemployment and thereby to an aggravation of recessionary tendencies. In addition, due to the continuing economic disparities between the countries forming the Eurozone, there remains the risk of a possible breakup or restructuring of the Eurozone, which, if it were to occur, could further destabilize and adversely affect both the global economy and the European economies in which we operate or which we intend to enter.

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

Furthermore, there are a number of uncertainties in connection with the future of the United Kingdom of Great Britain and Northern Ireland ("**UK**") and its relationship with the European Union after the UK's vote to leave the European Union in the referendum held on 23 June 2016. The negotiation of the UK's exit terms is likely to take a number of years. As long as the terms and timing of the UK's exit from the European Union are not clear, it is not possible to determine the impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the business of the Company.

In the year ended 31 December 2016, we generated approximately 82% of our total revenue in our Germany segment, our most important market. As of 30 June 2017, we generated 72.7% of our total revenue in our Germany segment. Unfavorable conditions in Germany and a decline in the demand for our products in Germany would therefore have a particularly significant negative impact on our revenue, growth and profitability. Moreover, as long as we generate most of our revenue in Germany, we may be unable to compensate for any decline in demand in Germany by focusing on growth in other Continental European markets.

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

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

Our business is currently largely focused on Germany and, to a lesser extent, on Austria, Belgium, France, Italy and Spain. With our acquisition of the online business of the Belgian pharmacy Farmaline N.V. in 2016 (the "**Farmaline Business**") (the "**Farmaline Acquisition**"), we recently entered new markets like Italy and Spain. With the entry into these new markets, which we are still familiarizing ourselves with, we are increasingly exposed to risks associated with the broader geographical footprint of our business. The penetration of these new markets and our expansion plans will require management attention and resources and may be unsuccessful. Furthermore, we may incur an increase in marketing costs and overall costs in order to popularize and enhance a positive awareness of our brands and domain names. We have limited experience in selling our products outside of our current markets and conforming to other countries' local cultures, standards, laws, regulations and policies. In addition, the products we offer may not appeal to customers in new markets which we intend to enter in the same manner as in our current markets, if at all. We may also need to alter our business practices in ways with which we have limited or no experience or which are less profitable or expose us to additional risks. When we enter new Continental European markets we will have to compete with local pharmacies which may have better understanding of the relevant local market than we do. Moreover, it may be necessary to establish a physical presence in these markets, such as logistics and customer service facilities, which would require us to make substantial investments before we can operate profitably in such markets. We have no experience in establishing such facilities outside of Germany, France or the Netherlands.

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

- the need to adapt the means by which we target customers in each of the local markets in which we will operate, including by offering country- and language-specific websites;

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

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

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

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

Furthermore, the online pharmacy market comprises different fragmented local country markets within Europe. One of the principal reasons for such fragmentation relates to differing regulatory regimes affecting pharmacies, set by the respective member states of the European Union. Our market entry in new market environments through the Farmaline Acquisition is and will be associated with risks due to our unfamiliarity with the particularities of such markets.

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

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

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

- online pharmacies with business models similar to ours, such as apo-discounter.de, apo-rot.de, apotal.de, eu-versandapotheke.com, Medpex.com, Zur Rose Group AG or Newpharma and Zwitserse Apotheek;
- international online pharmacies such as CVS/Caremark and Walgreens Boots Alliance, both located in the United States and additionally Boots in the UK, who could commence offering shipments to Europe;
- classic mail-order pharmacies with a focus on prescription medications, like DocMorris/ Zur Rose Group AG;

- traditional pharmacies that have a local, physical presence, which we refer to as "Brick-and-Mortar Pharmacies", opening or developing a separate online-shop for their products as a new additional sales opportunity;
- traditional drugstore chains, supermarkets, para-pharmacies and perfumeries such as Aldi, Carrefour, dm-drogerie markt, Douglas, EDEKA, Müller, REWE and Rossmann, which primarily conduct offline sales, but also operate or may begin to operate e-commerce platforms; and
- a range of e-commerce players and online marketplaces, such as Amazon and Google Apps Marketplace, which sell, among various other products, some or many of the products we offer, and have begun or have increased direct sales to consumers through proprietary e-commerce channels. Amazon has also recently begun a pilot test of medication distribution offerings in cooperation with a pharmacy in Munich. In this event, we could experience additional competitive pressure, and may also find it difficult to compete with suppliers whose product supply costs are lower and who are able to sell products at lower prices while maintaining higher-margins than we can.

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

Our sales of Prescription Medications in Germany are dependent on local legislation and jurisprudence in Germany, and this involves, among other things, the risk of complete prohibition of mail-order for Prescription Medications in Germany. For further details on this risk, please see Section 3.3.1.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition, we may incur liability for information that we provide on our websites to the extent that it contains any inaccuracies. For instance, we post product and health-related information on our websites. All this creates the potential for claims to be made against us for negligence, personal injury, wrongful death, product liability, unauthorized use of intellectual property, claims under applicable health laws, medical malpractice and

breach of privacy laws or other causes of action. In addition, our reputation could be harmed, to the extent that the content of our websites is perceived as recommending high-price products or promoting one product over another leading to the impression of our customers that we only focus on profit margins and not on their well-being.

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

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

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

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

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

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

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

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

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

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

Since our founding, we have grown both organically, and with the acquisitions of RedTecLab GmbH (formerly Xsite GmbH) in 2013 and Farmaline in 2016 as well as the imminent Acquisition (as defined in Section 3.2.1, "*Risks Related to the Acquisition of the Europa Apotheek Business*" below). Furthermore, as part of our business strategy to further expand our offering across Continental Europe, we expect to engage in opportunistic acquisitions of other companies, businesses or assets. Acquisitions involve numerous risks, any of which could adversely affect our business, including but not limited to:

- unanticipated difficulties associated with higher than expected costs in integrating the technologies, operations, existing contracts and personnel of acquired businesses;
- difficulties associated with higher than expected costs in integrating and coordinating sales and marketing functions and other administrative functions;

- difficulties associated with higher than expected costs in integrating financial, technological, management and risk management standards, processes, controls and policies; inability to handle any increases in the volume of orders resulting from an acquisition;
- difficulties in supporting and transitioning customers or suppliers of an acquired company and/or businesses;
- diversion of financial and management resources from existing operations or alternative acquisition opportunities;
- difficulties in managing the increased scope, geographic diversity and complexity of operations;
- failure to realize the anticipated cost-savings, sales increases and benefits of a transaction in the anticipated timeframe or at all;
- failure to identify in advance all of the issues associated with an acquisition, including those related to intellectual property, regulatory compliance, accounting practices, pending and imminent litigation or employee or customer issues;
- liability for activities of the acquired company before an acquisition, including intellectual property, infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities;
- risk of entering new markets in which we have limited or no experience;
- potential loss of key employees, customers and suppliers from either our current business or an acquired company's business;
- inability to generate sufficient revenues to offset acquisition costs;
- additional costs and/or equity dilution associated with funding an acquisition or potential earn-out agreements;
- non-cash impairment charges or other accounting charges relating to acquired assets; and
- potential write-offs or impairment charges relating to acquired businesses.

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

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

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

At 31 December 2016, our goodwill balance was €9,076 thousand or 2.35% of our total group assets. The goodwill derives from the Farmaline Acquisition and Shop Apotheke. We expect to recognize goodwill in connection with the purchase price allocation for the Acquisition. Goodwill arising from an acquisition represents the excess of the consideration transferred over the acquisition date fair values of the assets acquired, liabilities assumed and contingent liabilities recognized. Goodwill is recognized at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is not amortized but tested for impairment annually whenever events or changes in circumstances indicate that the carrying amount of a cash generating unit may not be recoverable. Preparation of these calculations requires the use of estimates and assumptions.

IFRS requires that goodwill be periodically evaluated for impairment based on the fair value of the reporting unit. We are currently discussing the methodology we applied in our goodwill impairment reviews in historic and current financial years with the *Kwaliteit Accountantscontrole & Verslaggeving* (KAV) department of the AFM, which has undertaken a review of our annual report for the fiscal year 2016, as is typically done for issuers of newly listed securities. Depending on the final outcome of this discussion, the results of our goodwill impairment reviews could change, affecting our financial results for such years.

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

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

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

3.1.21 ***The inability to acquire, use or maintain the current domain names for our online shops as well as future domain names for our online shops could substantially harm our business, financial condition and results of operations.***

We are the registrant of the word and figurative trademark shop-apotheke.com, shop-apotheke.at, shop-pharmacie.fr in Germany, Austria, France and Belgium, respectively, and have also registered internet domain names similar to our shop-apotheke.com website in certain other jurisdictions, including those we intend to target for future expansion in Continental Europe. Furthermore, in connection with the Farmaline Acquisition, we acquired, among others, the word and figurative trademarks as well as the internet domain names related to Farmaline (including farmaline.be, farmaline.nl, it-farmaline.it, es-farmaline.es - while the Vitazita shops operate on vitazita.com, for the several countries it does so with declinations such as be.vitazita.com and nl.vitazita.com), together with similar registered internet domain names in certain other jurisdictions. In the near future, we intend to acquire the word and figurative trademarks as well as the internet domain names related to the Europa Apotheek Group (including europa-apotheek.com). Domain names are generally regulated by internet regulatory bodies and are also subject to trademark laws and other related laws of each country. However, we have not obtained trademark protection for all domain names we have registered internationally. If we do not obtain trademark protection for such domain names we may not be able to establish online pharmacies under these domain names or incur significant additional expenses in the event that a third party registers a corresponding trademark first or another intellectual property right for such domain names. Furthermore, we cannot exclude that third persons use domain names and/or trademarks which sound similar to ours which could lead to confusion among our existing or prospective customers. If we do not have or cannot obtain or maintain on reasonable terms the ability to use our current trademarks or other trademarks that we may need in the future in a particular country, or to use or register our domain name or new domain names that we may require, we could be forced either to incur significant additional expenses to market our products within that country, including the development of a new brand and the creation of new promotional materials and packaging, to elect not to sell products in that country or to pay brand infringement penalties.

Furthermore, regulations governing domain names and laws protecting marks and similar proprietary rights could change in ways that block or interfere with our ability to use relevant domains or our current brand. In addition, we might not be able to prevent third parties from registering, using or retaining domain names that interfere with our customer communication or infringe or otherwise decrease the value of our marks, domain names and other proprietary rights. Regulatory bodies may establish additional generic or country-code top-level domains or may allow modifications of the requirements for registering, holding or using domain names. As a result, we might not be able to register, use or maintain the domain names that utilize the words "shop" and "apotheke" or "pharmacy" in all of the countries in which we currently conduct business or intend to conduct business in the future.

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

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

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

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

As we expand into new countries in Continental Europe, we intend to establish and raise awareness of new brands and domain names that are tailored to the respective languages and markets of such countries. This will affect our overall marketing and customer acquisition costs. We may also determine to pursue acquisitions in such new geographical markets to be able to use established brands and domain names or where we believe that acquisitions will help us to grow faster than would otherwise be the case. In particular, as of 14 September 2016 we acquired certain brands and domain names connected with the Farmaline Business. There can be no assurance that we will be successful in establishing or acquiring sufficiently attractive brands and domain names in our new target markets in order to grow our business and our related investments may not result in a profitable business.

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

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

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

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

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

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

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

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

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

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

Purchases by our customers using mobile devices, such as tablets, have increased significantly over the past two years, and we expect this trend to continue. In 2016, we have launched an iOS-based app and an Android-based app for our webshop in Germany, which we believe will facilitate additional sales from mobile devices. However, there can be no assurance that the percentage of mobile visits will continue to increase.

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

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

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

We do not have long-term or exclusive contracts with our suppliers, and many of our suppliers sell their products to us by granting payment targets, including early payment discounts. Therefore, establishing and maintaining strong relationships with suppliers is an important aspect of our being able to offer an attractive shopping experience to our customers and to grow our business. If our key suppliers cease doing business with us, stop supplying products to us on favorable terms, reduce the number of products they are selling to us or significantly change to our disadvantage the terms on which they supply their products, our ability to meet the demands of our customers could be adversely affected, which could have a negative impact on our revenues and results of operations. In the year ended 31 December 2016, approximately 80% of our total purchase volume was attributable to five suppliers (of a total of approximately 450 active suppliers and wholesalers). A loss of one or more of our suppliers or the loss of popular product brands from our suppliers would likely result in the loss of existing or potential customers and material decrease in revenues. Furthermore, the pharmaceutical industry has been subject to an overall decrease in the number of suppliers in recent years due to a consolidation process and pharmaceutical suppliers have sought to reduce the number of retailers that they contract with. If these behaviors continue, we may be forced to procure our products from other wholesalers who cannot supply products to us on terms as favorable as the terms on which we currently obtain our products. This could have a negative impact on our gross margins and, consequently, our results of operations.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

operational personnel to support such expansion plans. In such cases, we could experience difficulties fulfilling orders in a timely manner or our customers could experience delays in receiving their purchases, which could harm our reputation and our relationship with our customers. We might also need to increase our capital expenditures more than anticipated.

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

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

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

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

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

We currently ship our products with Hermes and DHL directly from our logistics center to our customers in Germany. With respect to Austria, France and Belgium, we first ship the products with a variety of logistic partners from our logistics center to central collection points and then to the customers with Austrian Post in Austria, Mondial Relay and ColiPoste in France and Mondial Relay and bpost in Belgium. We highly depend on these third-party logistics providers for efficient and cost-effective delivery of our products. The risks associated with our dependence on these providers include:

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

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

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

Our logistics and distribution costs depend on a variety of factors including, but not limited to, capacity utilization rates at our logistics providers and fuel costs. As a result, our costs can vary materially in the short-term and can increase significantly. Our shipping costs are typically impacted by fuel prices, as our logistics

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

3.1.35 ***We are subject to payment-related risks.***

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

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

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

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

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

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

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

As an online pharmacy, we are dependent on the smooth functioning of our IT systems, in particular our internet, mobile infrastructure, enterprise resource planning ("**ERP**"), customer relationship management ("**CRM**") and accounting systems, which are all critical to our business, for example, for the processing of orders

and payments, as well as supporting and assistance of customer calls. These systems are inherently subject to various operating risks. Our reputation and ability to acquire, retain and serve our customers is dependent upon the reliable performance of our websites and the underlying network infrastructure. As our customer base and the amount of information shared on our websites continue to grow, we will require an increasing amount of network capacity and computing power. In addition, we need to maintain reliable internet and mobile networks with the necessary speed and stability, data capacity and security, as well as develop algorithms which ensure the accuracy of our operations and the timely development of complementary products, in order to provide reliable internet and mobile access and services.

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

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

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

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

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

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

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

We operate websites and other data systems through which we collect, maintain, transfer and store information about our customers, suppliers and others, including personal information, as well as other confidential and proprietary information. We also employ third-party service providers that store, process and transfer proprietary, personal and confidential information on our behalf. We rely on encryption and authentication technology licensed from third parties in an effort to securely transfer confidential and sensitive information. Although we constantly monitor and update the security settings of our websites to protect the security, integrity and confidentiality of the information we collect, store or transmit, we have recorded attempts to break into our systems and we and our service providers might not have the resources or technical sophistication to anticipate or continue to prevent all types of attacks and techniques used to obtain unauthorized access to our systems. Therefore, we cannot guarantee that inadvertent or unauthorized use or disclosure will not occur, or that third parties will not gain unauthorized access to this information despite our efforts. If third parties were able to penetrate our network security or otherwise misappropriate our users' personal information, such as medicinal or health condition information, we could be subject to liability, including lawsuits. This would be

costly, divert the attention of our management and cause significant harm to our reputation. Advances in computer capabilities, new technological discoveries or other developments could increase the frequency or likelihood of security breaches. In addition, security breaches can also occur by other means, as well, including through intentional or inadvertent breaches of our systems by our employees or by persons with whom we have commercial relationships. Any compromise or breach of our security measures, or those of our third-party service providers, could violate applicable privacy, data security and other laws, and cause significant legal and financial risks, adverse publicity and a loss of confidence in our security measures. Should security breaches derive from intentional or inadvertent actions of our employees, e.g., by publishing customer data, we may need to sanction these employees in order to make an example and prevent future internal security breaches, or to comply with demands of regulators or their authorities to sanction the employees, which may lead to additional legal, financial and reputational risks as those employees might challenge our sanction measures before court. We also may need to devote significant resources to protect against security breaches, to address problems caused by breaches or to restore our websites, databases, online security systems or computerized logistics management systems and recover data stored therein in case of any security breach, diverting resources from the growth and expansion of our business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We assess our operating performance using a set of key performance indicators, which include the number of site visits, the number of mobile visits, the share of mobile site visits, the number of orders, the share of repeat orders, the return rate and the number of active customers. Capturing accurate data is subject to various limitations and we have a limited operating history, so that there is no assurance that our data collection technologies and tools are always accurate. Such data can also not be audited by an independent auditor. Furthermore, because financial reporting frameworks lack standardized definitions of key performance indicators, the key performance indicators we use may not be comparable to those of our competitors. There is no guarantee that the information we have collected thus far is accurate or reliable. As a result, the key performance indicators that we use may not reflect our actual operating or financial performance and are not reliable indicators of our current or future revenues or profitability. Potential investors should therefore not rely on these indicators as a basis for their investment in our Shares.

The management of our business and the development of our growth strategy depend on accurate measurement of the numbers of and trends in our number of site visits, number of mobile visits, share of mobile site visits, number of orders, share of repeat orders, return rate and the number of active customers. If our

measurements of these key performance indicators are incomplete or inaccurate, our business and strategic decisions may be suboptimal or wrong. Furthermore, if a significant understatement or overstatement of our active customers were to occur, the market might perceive us to have inadequate systems and lose confidence in the accuracy and reliability of the information we report.

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

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

Our future success is significantly dependent upon the continued service of our members of the managing board, and in particular on our CEO Michael Köhler, having 26 years' experience in the pharmaceutical industry and in mail-order and online pharmacy business, our founders Stephan Weber and Marc Fischer who have been key to the development of our Company and our Chief Operating Officer ("**COO**") and Chief pharmacist, Theresa Holler, who looks back on 16 years' experience in the mail-order and online pharmacy business. If we lose the services of any member of the managing board, we may not be able to locate suitable or qualified replacements, and may incur additional expenses to recruit and train new staff, which could severely disrupt our business and growth.

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

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

Any increase of the minimum wage or an increase of the general wage level in the countries where we employ personnel will have a negative impact on our revenue. Although only a few of our employees are currently subject to collective bargaining agreements, *Collectieve Arbeidsovereenkomst Apotheken* (i.e., CAO Apotheken, a Dutch collective bargaining agreement for pharmacies) is applicable to the employees of the Europa Apotheek Group, which we intend to acquire as of on or about 8 November 2017. In addition, there can be no assurance that labor disputes, work stoppages, strikes or similar actions will not occur in the future which might urge us to adopt or negotiate a collective bargaining agreement. Any material disagreements between the Group and its employees could disrupt our operations, lead to a loss in revenue and customers and increase our operating costs. In addition, there is no guarantee that collective bargaining would be possible on terms that are satisfactory to us. If our fulfillment operations are affected over a longer period of time by labor disputes or if we were forced to enter into a collective bargaining agreement at unfavorable terms, this could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

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

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

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

3.1.48 ***We have a limited operating history in our current corporate structure. Due to the Reorganization parts of the historical financial information presented in this Prospectus are relatively complex and are based on a number of estimates and assumptions. They may not reflect our business, financial position or results as if the Group had existed in its current form since 1 January 2014 and may not be indicative of future results.***

The Group was created pursuant to a series of legal demergers and asset transfers completed in September 2015 (but with accounting effect from 1 January 2015 in respect of the legal demergers), pursuant to which the business of the Group was demerged from the business of EHS Europe Health Services B.V. ("**EHS**", and together with its direct and indirect subsidiaries, the "**Europa Apotheek Group**") (the "**Reorganization**") focusing on Prescription Medications but, to a lesser extent, also offering OTC Medications, Pharmacy-Related BPC Products and certain cosmetics online (the "**Europa Apotheek Business**").

Upon completion of the Reorganization in September 2015, a legal group of companies within the meaning of IAS 27 was created with respect to which the Company is the parent. As a result of the Reorganization, we have a limited operating history in our current legal form and there is limited availability of historical financial information to evaluate the performance of our business on a fully consolidated basis. Our audited consolidated financial statements as of and for the year ended 31 December 2016 ("**2016 Annual Financial Statements**") and audited combined financial statements as of and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 ("**2015, 2014 and 2013 Annual Financial Statements**" and together with the 2016 Annual Financial Statements, the "**Annual Financial Statements**") included in this Prospectus present the effects of the Reorganization. Due to our corporate history, the financial information presented in this Prospectus is more complex as compared to prospectuses of other issuers.

In addition, our Annual Financial Statements are based on a series of assumptions and estimates that affect the recognition and amount of assets, liabilities, income and expenses. In such cases, our actual results may differ from our assumptions or estimates. Our results of operation set out in the Annual Financial Statements may not be indicative of the amounts of future results.

3.1.49 ***The Europa Apotheek Business, which we intend to acquire in the near future, is for the most part not reflected in our historic financial information.***

The historic financial information with respect to the business activities of the Group is reflected at the level of the individual legal entities that comprise the Group and has been derived from the accounting records of EHS until 29 September 2015, and excluding the accounting records of EHS from 30 September 2015 onward and reflect the cash flows, revenue, expenses, assets and liabilities of these individual legal entities. As such, the financial information presented in this Prospectus does not reflect the historic information pertaining to the Europa Apotheek Business and our results of operation set out in the Annual Financial Statements may not be indicative of future results.

3.1.50 ***Pro Forma Financial Information describes only a hypothetical situation, and, therefore,*** **does** ***not reflect the actual results of operation of the Group***

Our unaudited *pro forma* condensed combined financial information for the year ended 31 December 2016 and the six-month period ended 30 June 2017 included in this prospectus (the "***Pro Forma*** **Financial**

Information") was compiled on the basis of the audited consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") as of and for the year ended 31 December 2016, and the Company's unaudited condensed interim consolidated financial statements prepared in accordance with IFRS for interim financial reporting (IAS 34) as of and for the six-month period ended 30 June 2017, as well as the historical consolidated financial statements for the year ended 31 December 2016 of EHS, prepared in accordance with Book 2 of the Dutch Civil Code, and its audited financial statements for the six-month period ended 30 June 2017, including the reviewed condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016, prepared in accordance with Book 2 of the Dutch Civil Code. The historical financial statements of EHS have been prepared in accordance with Book 2 of the Dutch Civil Code. The *Pro Forma* Financial Information is required to present the Company's unaudited *pro forma* condensed combined financial information as if the Acquisition (as defined in Section 3.2.1) had been completed on 1 January 2016 for purposes of the statement of profit and loss and 30 June 2017 for purposes of the statement of financial position.

While BDO Audit & Assurance B.V. has conducted an assurance engagement to report on the compilation of the *Pro Forma* Financial Information in accordance with International Standard on Assurance Engagements ("**ISAE**") 3420, "Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information included in the Prospectus" and has issued an independent auditor's assurance report thereon, the *Pro Forma* Financial Information describes merely a hypothetical situation, and accordingly, due to its nature, the *Pro Forma* Financial Information does not reflect the actual results of operations of the Group following the completion of the Acquisition. The presentation of the *Pro Forma* Financial Information is based on information available and certain *pro forma* assumptions, as described therein. In addition, our *Pro Forma* Financial Information may not be indicative of our future performance or our future results of operations.

3.2 Risks Related to the Acquisition of the Europa Apotheek Business

3.2.1 *The acquisition of the Europa Apotheek Business is subject to legal and regulatory risks.*

On 25 September 2017 we announced the acquisition of the entire issued share capital of EHS by way of issuance of 2,950,578 new ordinary bearer shares in the share capital of the Company each having a nominal value of €0.02 each (the "**New Shares**") to the shareholders of EHS under the obligation to pay up the New Shares by way of contribution of all EHS shares to the Company (the "**Acquisition**"). On or about 8 November 2017, we intend to complete the Acquisition. As a result of the Acquisition, the Europa Apotheek Group is expected to be part of our Group as of on or about 8 November 2017.

Acquisitions of this type regularly involve significant investment risks, as generally discussed in Section 3.1.18, including but not limited to the assumption of tax liabilities and legal claims such as third party liability claims or claims relating to potential illegal activity by the acquired company. We may not have discovered all legal and commercial risks related to the Acquisition in our due diligence exercise or may have been unable to protect ourselves against such risks effectively through contractual indemnities, representations and warranties, or otherwise. In addition, acquired intellectual property rights, domains or trademarks or other acquired or licensed assets may not be legally valid or may be less valuable than initially thought, and we may be unable to use them as planned or at all. Furthermore, we may not succeed in retaining, maintaining and integrating the key employees and suppliers of the Europa Apotheek Business.

The achievement of the anticipated benefits of the Acquisition is subject to a number of uncertainties, including the general competitive environment in the industry and changes in the legal, regulatory or tax environments. For example, as described in greater detail in Section 3.3.1, the Prescription Medications business in Germany fundamentally depends on the continued ability to engage in mail-order Prescription Medication sales in Germany, which is subject to a number of uncertainties.

The Company may also fail to realize some or all of the anticipated synergies, growth opportunities and other expected benefits of the Acquisition, which could adversely affect the value of our Shares. We expect a smooth integration, but it could be possible that the process of integrating the business of the Europa Apotheek Group with the Company's existing business takes longer or will be more costly than anticipated, or could result in the loss of employees or the disruption of the Company's businesses.

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

3.2.2 ***The Europa Apotheek Business may not perform in line with expectations and, therefore, not justify the expense related to the Acquisition, and we may fail to achieve the strategic goals pursued by the Acquisition or may only be able to do so to a limited extent, at higher costs and/or a later point in time than originally anticipated.***

The Europa Apotheek Business may not be as profitable as expected and not perform in line with expectations and, therefore, not justify the expense related to the Acquisition. For example, we may experience difficulties in fully integrating the acquired business and its brand, and realizing expected cost synergies.

If all or some of the risks related to the Acquisition were to materialize, we may not achieve the strategic goals pursued by the Acquisition or may be able to do so only to a limited extent, or at higher costs, including increased diversion of valuable management time, or may only be able to achieve the pursued goals later than originally anticipated.

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

3.3 Risks Related to Regulation

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

Our Prescription Medications business in Germany fundamentally depends on the continued ability to engage in mail-order Prescription Medication sales in Germany. Cross-border mail-order sales of Prescription Medications to German customers are currently – among others, for pharmacies authorized in the Netherlands – allowed under several regulatory regimes. It is to date not clear how the German legislator will react to the decision of the European Court of Justice ("**ECJ**") from 19 October 2016, in the case C-148/15, stipulating that section 78 para 1 sentence 4 of the German Medicines Act (*Arzneimittelgesetz*) is not compliant with Articles 34 and 36 of the Treaty on the Functioning of the European Union ("**TFEU**"). Initially, and in response to the judgment of the ECJ on 19 October 2016, the German Federal Ministry of Health (*Bundesministerium für Gesundheit*) provided a draft legislative proposal on the prohibition of the sale by mail order of Prescription Medications on 17 February 2017. After not having achieved a coalition´s majority, the proposal was not further pursued in the current legislative period and due to the principle of discontinuity, the draft of the ministry has expired. However, there is a risk that a proposal to prohibit mail-order sales of Prescription Medications will be tabled again after the recent elections that took place on 24 September 2017. If such change in the regulatory environment were to materialize resulting in a Prescription Medications-ban, such a change would have a material adverse effect on our business, financial condition and results of operations, as we could no longer provide Prescription Medications to German customers via mail order and which would have a material negative impact on the value of the Company and the Europa Apotheek Group. A bonus cap would set the possible bonus being offered by mail-order or brick-and-mortar pharmacies to a legally defined amount leaving the fixed price regime otherwise intact. Members of the Social Democratic Party proposed to limit the bonus to €1 per medication in the last legislative period. If such legislation were adopted, we would have to reduce the amount of the discounts currently offered (up to €10 per medication), at least temporarily. It is unclear whether such legislation would be in line with the aforementioned decision of the ECJ from 19 October 2016.

To a lesser extent, our business with Prescription Medication in Germany also depends upon the implementation of electronic prescriptions. To date it is not clear how the German legislator will introduce e-prescriptions into law. An exclusive implementation onto the electronic statutory card (*"Elektronische Gesundheitskarte*") of each patient according to the German Social Code Book V (*Sozialgesetzbuch V*, "**SGB V**") could be inconvenient for us, because we are not a formal service provider ("*Leistungserbringer*") according to SGB V and therefore not directly participating in the "electronic statutory card system". A broader approach to submit e-prescriptions, for instance by a cloud solution, would be better for us.

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

Thus, our bonus offers could (temporarily) become illegal. That would have a material adverse effect on our business, financial condition and results of operations.

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

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

The practice of medicine requires licensing under applicable laws and regulations in all markets in which we operate. It is not our intent to practice medicine and we have structured our websites and our business to avoid a violation of medical licensing requirements and in compliance with country-specific pharmacy laws. However, as we enter new markets in Continental Europe, a regulatory authority could allege that a portion of our business (such as handling, storage, transportation, medication interaction checks and counseling) violates applicable laws and regulations. An allegation that we practice medicine and thereby violate country-specific laws governing medical practice or pharmacy laws could result in significant liabilities and we would not be in a position to offer certain services such as, among others, giving pharmaceutical advice by way of videos on our website to our customers in the future. Further, any liability based on an allegation that we engaged in the unlawful practice of medicine may be excluded from coverage under the terms of our general liability insurance policy.

In Germany, we are party of the Framework Agreement concluded between the Central Federal Association of Statutory Insurance Funds (*Spitzenverband Bund der Krankenkassen* – "**GKV-SV**") and the German Pharmacist Association (*Deutscher Apothekerverband e.V.* – "**DAV**") in its current version of 30 September 2016 (the "**Framework Agreement**"), leading to a full participation to the German reimbursement system. In late 2016, German (local) pharmacies initiated an infringement procedure before the GKV-SV, claiming the illegal granting of rebates. As *ultima ratio*, an infringement procedure can lead to an exclusion of a pharmacy from the Framework Agreement. GKV-SV has rejected the application and pointed out that an exclusion is currently not under consideration. If it would come to an exclusion, however, this would at least temporarily impede our Prescription Medication business as we would then be forced to conclude individual contracts with social health insurers to ensure reimbursement for Prescription Medication in Germany. If individual social health insurers were not willing to conclude individual contracts in this case, an exclusion could have a material adverse effect to our Prescription Medication business due to the lack of a contractual claim for reimbursement of Prescription Medication towards social health insurers.

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

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

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

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

Laws and regulations applicable to e-commerce as well as laws and regulations of broader application that apply to our business (in particular competition law), and to public companies generally, are evolving at a rapid pace and can differ, or be subject to differing interpretation, from jurisdiction to jurisdiction. We cannot guarantee that our practices have complied or will comply fully with all applicable laws and regulations. Any failure, or perceived failure, by us to comply with any of these laws or regulations could result in damage to our reputation and a loss of revenue, and any legal or enforcement action brought against us as a result of actual or alleged non-compliance could further damage our reputation and result in substantially increased legal expenses. In addition, various legislative and regulatory bodies, or self-regulatory organizations in the jurisdictions in

which we operate now or in the future may extend the scope of current laws or regulations, enact new laws or regulations or issue revised rules or guidance regarding issues such as privacy, data protection, consumer protection or online pharmacies. Changes in laws or regulations applicable to us could cause us to incur substantial costs or require us to change our business practices, and could compromise our ability to pursue our growth strategy effectively. Any compliance failure may also give rise to civil liability, administrative orders (including injunctive relief, and, in the worst case, an order to stop operations), fines or even criminal charges.

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

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

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

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

Recently, the EU legislator has updated the current EU data protection regime by passing the Regulation of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data ("**General Data Protection Regulation**"). This directly applicable EU regulation will repeal Directive 95/46/EC of the European Parliament and of the Council ("**EU Data Protection Directive**") and will therefore replace to a very large extent respective national EU member state data protection laws. The General Data Protection Regulation goes into effect on 25 May 2018 after the expiry of a two-year transition period. It stipulates severe consequences for non-compliance with its provisions. For instance, the maximum fines for compliance failures may range to up to 4% of the total worldwide group turnover of the preceding financial year or up to €20 million whichever is higher. Besides those provisions, the General Data Protection Regulation stipulates strict requirements regarding the processing of special categories of personal data, such as data concerning health.

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

Data protection is a particularly sensitive and politically charged issue in Europe, and any actual or alleged failure by us to comply with applicable laws or regulations could have a significant adverse effect on our reputation and attractiveness to existing and potential customers. Under the upcoming General Data Protection Regulation, adverse consequences of data protection violations may result in substantial fines, various other enforcement actions as well as damage claims for alleged or proven privacy violations and class action claims. Further local and international governmental authorities continue to evaluate the privacy implications inherent in the use of cookies and other methods of online tracking for behavioral advertising and other purposes. Certain governments have enacted or are considering measures that could significantly restrict the ability of companies to

engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools. In particular, the proposed EU Regulation concerning the respect for private life and the protection of personal data in electronic communications ("**e-Privacy Regulation**"), which is planned to go into effect along with the General Data Protection Regulation on 25 May 2018, requires, in principle, consent before employment of such tools. However, it can already be assumed that the time left until that date might not suffice to indeed enact the e-Privacy Regulation on 25 May 2018. The number of issues debated in quite some controversy is still substantial.

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

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

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

We currently sell Prescription Medications, OTC Medications and Pharmacy-Related BPC Products to customers in certain Continental European countries (Germany, Austria, France, Belgium, the Netherlands, Spain and Italy). As a result, we are currently subject to, and will increasingly become subject to, given our expansion plans, a wide range of laws and regulations, including but not limited to laws and regulations concerning offering and distribution of medications, consumer and data protection, product safety and pharmacovigilance, competition, unfair trading, anti-corruption, advertising, employment, customs, libel, personal privacy, environmental protection, laws imposing sales and other taxes, and other laws and regulations that are directly or indirectly related to our business operations in each of these jurisdictions. Additional laws or regulations or unexpected changes in the regulatory requirements in any of the countries in which we operate might increase our cost of doing business, decrease demand for our products and services, restrict our flexibility or prevent us from doing business at all in any such country. For instance, a prohibition of the sale by mail order of prescription-only medicine in Germany (as described in Section 3.3.1 above) would have a material adverse effect on our business, financial condition and results of operations. In Spain, brand owners may attempt to restrict internet sales of Pharmacy-Related BPC Products that are subject to selective distribution schemes. Recent case law of the Supreme Court (Case 267/2016, L'Oréal et al.) indicates that brand owners may not restrict internet sales on the grounds that the consumer does not receive the same treatment offered at brick-and-mortar outlets (i.e. no testers), but that they may do so if the website where products are offered is associated with low cost trade or if it otherwise damages the luxury image of the products. We cannot exclude that, relying on this case law, brand owners may attempt to restrict internet sales of some of their products.

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

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

We maintain legal relationships with a large number of people and organizations, primarily customers, suppliers and manufacturers. In this context, we also use standardized documents, standard-form contracts and standardized terms and conditions. If such documents, contracts or terms and conditions are held to contain provisions which are disadvantageous to us, or if clauses in such documents or contracts are declared invalid and thus displaced by statutory provisions which are unfavorable to us, a large number of standardized documents, contracts or terms and conditions could be affected. Additionally, standardized terms in Germany and most other

countries must comply with the laws on general terms and conditions, which means they are subject to rigid fairness review by the courts regarding their content and the way they, or legal concepts described therein, are presented to the other contractual party by the person using them. The standard is even stricter if they are used vis-à-vis consumers. As a general rule, standardized terms are invalid if they are not transparent, clearly worded, or if they are unbalanced or discriminate against the other party inappropriately. Due to the frequent changes to the legal framework, particularly with regard to court decisions relating to general terms and conditions, it is impossible to be fully protected from risks relating to the use of such standardized contractual terms. Even if documents, contracts and terms and conditions are prepared with legal advice, it is impossible to exclude these risks now or in the future, as the changes may continue to occur in the legal framework, particularly via case law. There is also the risk that standard agreements drafted in accordance with Dutch law may not comply with laws outside of the Netherlands where the customer resides.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In Germany, Europa Apotheek, which we intend to acquire on or about 8 November 2017, is currently subject to three first instance social court (*Sozialgericht*) proceedings regarding the so-called manufacturer rebates that pharmaceutical producers reimburse to pharmacies. According to German law, pharmaceutical producers in Germany are obliged to pay manufacturer rebates to the health insurer. Payment is normally done through the pharmacy i.e. the health insurer will deduct the rebate from their payments to the pharmacy and subsequently the pharmaceutical producer will pay the pharmacy. In response to the judgment of the ECJ of 19 October 2016 (C-148/15), some pharmaceutical producers have reclaimed manufacturer rebates reimbursed to us in prior years. They argue that payment of the manufacturer rebates requires the application of the German Drug Price Ordinance, but the ECJ has decided that these rules have never been applicable to mail-order pharmacies from other European countries. The value in dispute amounts to approximately EUR 1.1 million in the aggregate. A court ruling in first instance is expected in 2018 or 2019, a final decision will take several years. An adverse decision in this case and other cases may not only adversely affect the prices and discounts we agreed upon with pharmaceutical manufacturers, but could also have a prejudicial effect on the relationship with our pharmaceutical manufacturers which, in turn, may have a material adverse effect on our ability to operate profitably.

Europa Apotheek is furthermore currently subject to a first instance civil law proceeding related to competition law. The pharmacies chamber of North-Rhine Westphalia has alleged that portions of Europa Apotheek's advertisements are not in accordance with the provisions of the German Act on Unfair Competition (*Gesetz gegen den unlauteren Wettbewerb*, "**UWG**"). In particular, the chamber has alleged that Europa

Apotheek's offers of bonuses to its customers covered under private health insurance were illegal. An adverse judgment with respect to this point might affect the current bonus strategy of Europa Apotheek relating to customers covered under private health insurance and could therefore have an adverse effect on our business and results of operations. Furthermore, Europa Apotheek's advertisement slogan that it is "The prescription pharmacy" (*"Die Rezept-Apotheke"*), is a matter of dispute. An adverse judgment with respect to this point would legally oblige Europa Apotheek not to advertise using this slogan any longer. We cannot exclude any possible adverse effect on our business and results of operations due to such a change in the advertisement of Europa Apotheek's services.

In reaction to the judgment of the ECJ, the Regional court of Munich argued that the ECJ had not decided about the accordance of a bonus with the German Advertising of Healthcare Products Act (*Heilmittelwerbegesetz*, "**HWG**"). Since the HWG aims to prevent the customer from being influenced by promotions not related to the purchase of goods, whereas the German Drug Price Ordinance (*Arzneimittelpreisverordnung)* has the purpose to guarantee uniform prices, a bonus could still not be compliant with section 7 HWG (LG Munich I, 16 March 2017, 17 HK O 20723/14 and 17 HK O 22516/14). The final impact of this decision also has to be seen before it will be possible to assess if bonuses of a European mail-order pharmacy are (fully) legal. Similarly, it is argued that at least bonuses granted on co-payments (payments that are not reimbursed by the patient´s social health insurer) that are not equal or higher than the concrete co-payment were not compliant with the regulations of **UWG**. If these opinions are confirmed by final judgments, the form and the extent of our bonus offers for Prescription Medications could become illegal. That would also have a material adverse effect on our business, financial condition and results of operations.

In addition, Europa Apotheek Venlo B.V. is the defendant in a pending lawsuit filed by Rödl Dynamics AG. The two parties entered into a software development agreement, in which Rödl Dynamics AG promised to perform certain services by no later than 31 December 2012. Europa Apotheek Venlo B.V. terminated the agreement on 11 August 2012 when it became apparent, in its view, that Rödl Dynamics AG would not be able to meet the agreed upon timeline. Rödl Dynamics AG sued for damages amounting to approximately €1.1 million, arguing that Europa Apotheek Venlo B.V. had no legally recognized grounds for termination. In March 2014, the court of first instance ruled in favor of Europa Apotheek Venlo B.V., which currently holds a bank guarantee in the amount of €902 thousand as a result of this ruling. The matter has been pending before the appellate court, where a decision is expected on 15 November 2017.

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

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

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

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

(2) justified; and

(3) proportionate to reach such an objective.

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

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

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

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

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

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

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

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

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

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

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

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

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

On 21 September 2017, we appealed the judgment (delaying, if applicable, the publication of the judgment on our website and on magazines and newspapers). We currently are preparing our appellate briefs, which have to be filed on 21 December 2017.

If the respondents on appeal (the plaintiffs in first instance) allege the same French law violations and ask for the same rulings, and if they are successful, we could be restricted in pursuing certain advertisement and sales measures. We could also be obliged to take into consideration some or all of the French law requirements regarding the online activity of pharmacists. We could, thus, be restricted in doing business in France. We could also be ordered to publish the decision to be adopted by the Court of Appeal on our website, in magazines and newspapers. Nevertheless, as of the date of this Prospectus, we cannot predict whether the respondents will file their own appellate briefs. As a consequence, the results and potential consequences of such an appeal are unpredictable.

We expect the Court of Appeal's decision within a year from now.

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

The court case is currently pending in first instance before the Commercial Court of Brussels, and can be summarized as follows. The Belgian Association of Pharmacists, the defendant, manages a website on which database subscriptions are offered to health professionals. We subscribed to one of these databases.

However, the Belgian Association of Pharmacists refuses to acknowledge the validity of our subscription on the ground that required formalities would not have been respected. In any case, it will refuse any valid subscription request on two alleged grounds: it would not be allowed to sell these subscriptions outside of Belgian territory and we are not qualified as a health professional.

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

The date of the first hearing is scheduled for 11 November 2017 and we expect a decision by the Commercial Court of Brussels within a year from now.

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

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

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

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

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

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

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

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

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

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

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

3.4 Risks Related to the Shares and the Listing

3.4.1 *Our ability to pay dividends depends, among other things, on our financial condition and results of operations.*

Although we do not intend to pay dividends in the foreseeable future, our general ability to pay dividends will depend upon, among other things, our results of operations, financing and investment requirements and the availability of distributable profit. Certain reserves must be established by law and have to be deducted when calculating the distributable profit. In addition, any potential future debt financing arrangements may contain covenants which impose restrictions on our business and on our ability to pay dividends under certain circumstances. Any of these factors, individually or in combination, could restrict our ability to pay dividends.

3.4.2 *The price of our Shares could fluctuate significantly, and investors could lose all or part of their investment.*

The price of our Shares is affected primarily by the supply and demand for the Shares and could fluctuate significantly in response to numerous factors, many of which are beyond our control, including, but not limited to, fluctuations in actual or projected results of operations, changes in projected earnings or failure to meet securities analysts' earnings expectations, the absence of analyst coverage on our Company, changes in trading volumes in the Shares, changes in macroeconomic conditions, the activities of competitors and suppliers, changes in the market valuations of similar companies, changes in investor and analyst perception of our Company or our industry, changes in the statutory framework in which we operate and other factors, and can therefore be subject to substantial fluctuations. In addition, general market conditions and fluctuations of share prices and trading volumes generally could lead to pricing pressures on the Shares, even though there may not be a reason for this based on our business performance or earnings outlook. In particular, public perception of the Company as an internet, e-commerce or technology company could result in the Share price moving in line with the prices of other shares in companies of this nature, which have traditionally tended to be more volatile than the share prices of companies operating in other industries. If the Share price or the trading volume of the Shares decline as a result of the realization of any or all of these events, investors could lose part or all of their investment in the Shares.

3.4.3 *Future offerings of debt or equity securities by us could adversely affect the market price of the Shares, and future capitalization measures could substantially dilute the interests of our shareholders.*

We may require additional capital in the future to finance our business operations and growth. We may seek to raise capital through offerings of debt securities (potentially including convertible debt securities) or additional equity securities. An issuance of additional equity securities or securities containing a right to convert into equity, such as convertible debentures and option debentures, could potentially reduce the market price of the Shares and would dilute the economic and voting rights of our shareholders if made without granting subscription rights to our shareholders. Because the timing and nature of any future offering would depend on market conditions at the time of such an offering, we cannot predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued Shares, as well as the exercise of stock options by our employees in the context of our planned and communicated future stock option programs or the issuance of the Shares to employees in the context of possible future employee stock participation programs, could lead or will lead to a dilution of the economic and voting rights of our shareholders. Our shareholders thus bear the risk that such future offerings could reduce the market price of the Shares and/or dilute their shareholdings.

3.4.4 *Future sales of the Shares by our existing shareholders could depress the price of the Shares.*

In lock-up agreements with the Listing Agent, the Europa Apotheek Group shareholders receiving the New Shares under the scope of the Acquisition have agreed to certain limitations on their ability to transfer their Shares for 180 days after the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). Nevertheless, (a) sales of a substantial number of Shares in the public market by existing shareholders that are not subject to such lock-up agreements at any time or, (b) sales of a substantial number of Shares, including by way of a block trade, in the public market or in private placements following the expiration, or earlier waiver by the Listing Agent (who may waive the lock-up agreements in its absolute discretion at any time), of the lock-up agreements by existing shareholders who are subject to such agreements, or (c) the perception in the markets that such sales might occur could depress the market price of the Shares and could impair our ability to raise capital through the sale of additional equity securities.

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

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

3.4.6 ***An investment in the Shares by an investor whose principal currency is not the euro may be affected by exchange rate fluctuations.***

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

4. General Information

4.1 Responsibility Statement

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

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

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

4.2 Purpose of this Prospectus

On 25 September 2017 we announced the Acquisition. The Acquisition is expected to be completed on or about 8 November 2017 by way of issuance of the New Shares to the shareholders of EHS under the obligation to pay up the New Shares by way of contribution of all EHS shares to the Company. As a result of the Acquisition, the Europa Apotheek Business is expected to be part of our Group as of on or about 8 November 2017.

On 25 September 2017 the Managing Board resolved to issue 1,813,975 New Shares in connection with the Acquisition, which issue will become effective upon the execution of the relevant notarial deeds of transfer of the shares in EHS to the Company. In the EGM held on 6 November 2017, the General Meeting approved the issuance of 1,136,603 New Shares in connection with the Acquisition, which issue will also become effective upon the execution of the relevant notarial deeds of transfer of the shares in EHS to the Company. As a result of the capital increase pursuant to the issuance of the New Shares (the "**Capital Increase**"), the Company's share capital will be increased from 9,069,878 Shares with a nominal value of €0.02 each to 12,020,456 Shares with a nominal value of €0.02 each. The Supervisory Board approved the issue of the New Shares on 25 September 2017. See Section "5.4.1 *Current and Future Share Capital; Form of the Shares*" for further details.

For purposes of admission to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange, this Prospectus relates to the 2,950,578 New Shares (the "**New Shares**") issued pursuant to the Capital Increase.

4.3 Forward-looking Statements

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

The forward-looking statements in the Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause the Company's actual results, including the financial condition and profitability of our Group, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in the Prospectus, particularly in Section 3. "*Risk Factors*", Section 9. "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", Section 10. "*Markets and Competition*", Section 11. "*Business*" and Section 21. "*Recent*

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

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in the Prospectus will not occur. In addition, the forward-looking estimates and forecasts reproduced in the Prospectus from third-party reports could prove to be inaccurate (for more information on the third-party sources used in this Prospectus, see Section "4.4 *Sources of Market Data*"). Actual results, performance or events may differ materially from those in such statements due to, among other reasons:

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

Moreover, it should be noted that neither the Company nor the Listing Agent assumes any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments.

See Section "3. *Risk Factors*" for a further description of some of the factors that could influence the Company's forward-looking statements.

4.4 Sources of Market Data

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

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

- ABDA, "Herausforderung Polymedikation", 2016, https://www.abda.de/fileadmin/assets/ZDF/ZDF_2016/ZDF_16_41_Herausforderung_Polymedikation.pdf, site accessed on: 23 May 2017 **("ABDA")**;
- ABDA, "Die Apotheke – Zahlen – Daten – Fakten 2017". September 2017, https://www.abda.de/fileadmin/assets/ZDF/ZDF_2017/ABDA_ZDF_2017_Brosch.pdf, site accessed on: 9 October 2017 **("ABDA 2017")**;
- Apotheken Umschau, 2012 ("**Apotheken Umschau 2012**")

- Chip.de, 30 April 2015, "Stiftung Warentest: Online-Apotheken im Preis-Check", http://praxistipps.chip.de/stiftung-warentest-online-apotheken-im-preis-check_30584, site accessed on: 22 July 2016 ("**chip.de 2015**");
- Criteo, 2015, "Ecommerce Industry Outlook 2015" ("**Criteo 2015**");
- Deloitte Touche Tohmatsu Limited, 2014, "2015 Global life sciences outlook – Adapting in an era of transformation" ("**Global Life Sciences Outlook**");
- Ecommerce Europe, May 2013, "Europe B2C Ecommerce Report 2013" ("**Ecommerce Report 2013**");
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It should be noted in particular that reference has been made in the Prospectus to information concerning markets and market trends. Such information was obtained from the above-mentioned market studies, publicly available research and reports, internet articles, press clippings and statistics. The Company has accurately reproduced such information and, as far as it is aware and able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties.

4.5 Documents Available for Inspection

Subject to applicable laws and any selling and transfer restrictions, the following documents (or copies thereof) may be obtained free of charge from the Company's website (www.shop-apotheke-europe.com) for the period during which the Prospectus is valid:

- this Prospectus, including the unaudited *pro forma* condensed combined financial information for the year ended 31 December 2016 and the six-month period ended 30 June 2017 (the "***Pro Forma* Financial Information**") and any supplement to this Prospectus;
- the articles of association of the Company (*statuten*, the "**Articles of Association**") (in Dutch and including an unofficial English translation);
- the Company's audited consolidated financial statements as of and for the year ended 31 December 2016 ("**2016 Annual Financial Statements**") and audited combined financial statements as of and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 ("**2015, 2014 and 2013 Annual Financial Statements**" and together with the 2016 Annual Financial Statements, the "**Annual Financial Statements**"); and
- the Company's unaudited condensed interim consolidated financial statements prepared in accordance with IFRS for interim financial reporting (IAS 34) as of and for the six-month period ended 30 June 2017 including the unaudited condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016 (the "**Interim Financial Statements**").

In addition, copies of the above documents will be available free of charge at the Company's offices at Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands, during normal business hours from the date of this Prospectus for as long as the Prospectus is valid.

The Company's consolidated annual and interim financial statements are available from the Company on its website and from the paying agent designated in this Prospectus (see Section "5. *The Listing* - 5.10. *Designated Sponsor, Paying Agent, Settlement Agent*").

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

4.6 Currency Presentation and Presentation of Figures

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

All financial data presented in this Prospectus is shown in euro ("€"), except as otherwise stated. Certain financial data (including percentages) in this Prospectus have been rounded according to established commercial

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

Throughout the tables presented in this Prospectus, financial information is presented on a consolidated basis for the year ended 31 December 2016, is presented on a consolidated and combined basis for the year ended 31 December 2015 (whereby the statement of financial position as of 31 December 2015 was consolidated, and the profit and loss, other comprehensive income and cash flows for the year ended 31 December 2015 were presented on a combined basis), and is presented on a combined basis for the year ended 31 December 2014.

Where financial data in the following tables is labeled "audited", this means that it has been derived from the Annual Financial Statements mentioned above, which are subject to audit, and not that the individual amounts have been audited. The label "unaudited" is used in this Prospectus to indicate financial data that has not been derived from the Annual Financial Statements, but rather was taken from either our Interim Financial Statements or our internal reporting system, or has been calculated based on such information. This Prospectus also includes certain measures not defined by IFRS used as key figures by our management to monitor the performance of the Group. If such measures are not included in the Annual Financial Statements, they are labeled "unaudited" in the respective tables. On the other hand, if such measures are included in the Annual Financial Statements, they are labeled "audited". For more detailed information on such measures, please see Section 4.7.3 "*Alternative performance measures, and operating and non-financial measures*" below.

4.7 Presentation of Financial Information

4.7.1 Application of IFRS

The financial information contained in this Prospectus is taken or derived from our Annual Financial Statements, our Interim Financial Statements and our internal reporting system. The Annual Financial Statements have been prepared in accordance with IFRS. The Interim Financial Statements have been prepared in accordance with IFRS for interim financial reporting (IAS 34).

The 2015, 2014 and 2013 Annual Financial Statements were the first accounts of the Company that have been prepared in accordance with IFRS and we have applied IFRS 1 – First Time Adoption of International Financial Reporting Standards in preparing the 2015, 2014 and 2013 Annual Financial Statements. Since we had not previously prepared financial statements, the 2015, 2014 and 2013 Annual Financial Statements did not include any IFRS 1 first-time adoption reconciliations. Estimates made by us in preparing our first financial statements reflected the facts and circumstances that existed at the time such estimates were made. Accordingly, the estimates we made to prepare the 2015, 2014 and 2013 Annual Financial Statements are consistent with those made in the financial statements of EHS, from which our business was demerged pursuant to the Reorganization. See Section 8 "*Selected Financial Information*" and note 3 to our 2015, 2014 and 2013 Annual Financial Statements contained elsewhere in this Prospectus.

Certain financial information pertaining to Europa Apotheek contained in Section 12.1 "*Business Activities of Europa Apotheek*" has not been prepared in accordance with IFRS but rather in accordance with Dutch Generally Accepted Accounting Principles (Title 9 of Book 2 Dutch Law) ("**Dutch GAAP**"), or derived from financial information prepared in accordance with Dutch GAAP, which differs from IFRS in certain respects, some of which may be material.

4.7.2 Unaudited Pro Forma Condensed Combined Financial Information

The *Pro Forma* Financial Information was compiled on the basis of the audited consolidated financial statements prepared in accordance with IFRS as of and for the year ended 31 December 2016, and the Company's unaudited condensed interim consolidated financial statements prepared in accordance with IFRS for interim financial reporting (IAS 34) as of and for the six-month period ended 30 June 2017, as well as the historical consolidated financial statements for the year ended 31 December 2016 of EHS, prepared in accordance with Book 2 of the Dutch Civil Code, and its audited financial statements for the six-month period ended 30 June 2017, including the reviewed condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016, prepared in accordance with Book 2 of the Dutch Civil Code. The

historical financial statements of EHS have been prepared in accordance with Book 2 of the Dutch Civil Code. The *Pro Forma* Financial Information is required to present the Company's unaudited *pro forma* condensed combined financial information as if the Acquisition had been completed on 1 January 2016 for purposes of the statement of profit and loss and 30 June 2017 for purposes of the statement of financial position.

While BDO Audit & Assurance B.V. has conducted an assurance engagement to report on the compilation of the *Pro Forma* Financial Information in accordance with ISAE 3420, "Assurance Engagements to Report on the Compilation of *Pro Forma* Financial Information included in the Prospectus" and has issued an independent auditor's assurance report thereon, the *Pro Forma* Financial Information describes merely a hypothetical situation, and accordingly, due to its nature, the *Pro Forma* Financial Information does not reflect the actual results of operations of the Group following the completion of the Acquisition. The presentation of the *Pro Forma* Financial Information is based on information available and certain *pro forma* assumptions, as described therein. The *Pro Forma* Financial Information is presented for illustrative purposes only.

4.7.3 Alternative performance measures, and operating and non-financial measures

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

These are alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority ("**ESMA**") on 5 October 2015 on alternative performance measures (the "**ESMA Guidelines**"). We present these alternative performance measures as supplemental information for the specific reasons outlined in Section 9.5 "*Alternative Performance Measures*" with respect to certain measures, and generally because we believe they may contribute to a fuller understanding of our cash generation capacity and the growth of our business and brand in a way that takes into account our segments. We believe that the presentation of the alternative performance measures included in this Prospectus complies with the ESMA Guidelines.

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

These measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under IFRS. They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with IFRS. Their usefulness is therefore subject to limitations, which are described below. Such measures should be considered in conjunction with our Annual Financial Statements and our Interim Financial Statements, respectively, prepared in accordance with IFRS and the respective notes thereto. The following discussion provides definitions of such measures, information regarding the usefulness of such measures and, where appropriate, a reconciliation of such measures to their most directly comparable measures defined under IFRS. See Section "9. *Management's Discussion and Analysis of Financial Condition and Results of Operations*" for further details.

5. The Listing

5.1 Subject Matter of the Listing

This Prospectus relates to the Listing of 2,950,578 New Shares issued by the Company pursuant to the Capital Increase.

5.2 Capital Increase

On 16 May 2017, the general meeting of the Company (the "**General Meeting**") resolved to appoint the managing board of the Company (*raad van bestuur*, the "**Managing Board**") for a period of five years as from the date of that meeting (i.e. up to and including 15 May 2022) as the corporate body authorized to issue Shares and grant rights to acquire Shares, up to a maximum of 20% of the total number of Shares issued and outstanding on 1 January 2017 subject to the prior approval of the supervisory board of the Company (*raad van commissarissen*, the "**Supervisory Board**"). On 1 January 2017 a total number of 9,069,878 Shares of the Company were issued and outstanding, and therefore the Managing Board was authorized on 25 September 2017 to resolve to issue a maximum number of 1,813,975 New Shares. On 25 September 2017 the Managing Board resolved to issue 1,813,975 New Shares in connection with the Acquisition, which issue will become effective upon the execution of the relevant notarial deeds of transfer of the shares in EHS to the Company.

We convened and held an extraordinary general meeting of the Company on 6 November 2017 (the "**EGM**") for the purpose of, among other things, facilitating a shareholder decision on the Acquisition and the issuance of the New Shares. The agenda for the EGM with the explanatory notes thereto and a shareholders circular providing our shareholders with further information regarding the Acquisition, were made available *inter alia* on the Company's website on 25 September 2017. At the EGM, the General Meeting voted in favor of the proposals to, among other things, approve the Acquisition and the issuance of the New Shares to the shareholders of EHS. At the EGM held on 6 November 2017, the General Meeting approved the issuance of 1,136,603 New Shares in connection with the Acquisition, which issue will also become effective upon the execution of the relevant notarial deeds of transfer of the shares in EHS to the Company. As a result of the Capital Increase, the Company's share capital will be increased from 9,069,878 Shares with a nominal value of €0.02 each to 12,020,456 Shares with a nominal value of €0.02 each. The Supervisory Board approved the issue of the New Shares on 25 September 2017. See Section 5.4.1 "*Current and Future Share Capital; Form of the Shares*" for further details.

The rights of the holders of the New Shares rank pari passu with each other and all other Shares with respect to voting rights and distribution entitlements.

As of the date of this Prospectus, 55.82% of the outstanding and issued Shares in the Company are held by our existing shareholders named in Section 14.1 "*Existing Shareholders*".

5.3 Expected Timetable for the Listing

The following is the expected timetable of the Listing, which may be extended or shortened:

1 November 2017	Application for admission of the Shares to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard)
7 November 2017	Approval of this Prospectus by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, the "**AFM**").
	Notification of the approved Prospectus to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) (the "**BaFin**").
	Publication of the approved Prospectus on the Company's website (www.shop-apotheke-europe.com)
9 November 2017	Admission decision to be issued by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
10 November 2017	Commencement of trading in the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)

5.4 General and Specific Information Concerning the Shares

5.4.1 Current and Future Share Capital; Form of the Shares

As of the date of this Prospectus, the issued share capital of the Company amounts to €181,397.56 and is divided into 9,069,878 ordinary bearer shares with a nominal value of €0.02 each.

All Shares issued as of the date of this Prospectus are, and all Shares that will be issued prior to the commencement of trading, will be fully paid up.

5.4.2 Certification of the Shares

As of the date of this Prospectus, all of the Shares are ordinary bearer shares in the share capital of the Company with a nominal value of €0.02 each. The Shares are and will be represented by one or more global share certificates (the "**Global Share Certificates**"), which will be held in custody with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**") for safe-keeping for and on behalf of the parties entitled to the Shares represented by the Global Share Certificates. Clearstream will be irrevocably assigned with the administration of the Global Share Certificates. The holders of the Shares hold interests in these securities in accordance with the respective rules and procedures of Clearstream.

5.4.3 Voting Rights

Each Share in the Company confers the right on the holder to cast one vote at a General Meeting. See "16 *Description of the Company's Share Capital and Corporate Governance*—16.6 *General Meeting*" for further details. All shareholders of the Company have the same voting rights. In connection with the issuance of the New Shares no restriction or exclusion of pre-emptive rights accruing to the current shareholders in respect of the issue of the New Shares is required as the issue relates to a contribution in kind.

5.4.4 Dividend and Liquidation Rights

The New Shares upon issue will rank *pari passu* in all respects with all other then-outstanding Shares. The New Shares will be eligible for any dividends from 1 January 2017. In the event of the Company's dissolution and the liquidation of its business, the balance of the Company's remaining equity after payment of debts and liquidation costs will be distributed to the Company's shareholders in proportion to the nominal amount of the Shares held by each of them.

5.5 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN)	NL0012044747.
German Securities Code (*Wertpapierkennnummer, WKN*)	A2AR94.
Trading Symbol	SAE.

5.6 Transferability of the Shares, Lock-up

The Shares are freely transferable in accordance with the legal requirements for ordinary bearer shares. Except for the restrictions set forth in Section 5.8 "*Lock-up Agreement, Limitations on Disposal*", there are no prohibitions on disposals or restrictions with respect to the transferability of the Shares.

5.7 Existing Shareholders

As of the date of this Prospectus, 55.82% of the outstanding and issued Shares are held by our existing shareholders named in Section 14.1 "*Existing Shareholders*". For further details on the ownership structure of the Company, see Section 14 "*Shareholder Information*".

5.8 Lock-up Agreement, Limitations on Disposal

The shareholders of the Europa Apotheek Group who will receive the New Shares in connection with the Acquisition (together, the "**EA Shareholders**") have agreed with the Listing Agent that for the period effective as of the date of the issuance of the New Shares until the date which falls 180 days after the first day of trading of the New Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), not to, directly or indirectly, without the prior written consent of the Listing Agent, who is under no obligation to grant such consent, market, transfer or otherwise dispose of New Shares; this also applies to any transaction economically equivalent to a disposal in economic terms, for example the issue of options or conversion rights on shares of the Company.

The foregoing will not apply to transfers to affiliates of such EA Shareholders and any other shareholders of the Company immediately prior to the Listing, provided in each case that such transferee(s) agree(s) towards the Listing Agent to be bound by the same lock-up undertaking. The Listing Agent may waive the above lock-up undertakings in full or in part in its absolute discretion, and there are no agreed upon conditions to its granting of such a waiver.

All members of the Managing Board and the Supervisory Board have entered into such lock-up agreements other than Supervisory Board members, Jérôme Cochet and Björn Söder, who do not own any New Shares.

5.9 Admission to the Frankfurt Stock Exchange and Commencement of Trading

The Company applied for admission of the Shares to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) on 1 November 2017. The listing approval for the Shares is expected to be granted on 9 November 2017. Trading in the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on 10 November 2017.

5.10 Designated Sponsor, Paying Agent, Settlement Agent

Joh. Berenberg, Gossler & Co. KG ("**Berenberg**") has agreed to assume the function of a designated sponsor of the Company's shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for a period of at least two years following our initial public offering. Pursuant to the designated sponsor agreement concluded by and between the designated sponsor and the Company, the designated sponsor will, among other things, place limited buy and sell orders for the shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the shares. Berenberg is entitled to delegate duties under the designated sponsor agreement to authorized third parties.

Berenberg will act as settlement agent. Bankhaus Neelmeyer AG has been appointed paying agent at which any and all measures required with respect to the shares, such as the distribution of dividends to the shareholders, may be effected free of charge to shareholders.

Baader Bank AG has been appointed as specialist for trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*).

5.11 Interests of Parties Participating in the Listing

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

The Listing Agent and its affiliates have, and may from time to time in the future continue to have, business relations with our Group (including lending activities) or may perform services for our Group in the ordinary course of business. In connection with the Acquisition, an affiliate of the Listing Agent issued a fairness opinion and BDO Audit & Assurance B.V. issued an auditor report.

5.12 Costs of the Listing

The Company expects to incur total costs related to the listing of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) of up to approximately €3.9 million.

5.13 Dilution

The net book value of the Company (total assets less total liabilities) amounted to €85.1 million as of 30 June 2017. This represents €9.38 per Share calculated on the basis of 9,069,878 Shares outstanding immediately prior to completion of the Acquisition.

Assuming total Listing costs to the Company of €3.9 million (none of which had already been reflected as of 30 June 2017) and a valuation of the New Shares of €187.3 million had they been issued as of 30 June 2017, the adjusted net book value of the Company (total assets less total liabilities) as of 30 June 2017 would have been €268.5 million, representing €22.34 per Share (calculated on the basis of 12,020,456 Shares outstanding immediately after the offering). That would correspond to a direct dilution of €41.14 (65%) per Share for the EA Shareholders acquiring New Shares who were not shareholders of the Company prior to the Acquisition as a result of the issuance of the New Shares.

Additionally, the relative voting power of our existing shareholders who are not EA Shareholders will be diluted by 32.53% per Share.

The table below illustrates by which amount the price per share would exceed the net book value per Share after completion of the Capital Increase (all data unaudited). See Section 16.4 "*Share Capital*".

Price per share (€)	63.48
Outstanding shares of the Company after completion of the Capital Increase	12,020,456
Net book value attributable to shareholders of the Company per Share (based on 9,069,878 outstanding Shares as of 30 June 2017) (€)	9.38
Net book value attributable to shareholders of the Company per Share as of 30 June 2017 and following the Capital Increase (€)	22.34
Amount by which the price per Share exceeds the net book value per Share (€)	41.14
Percentage by which the price per Share exceeds the net book value per Share	184%

6. Dividend Policy

6.1 General

The Company may only make distributions to the shareholders insofar as the Company's equity exceeds the aggregate of the nominal value of the paid in and called up share capital plus the reserves required to be maintained by Dutch law or by the Articles of Association.

Profit is distributed after the adoption of the Company's annual accounts from which it appears that distribution of such profit is admissible. The Managing Board, subject to the prior approval of the Supervisory Board, may decide to make allocations to reserves and therefore decides how much of the profit will be allocated to reserves. The profits remaining shall be at the free disposal of the General Meeting. For more information see Section 16 "*Description of the Company's Share Capital and Corporate Governance*—16.5 *Dividends and other distributions*".

6.2 Dividend Policy

The Company currently intends to retain all available funds and future earnings to support operations and to finance the growth and development of the business of the Group and does not intend to pay dividends in the foreseeable future.

There can be no assurances that in any given year a dividend will be paid. The payment of dividends, if any, and the amounts and timing thereof will depend on a number of factors, including future revenue, profits, financial conditions, general economic and business conditions and prospects and such other factors as the Managing Board, subject to the prior approval of the Supervisory Board, may deem relevant as well as other legal and regulatory requirements, many of which are beyond the control of the Company. There can be no assurances that the Group's performance will facilitate adherence to the dividend policy or any increase in the pay-out ratio and, in particular, the Company's ability to pay dividends may be impaired if any of the risks described in this Prospectus were to occur. The Company is a holding company and its ability to generate income and pay dividends is dependent on the ability of its subsidiaries to declare and pay dividends or lend funds to the Company. In addition, the Company's ability to pay dividends is subject to restrictions on the distribution of dividends under Dutch law. See Section 3 "*Risk Factors*". Furthermore, the Company's dividend policy is also subject to change as the Managing Board, subject to the prior approval of the Supervisory Board, will revise the Company's dividend policy from time to time.

6.3 Profit Ranking of the Shares

As of the date of this Prospectus, all of the Shares, including the New Shares, rank equally and will be eligible for any profit or other payment that may be declared on the Shares.

6.4 Manner and Time of Dividend Payments

It is intended that the payment of dividends in cash, if declared, will be made in euro. However, the Company may also declare dividends in kind by issuing new Shares. Any dividends that are paid to shareholders through and in accordance with the rules of the clearing system of Clearstream, will be automatically credited to the relevant shareholders' accounts without the need for the shareholders to present documentation proving their ownership of the Shares.

6.5 Taxation

Dividend payments on the Shares are generally subject to withholding tax in the Netherlands. See Section 19 "*Taxation*".

7. Capitalization and Net Indebtedness, Statement on Working Capital

The following tables show the Company's consolidated capitalization and net financial indebtedness (i) derived from the Company's Interim Consolidated Financial Statements and the Company's internal management accounting records prior to the implementation of the Capital Increase and (ii) as adjusted to reflect the Capital Increase. The data presented in the "Adjustment" column have been prepared to show the effect of the Acquisition. The "As adjusted" column has been prepared on the basis that the Acquisition had occurred as of 30 June 2017. Investors should read these tables in conjunction with Sections 6 "*Reasons for the Listing, Costs of the Listing*", 10 "*Selected Financial Information*" and 11 "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and our Interim Financial Statements.

7.1 Capitalization

Capitalization (in € thousand)	Actual as of 30 June 2017	Adjustment to show the effect of the Acquisition	As adjusted to reflect the Acquisition as of 30 June 2017
Total current debt[1]	49	1,781	1,830
of which: guaranteed	–	–	–
of which: secured	49	–	49
of which: unguaranteed/unsecured[2]	–	1,781	1,781
Total non-current debt (excluding current portion of long-term debt)[3]	3,308	-3,000	308
of which: guaranteed	–	–	–
of which: secured	208	–	208
of which: unguaranteed/unsecured	3,100	-3,000	100
Shareholder's equity	85,121	183,402	268,523
Share capital[4]	122,238	183,402	305,640
Legal reserves	–	–	–
Other reserves[5]	-37,117	–	-37,117
Total capitalization[5]	88,478	182,183	270,661

(1) "Current debt" corresponds to the items (i) amounts due to EHS and (ii) other liabilities (current) in our unaudited statement of financial position.

(2) As of 30 September 2017, the adjustment of the current unguaranteed/unsecured debt to show the effect of the Acquisition, and, as a result, adjusted unguaranteed/unsecured debt, amounted to €2,579 thousand. The reason for this increase compared to 30 June 2017 was that EHS borrowed more funds under its bank facility to cover operational expenses because we had a higher amount outstanding under our current account with EHS. This change did not have a material impact on total capitalization, however, because it was offset by smaller decreases in other adjustment line items.

(3) "Non-current debt" corresponds to the items (i) loans and (ii) other liabilities (non-current) in our unaudited statement of financial position.

(4) As part of our acquisition of the Europa Apotheek Business, the Company will issue the New Shares to the shareholders of Europa Apotheek on or about 8 November 2017. Due to the issuance of the Shares, the Company's share capital will increase to €306 million (an increase of €59 thousand due to the nominal value of €0.10 per share, plus an increase of €187.2 million due to the share premium value less €3.9 million in transaction-related costs). These values are based on preliminary accounting under IFRS 3 Business Combinations and will be finalized once the fair value accounting under IFRS 3 Business Combinations is completed.

(5) It is assumed that all 2,950,578 New Shares will be issued at the share price of €63.48, which was the closing price for the Shares on 30 October 2017.

7.2 Net financial Indebtedness

Net financial indebtedness (in € thousand)[1]	Actual as of 30 June 2017	Adjustment to show the effect of the Acquisition	As adjusted to reflect the Acquisition as of 30 June 2017
A. Cash	29,507	688	30,195
B. Cash equivalent	–	–	–
C. Trading securities	23,528	–	23,528
D. Liquidity (A)+(B)+(C)	**53,035**	**688**	**53,723**
E. Current financial receivables	**–**	**–**	**–**
F. Current bank debt[1]	–	1,781	1,781
G. Current portion of non-current debt	49	–	49
H. Other current financial debt[2]	–	–	–
I. Current financial indebtedness (F)+(G)+(H)	**49**	**1,781**	**1,830**
J. Net Current financial indebtedness (I)-(E)-(D)	**-52,986**	**1,093**	**-51,893**
K. Non-current bank loans	308	–	308
L. Bonds issued	–	–	–
M. Other non-current loans	3,000	-3,000	–
N. Non-current financial indebtedness (K)+(L)+(M)	**3,308**	**-3,000**	**308**
O. Net financial indebtedness (J)+(N)[2]	**-49,678**	**-1,907**	**-51,585**

(1) As of 30 September 2017, the adjustment of the current bank debt to show the effect of the Acquisition, and, as a result, adjusted current bank debt, amounted to €2,579 thousand. The reason for this increase compared to 30 June 2017 was that EHS borrowed more funds under its bank facility to cover operational expenses because we had a higher amount outstanding under our current account with EHS, as noted in footnote (2) below. As a result, the adjustment for net financial indebtedness increased to €-1,131 thousand. This change did not have a material impact on adjusted net financial indebtedness, however, because of the relatively higher absolute value of the actual net financial indebtedness.

(2) As of 30 September 2017, actual other current financial debt, and, as a result, adjusted other current financial debt amounted to €3,213 thousand. This increase corresponds to the amount due to EHS in the current account with EHS, as noted in footnote (2) to the table in Section 7.1. This change did not have a material impact on actual or adjusted net financial indebtedness.

7.3 Financial Commitments and Contingent Liabilities

Our indirect and contingent indebtedness amounted to €4,135 thousand as of 30 June 2017 on an unaudited basis for future rental and lease obligations. We have no non-recognized contingent liabilities.

7.4 Statement on Working Capital

Our working capital is, in the Group's opinion, sufficient for the Group's present requirements, namely, for at least the next twelve months following the date of this Prospectus.

7.5 No Significant Change

There have been no significant changes in the Group's financial or trading position between 30 June 2017 and the date of the Prospectus, including with respect to the information shown in Sections 7.1 and 7.2 above. For information on current trading and management's view on full-year trends, see Section 21 "*Recent Developments and Outlook* - 21.1. *Recent Developments*".

8. Selected Financial Information

The financial information regarding the Group contained in the following tables is taken or derived from our audited consolidated financial statements as of and for the year ended 31 December 2016 ("**2016 Annual Financial Statements**") and audited combined financial statements as of and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 ("**2015, 2014 and 2013 Annual Financial Statements**" and together with the 2016 Annual Financial Statements, the "**Annual Financial Statements**") and our unaudited condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2017 including the unaudited condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016 ("**Interim Financial Statements**") and our internal reporting system. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("**IFRS**"). The Interim Financial Statements have been prepared in accordance with IFRS for interim financial reporting (IAS 34).

The 2015, 2014 and 2013 Annual Financial Statements were the first accounts of the Company that have been prepared in accordance with IFRS and we have applied IFRS 1 – First Time Adoption of International Financial Reporting Standards in preparing the 2015, 2014 and 2013 Annual Financial Statements. Since we had not previously prepared financial statements, the 2015, 2014 and 2013 Annual Financial Statements did not include any IFRS 1 first-time adoption reconciliations. Estimates made by us in preparing our first financial statements reflected the facts and circumstances that existed at the time such estimates were made. Accordingly, the estimates we made to prepare the 2015, 2014 and 2013 Annual Financial Statements are consistent with those made in the financial statements of EHS, from which our business was demerged pursuant to the Reorganization. See note 3 to our 2015, 2014 and 2013 Annual Financial Statements. Also see Section 15 "*General Information on the Company and the Group* — 15.1 *Incorporation*".

The financial information with respect to the business activities of the Group is reflected at the level of the individual legal entities that comprise the Group. The Annual Financial Statements and the Interim Financial Statements have been derived from the accounting records of EHS until 29 September 2015, and from the accounting records of Shop Apotheke Europe B.V. from 30 September 2015 onward and reflect the cash flows, revenue, expenses, assets and liabilities of these individual legal entities.

Where financial data in the following tables is labeled "audited", this means that it has been derived from the Annual Financial Statements mentioned above, which are subject to audit, and not that the individual amounts have been audited. The label "unaudited" is used in the following tables to indicate financial data that has not been taken directly from the Annual Financial Statements mentioned above, but rather was taken from either our Interim Financial Statements or our internal reporting system, or has been calculated based on such information.

In order to show comprehensive financial information reflecting the material impact of our Acquisition, we also include in Section 8.5 "*Pro Forma Financial Information*" below our unaudited *pro forma* condensed combined financial information for the year ended 31 December 2016 and the six-month period ended 30 June 2017 included in this prospectus (the "***Pro Forma* Financial Information**") which is presented as if the Acquisition had been completed on 1 January 2016 for purposes of the statement of profit and loss and 30 June 2017 for purposes of the statement of financial position.

This Section also includes certain measures used as key figures by our management to monitor the performance of the Group. If such measures are not included in the Annual Financial Statements, they are labeled "unaudited" in the respective tables. On the other hand, if such measures are included in the Annual Financial Statements, they are labeled "audited". See Section 4.7.3 "*Alternative performance measures, and operating and non-financial measures*" for further important information.

Deloitte Accountants B.V., Flight Forum 1, 5657 DA Eindhoven, The Netherlands, audited the Annual Financial Statements and issued unqualified auditors' reports thereon. The auditor who signed on behalf of Deloitte Accountants B.V. is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*). The Annual Financial Statements and the auditors' reports thereon are included in this Prospectus.

The General Meeting held 16 May 2017 appointed BDO Audit & Assurance B.V., Dr. Holtroplaan 15, 5652 XR Eindhoven, The Netherlands, as the auditor to audit the Company's annual accounts for the year ended 31 December 2017. Our Interim Financial Statements are also included in this Prospectus.

The financial information shown in the tables below represents a selection of the financial information contained in our Annual Financial Statements, our Pro Forma Financial Information and our Interim Financial Statements, unless otherwise noted, and should be read in conjunction with the Annual Financial Statements and

the Pro Forma Financial Information and the auditor's reports thereon, as well as our Interim Financial Statements, which are included in this Prospectus starting on page F-1, as well as Section 9 "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

8.1 Selected Financial Information from the Statements of Profit and Loss

The following table shows selected financial information from our statements of profit and loss set forth in our Annual Financial Statements and our Interim Financial Statements for the periods presented.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro (unless otherwise indicated)	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Revenue	**126,707**	**82,161**	**177,391**	**125,578**	**84,671**
Cost of sales	-99,490	-65,294	-141,109	-99,841	-66,636
Gross profit	**27,216**	**16,867**	**36,282**	**25,737**	**18,035**
Other income	1,323	1,098	2,204	1,316	928
Selling and distribution	−31,389	−19,514	−41,036	−29,143	−19,523
Administrative expense	−4,245	−3,361	-9,089	−6,729	−3,488
Result from operations	**−7,094**	**−4,910**	**−11,639**	**−8,819**	**−4,048**
Finance Costs					
Finance income	71	0	17	593	–
Finance expense	−892	−1,310	−9,338	−2,275	−826
Net finance costs	−821	−1,310	−9,321	−1,682	−826
Result before tax	**−7,915**	**−6,220**	**−20,960**	**−10,501**	**−4,874**
Income tax income / expense	−209	−4	2,515	−47	−161
Loss for the period	**−8,124**	**−6,224**	**−18,445**	**−10,548**	**−5,035**
of which attributable to owners of the Company:	−8,124	−6,224	−18,445	−10,548	−5,035
Earnings per Share, basic & diluted (*in €*)	**−0.90**	**−6.22**	**−3.08**	**−2.11**	**−5.04**

8.2 Selected Financial Information from the Statements of Financial Position

The following table shows selected financial information from our statements of financial position set forth in our Annual Financial Statements and our Interim Financial Statements for the periods presented.

	As of June 30,	As of December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2015 (Consolidated)	2014 (Combined)
	(unaudited)		(audited)	
Non-Current Assets				
Total non-current assets	26,803	24,782	16,033	14,157
Current Assets				
Total current assets	87,286	95,569	26,739	15,352
Total Assets	**114,088**	**120,351**	**42,772**	**29,509**
Capital and Reserves				
Business equity[(1)]	–	–	–	20,056
Shareholders' equity	85,121	93,245	2,459	–
Provisions	1,971	2,961	–	–
Non-current Liabilities				
Total non-current liabilities	3,411	3,334	24,566	563
Current Liabilities				
Total current liabilities	23,585	20,811	15,747	8,890
Total Equity and Liabilities	**114,088**	**120,351**	**42,772**	**29,509**

(1) Because the separate legal entities that comprise the Group were not held by a single legal entity prior to the creation of the Group's current legal structure, business equity is shown in lieu of shareholders' equity in the statement of financial position as of 31 December 2014. Business equity represents the cumulative net investment by EHS in the Group through 29 September 2015. The impact of transactions between the Group and EHS that were not historically settled in cash is also included in business equity.

8.3 Selected Financial Information from the Statements of Cash Flows

The following table shows selected financial information from our statements of cash flows set forth in our Annual Financial Statements and our Interim Financial Statements for the periods presented.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Net cash (used in)/generated by operating activities	566	−738	−17,197	−8,779	−3,683
Net cash (used in)/generated by investing activities	−7,632	−1,740	−24,456	−4,050	−2,297
Net cash (used in)/generated by financing activities	−1,911	9,408	76,609	16,061	6,185
Net increase/(decrease) in cash and cash equivalents	**−8,977**	**6,929**	**34,956**	**3,232**	**205**

8.4 Selected Operating Segment Historic Financial Data

Discussion of Segments

For management purposes, our operating segments are reported in a manner consistent with the internal reporting provided to our statutory directors, who are responsible for allocating resources and assessing performance of the operating segments, and who make strategic decisions. For management purposes, our Group is organized into the following geographic business units:

- **Germany**: principally prescription, non-prescription, over-the-counter medications ("**OTC Medications**") and beauty and personal care products that are otherwise almost exclusively distributed through pharmacies, which we refer to as "Pharmacy-Related BPC Products", sold to individual customers located in the German market;
- **International**: only OTC Medications and Pharmacy-Related BPC Products sold to individual customers located outside Germany; and
- **Germany Services**: webshop services of RedTecLab GmbH delivered principally to German customers.

The Group's assets and liabilities are not disclosed by segment as they are not included in the segment information used by the statutory directors.

The following table shows certain data by operating segment for the six-month periods ended 30 June 2017 and 30 June 2016, as well as for the years ended 31 December 2016, 31 December 2015 and 31 December 2014.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Revenue					
Germany[1]	92,129	70,174	145,549	115,660	80,968
International[2]	34,113	11,152	30,376	8,425	2,180
Germany Services[3]	3,145	1,976	4,108	3,398	2,198
Eliminations[4]	−2,680	−1,141	−2,641	−1,905	−675
Total Revenue	**126,707**	**82,161**	**177,391**	**125,578**	**84,671**
Segment EBITDA (excluding administrative expenses)[5]					
Germany	2,478	1,340	3,992	841	462
International	−3,699	−2,099	−4,735	−2,269	−217
Germany Services	161	474	975	1,194	594
Eliminations	−9	–	–	–	–
Consolidated/Combined segment EBITDA (excluding administrative expenses)[6]	**−1,069**	**−284**	**231**	**−234**	**839**

(1) Germany includes principally OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in the German market.

(2) International includes only OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in countries outside Germany.

(3) Germany Services includes the webshop services of RedTecLab GmbH delivered principally to German customers.

(4) Eliminations relate to German intercompany sales by RedTecLab GmbH.

(5) We define "segment EBITDA" as EBIT for each segment before depreciation and amortization expenses and administrative expense. "Administrative expense" relates primarily to corporate overhead costs relating to IT, finance and management and excludes depreciation and amortization. See our Annual Financial Statements and our Interim Financial Statements and, in particular, notes 6 and 10 to our 2015, 2014 and 2013 Annual Financial Statements. Segment EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of segment EBITDA, which means that segment EBITDA presented by other companies may not necessarily be comparable with segment EBITDA presented above.

(6) We define "consolidated/combined segment EBITDA" as the total segment EBITDA for our operating segments. There is no uniform definition of consolidated/combined segment EBITDA, which means that consolidated/combined segment EBITDA presented by other companies may not necessarily be comparable with consolidated/combined segment EBITDA presented above.

The following tables show a reconciliation of our result for the period EBIT, EBITDA and segment EBITDA by operating segment on a consolidated basis for the six-month period ended 30 June 2017 and for the six-month period ended 30 June 2016 and the years ended 31 December 2016, 31 December 2015 and 31 December 2014.

Six-month period ended 30 June 2017 (consolidated) ***In '000 euro (except as otherwise indicated)***	**Germany[1]**	**International[2]**	**Germany Services[3]**	**Eliminations[4]**	**Consolidated**
			(all unaudited)		
Revenue	**92,129**	**34,113**	**3,145**	**−2,680**	**126,707**
Cost of sales	−72,757	−26,588	−146	0	−99,490
Gross Profit	**19,372**	**7,525**	**2,999**	**–2,680**	**27,216**
Gross profit as a percent of revenue (%)	21.0%	22.1%	95.4%	–	21.5%
Other income	973	335	25	–9	1,323
Selling and distribution	−17,866	−11,560	−2,863	2,680	−29,609
Segment EBITDA[5]	**2,478**	**−3,699**	**161**	**−9**	**−1,069**
Administrative expense[6]					−3,930
EBITDA[7]					**−5,000**
Depreciation and amortization					−2,095
EBIT[8]					**−7,095**
Finance income					71
Finance expense					-892
Net finance cost					-821
Result before tax					**-7,915**

Six-month period ended 30 June 2016 (consolidated) ***In '000 euro (except as otherwise indicated)***	**Germany[1]**	**International[2]**	**Germany Services[3]**	**Eliminations[4]**	**Consolidated**
			(all unaudited)		
Revenue	**70,174**	**11,152**	**1,976**	**−1,141**	**82,161**
Cost of sales	−55,783	−9,255	−256	–	−65,294
Gross Profit	**14,391**	**1,897**	**1,720**	**−1,141**	**16,867**
Gross profit as a percent of revenue (%)	20.5%	17.0%	87.1%	–	20.5%
Other income	937	147	13	–	1,097
Selling and distribution	−13,988	−4,143	−1,259	1,141	−18,249
Segment EBITDA[5]	**1,340**	**–2,099**	**474**	**–**	**−284**
Administrative expense[6]					−3,137
EBITDA[7]					**−3,421**
Depreciation and amortization					−1,489
EBIT[8]					**−4,910**
Finance income					–
Finance expense					−1,310
Net finance cost					−1,310
Result before tax					**−6,220**

Year ended 31 December 2016 (consolidated) ***In '000 euro (except as otherwise indicated)***	**Germany[1]**	**International[2]**	**Germany Services[3]**	**Eliminations[4]**	**Consolidated**
			(all unaudited)		
Revenue	**145,549**	**30,376**	**4,108**	**−2,641**	**177,391**
Cost of sales	−115,910	−24,777	−423	0	−141,109
Gross Profit	**29,640**	**5,599**	**3,685**	**–2,641**	**36,282**
Gross profit as a percent of revenue (%)	20.4%	18.4%	89.7%	–	20.5%
Other income	1,810	363	31	–	2,204
Selling and distribution	−27,458	−10,698	−2,742	2,641	−38,255
Segment EBITDA[5]	**3,992**	**−4,735**	**975**	**–**	**231**
Administrative expense[6]					−8,597
EBITDA[7]					**−8,367**
Depreciation and amortization					−3,273
EBIT[8]					**−11,638**
Finance income					17
Finance expense					−9,338
Net finance cost					−9,321
Result before tax					**−20,960**

Year ended 31 December 2015 (combined) ***In '000 euro (except as otherwise indicated)***	**Germany[1]**	**International[2]**	**Germany Services[3]**	**Eliminations[4]**	**Consolidated**
			(all unaudited)		
Revenue	**115,660**	**8,425**	**3,398**	**−1,905**	**125,578**
Cost of sales	−92,383	−7,163	−295	–	−99,841
Gross Profit	**23,277**	**1,262**	**3,103**	**−1,905**	**25,737**
Gross profit as a percent of revenue (%)	20.1%	15.0%	91.3%	–	20.5%
Other income	1,194	95	27	–	1,316
Selling and distribution	−23,630	−3,626	−1,936	1,905	−27,287
Segment EBITDA[5]	**841**	**−2,269**	**1,194**	**–**	**−234**
Administrative expense[6]					−6,419
EBITDA[7]					**−6,653**
Depreciation and amortization					−2,166
EBIT[8]					**−8,819**
Finance income					593
Finance expense					−2,275
Net finance cost					−1,682
Result before tax					**−10,501**

Year ended 31 December 2014 (combined) *In '000 euro (except as otherwise indicated)*	Germany[1]	International[2]	Germany Services[3]	Eliminations[4]	Consolidated
			(all unaudited)		
Revenue	**80,968**	**2,180**	**2,198**	**−675**	**84,671**
Cost of sales	−64,759	−1,703	−174	–	−66,636
Gross Profit	**16,209**	**477**	**2,024**	**–675**	**18,035**
Gross profit as a percent of revenue (%)	20.0%	21.9%	92.1%	–	21.3%
Other income	873	23	32	–	928
Selling and distribution	−16,620	−717	−1,462	675	−18,124
Segment EBITDA[5]	**462**	**−217**	**594**	**–**	**839**
Administrative expense[6]					−3,232
EBITDA[7]					**−2,392**
Depreciation and amortization					−1,656
EBIT[8]					**−4,048**
Finance income					–
Finance expense					−826
Net finance cost					−826
Result before tax					**−4,874**

(1) Germany includes principally OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in the German market.

(2) International includes only OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in countries outside Germany.

(3) Germany Services includes the webshop services of RedTecLab GmbH delivered principally to German customers.

(4) Eliminations relate to German intercompany sales by RedTecLab GmbH.

(5) We define "segment EBITDA" as EBIT for each segment before depreciation and amortization expenses and administrative expense.

(6) "Administrative expense" relates primarily to corporate overhead costs relating to IT, finance and management and excludes depreciation and amortization. See our Annual Financial Statements and our Interim Financial Statements and, in particular, notes 6 and 10 to our 2015, 2014 and 2013 Annual Financial Statements. Segment EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of segment EBITDA, which means that segment EBITDA presented by other companies may not necessarily be comparable with segment EBITDA presented above.

(7) EBITDA represents EBIT before depreciation and amortization expenses. EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBITDA, which means that EBITDA presented by other companies may not necessarily be comparable EBITDA presented above.

(8) EBIT represents our result for the period before income tax expenses (benefits) and net finance costs. EBIT is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBIT, which means that EBIT presented by other companies may not necessarily be comparable with EBIT presented above.

8.5 Pro Forma Financial Information

Unaudited Pro Forma Condensed Combined Statement of Profit and Loss for the six-month period ended 30 June 2017 (in thousands of euro, except share and per share data)

Continuing operations	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)		SAE NV Pro Forma Combined
Revenue	126,707	80,029	-234	e	206,502
Costs of sales	-99,490	-68,724	–		-168,215
Gross profit	**27,216**	**11,305**	**-234**		**38,287**
Other income	1,323	1	-1,187	f	138
Selling and Distribution	-31,389	-8,618	-2,963	b, d, e	-42,970
Administrative Expense	-4,245	-4,069	-45	b, e	-8,359
Result from operations	**-7,094**	**-1,381**	**-4,428**		**-12,904**
Finance income	71	0	30	g	101
Finance expense	-892	-93	-30	g	-1,015
Net finance costs	-821	-92	–		-913
Share of post-tax profits of equity accounted associates	–	48	–		48
Result before tax	**-7,915**	**-1,425**	**-4,428**		**-13,769**
Income tax expenses	-209	364	1,107	l	1,262
Net loss for the period from continuing operations	**-8,124**	**-1,061**	**-3,321**		**-12,506**
Basic and diluted loss per share	**-0.90**				**-1.04**
Weighted average shares outstanding:	**9,069,878**		**2,950,578**	h	**12,020,456**

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial information. See Section 20.6.

Unaudited Pro Forma Condensed Combined Statement of Profit and Loss for the year ended 31 December 2016 (in thousands of euro, except share and per share data)

Continuing operations	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)		SAE NV Pro Forma Combined
Revenue	177,391	141,409	-653	e	318,147
Costs of sales	-141,109	-120,742	–		-261,851
Gross profit	**36,282**	**20,666**	**-653**		**56,296**
Other income	2,204	31	-2,153	f	82
Selling and Distribution	-41,036	-13,430	-5,845	b, d, e	-60,311
Administrative Expense	-9,089	-6,809	-205	b, e	-16,103
Result from operations	**-11,639**	**459**	**-8,857**		**-20,037**
Finance income	17	84	-64	g	37
Finance expense	-9,338	-257	64	g	-9,531
Net finance costs	-9,321	-173	–		-9,494
Share of post-tax profits of equity accounted associates	–	87	–		87
Result before tax	**-20,960**	**372**	**-8,857**		**-29,444**
Income tax expenses	2,515	-79	2,214	l	4,650
Net loss/profit for the year from continuing operations	**-18,445**	**294**	**-6,643**		**-24,794**
Basic and diluted loss per share	**-3.08**				**-2.77**
Weighted average shares outstanding:	**5,993,861**		**2,950,578**	h	**8,944,439**

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial information. See Section 20.6.

Unaudited Pro Forma Condensed Combined Statement of Financial Position as at 30 June 2017 (in thousands of euro)

	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)	SAE NV Pro Forma Combined
Assets				
Non-current assets				
Property, plant and equipment	3,466	56	–	3,522
Intangible assets	23,336	566	188,783	212,686
Financial fixed assets	–	900	–	900
Deferred tax assets	–	2,093	–	2,093
	26,803	3,615	188,783	219,201
Current assets				
Inventories	14,546	–	4,766	19,312
Pre-ordered stock	4,766	–	- 4,766	- 0
Trade and other receivables	12,275	9,616	–	21,891
Receivables from related parties	111	2,889	921	3,921
Receivables from participants	–	3,921	- 3,921	–
Other current assets	2,554	1,388	–	3,942
Other financial assets	23,528	–	–	23,528
Cash and cash equivalents	29,507	688	–	30,195
	87,286	18,502	- 3,000	102,788
Total Assets	**114,088**	**22,117**	**185,783**	**321,989**
Equity and Liabilities				
Shareholders' equity				
Shareholders' equity	85,121	16,778	166,625	268,525
Non-current liabilities				
Provisions	1,971	323	–	2,294
Deferred tax liability	–	–	18,259	18,259
Amounts due to EHS	3,000	–	- 3,000	–
Other liabilities	411	–	–	411
	5,382	323	15,259	20,963
Current liabilities				
Trade and other payables	16,010	1,511	–	17,521
Current account facility banks	–	1,781	–	1,781
Other liabilities	7,575	1,724	3,900	13,199
	23,585	5,016	3,900	32,501
Total Equity and Liabilities	**114,088**	**22,117**	**185,783**	**321,989**

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial information. See Section 20.6.

8.6 Alternative Performance Measures, and Operating and Non-Financial Measures

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

These are alternative performance measures as defined in the ESMA Guidelines. We present these alternative performance measures as supplemental information for the specific reasons outlined in Section 9.5 "*Alternative Performance Measures*" with respect to certain measures, and generally because we believe they may contribute to a fuller understanding of our cash generation capacity and the growth of our business and brand in a way that takes into account our segments. We believe that the presentation of the alternative performance measures included in this Prospectus complies with the ESMA Guidelines.

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

Such measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under IFRS. They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with IFRS. Their usefulness is therefore subject to limitations, which are described below. These measures should be considered in conjunction with our Annual Financial Statements and our Interim Financial Statements, respectively, prepared in accordance with IFRS and the respective notes thereto. The following discussion provides definitions of such measures, information regarding the usefulness of such measures and, where appropriate, a reconciliation of such measures to their most directly comparable measures under IFRS. See Section 9 "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" for further details.

8.6.1 EBIT, EBITDA, Adjusted EBITDA, Segment EBITDA and Consolidated/Combined Segment EBITDA

We define "**EBIT**" (earnings before interest and taxes) as our result for the period before financial result (i.e., finance income plus finance expense) and income tax expenses (benefits). We define "**EBITDA**" as EBIT before depreciation and amortization expenses. We define "**segment EBITDA**" as EBIT for each segment before depreciation and amortization expenses and administrative expense. We define "**consolidated/combined segment EBITDA**" as the total segment EBITDA for our respective segments. See Section 9 "*Management's Discussion and Analysis of Financial Condition and Results of Operations* – 9.8. *Discussion of Segments*" below. We define "**adjusted EBITDA**" as EBITDA before certain one-off costs related to the Reorganization, our initial public offering, the Listing, acquisitions and other capital markets transactions.

We disclose EBIT, EBITDA, adjusted EBITDA, segment EBITDA and consolidated/combined segment EBITDA as alternative performance measures, as we believe they are meaningful measures to evaluate the performance of our business activities over time. We understand that these measures are broadly used by analysts, rating agencies and investors in assessing our performance.

The following table shows a reconciliation of our result for the period to EBIT, EBITDA, adjusted EBITDA and consolidated/combined segment EBITDA for the years ended 31 December 2016, 31 December 2015 and 31 December 2014 and the six-month periods ended 30 June 2017 and 30 June 2016.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Consolidated/Combined segment EBITDA (excluding administrative expense)(1)	**-1,069**	**–284**	**231**	**–234**	**839**
Administrative expense(2)	-3,930	–3,137	-8,597	–6,419	–3,232
EBITDA(3)	**-5,000**	**–3,421**	**-8,367**	**–6,653**	**–2,392**
Adjustments (unaudited)(4)	–	214	2,577	1,399	–
Adjusted EBITDA (unaudited)(5)	**–5,000**	**–3,207**	**-5,789**	**–5,254**	**–2,392**
Depreciation and amortization	-2,095	–1,489	-3,273	–2,166	–1,656
Result from operations (EBIT)(6)	**-7,095**	**–4,910**	**-11,638**	**–8,819**	**–4,048**
Finance costs:					
Finance income	71	0	17	593	–
Finance expense	-892	–1,310	-9,338	–2,275	–826
Net finance costs	-821	–1,310	-9,321	–1,682	–826
Income tax expenses	-209	–4	2,515	–47	–161
Loss for the period	**-8,124**	**–6,224**	**-18,445**	**–10,548**	**–5,035**

(1) We define "consolidated/combined segment EBITDA" as the total segment EBITDA for our respective segments. We define "segment EBITDA" as EBIT for each segment before depreciation and amortization expenses and administrative expense. The calculation of consolidated/combined segment EBITDA is set forth in Section 9.8 "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion of Segments*" below. Consolidated/Combined segment EBITDA is not a recognized term under

IFRS and does not purport to be an alternative to data from our combined statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of consolidated/combined segment EBITDA, which means that consolidated/combined segment EBITDA presented by other companies may not necessarily be comparable with consolidated/combined segment EBITDA presented above.

(2) "Administrative expense" relates primarily to corporate overhead costs relating to IT, finance and management and excludes depreciation and amortization. See our Annual Financial Statements and our Interim Financial Statements and, in particular, notes 6 and 10 to our 2015, 2014 and 2013 Annual Financial Statements.

(3) EBITDA represents EBIT before depreciation and amortization expenses. EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBITDA, which means that EBITDA presented by other companies may not necessarily be comparable EBITDA presented above.

(4) "Adjustments" comprise one-off costs related to the Reorganization in 2015, our initial public offering in 2016 and the Acquisition in 2017. See "8. Selected Financial Information" and "15. General Information on the Company and the Group—15.5. Acquisition of the Europa Apotheek Group".

(5) Adjusted EBITDA represents EBITDA before certain non-recurring items related to the Reorganization, the initial public offering and certain other capital markets transactions. Adjusted EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of adjusted EBITDA, which means that adjusted EBITDA presented by other companies may not necessarily be comparable with adjusted EBITDA presented above.

(6) EBIT represents our result for the period before income tax expenses (benefits) and net finance costs. EBIT is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBIT, which means that EBIT presented by other companies may not necessarily be comparable with EBIT presented above.

8.6.2 Non-Financial Key Performance Indicators

We regularly review the following key performance indicators to evaluate our business, measure our performance, identify trends and make strategic decisions.

	For the six months ended June 30,		For the financial year ended December 31,	
	2017	2016	2016	2015
	(unaudited)		(unaudited)	
Key performance indicator[1]				
Site Visits[2] (thousands)	36,500	17,516	41,842	25,496
Mobile Visits[3] (thousands)	18,243	7,209	17,998	8,947
Share of Mobile Visits[4] (%)	50.0	41.2	43.0	35.1
Number of Orders[5] (thousands)	2,784	1,841	3,950	2,801
Share of Repeat Orders[6] (%)	72.9	74.1	72.7	72.9
Return Rate[7] (%)	0.8	0.7	0.8	0.7
Active Customers[8] (thousands)	2,218	1,472	1,809	1,267

(1) All data have been derived from the Company's internal reporting systems and are unaudited.

(2) In accordance with the standard definition of the ECONDA Solution for Unique Site Visits we define "Site Visits" as an interaction of a visitor on our website. A visit is considered terminated when the visitor leaves the browser instance or has not interacted with the page for more than 30 minutes.

(3) We define "**Mobile Visits**" as Site Visits originating from tablets and smartphones as well as other non-desktop computer based means of visiting our sites, such as smart TVs.

(4) We define "**Share of Mobile Visits**" as the Mobile Visit as a percentage of Site Visits.

(5) We define "**Number of Orders**" as the number of customer orders containing at least one product, placed during the measurement period.

(6) We define "**Share of Repeat Orders**" as the percentage of total orders billed during the measurement period that are not the initial order bill to the customer.

(7) We define "**Return Rate**" as the percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period.

(8) We define "**Active Customers**" as unique customers who have placed at least one order in the 12 preceding months.

	For the three months ended,								
	30 June 2017	31 Mar. 2017	31 Dec. 2016	30 Sept. 2016	30 June 2016	31 Mar. 2016	31 Dec. 2015	30 Sept 2015	30 June 2015
	(all unaudited)								
Key performance indicator[1]									
Site Visits[2] (thousands)	17,868	18,593	14,070	10,256	9,086	8,430	7,080	6,101	6,037
Mobile Visits[3] (thousands)	9,198	9,074	6,262	4,526	3,920	3,289	2,726	2,011	2,001
Share of Mobile Visits[4] (%)	51.5	48.8	44.5	44.1	43.1	39.0	38.5	33.0	33.1
Number of Orders[5] (thousands)	1,365	1,419	1,146	963	923	918	775	677	668
Share of Repeat Orders[6] (%)	74.8	71.1	71.1	72.2	73.5	74.7	74.5	74.4	71.5
Return Rate[7] (%)	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Active Customers[8] (thousands)	2,218	2,055	1,809	1,618	1,472	1,361	1,267	1,181	1,120

(1) All data have been derived from the Company's internal reporting systems and are unaudited.

(2) In accordance with the standard definition of the ECONDA Solution for Unique Site Visits we define "Site Visits" as an interaction of a visitor on our website. A visit is considered terminated when the visitor leaves the browser instance or has not interacted with the page for more than 30 minutes.

(3) We define "**Mobile Visits**" as Site Visits originating from tablets and smartphones as well as other non-desktop computer based means of visiting our sites, such as smart TVs.

(4) We define "**Share of Mobile Visits**" as the Mobile Visit as a percentage of Site Visits.

(5) We define "**Number of Orders**" as the number of customer orders containing at least one product, placed during the measurement period.

(6) We define "**Share of Repeat Orders**" as the percentage of total orders billed during the measurement period that are not the initial order bill to the customer.

(7) We define "**Return Rate**" as the percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period.

(8) We define "**Active Customers**" as unique customers who have placed at least one order in the 12 preceding months.

9. Management's Discussion and Analysis of Financial Condition and Results of Operations

*Investors should read the following management's discussion and analysis of business, financial condition and results of operations of our Group together with the additional financial information contained elsewhere in this prospectus, in particular Section 3. "Risk Factors", 4.7. "General Information—Presentation of Financial Information", Section 8. "Selected Financial Information", Section 11. "Business", our audited consolidated financial statements as of and for the year ended 31 December 2016 ("**2016 Annual Financial Statements**") and audited combined financial statements as of and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 ("**2015, 2014 and 2013 Annual Financial Statements**" and together with the 2016 Annual Financial Statements, the "**Annual Financial Statements**") and our unaudited condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2017 including the unaudited condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016 ("**Interim Financial Statements**"), including the related notes, contained in this Prospectus.*

The financial information contained in this Section is taken or derived from our Annual Financial Statements, our Interim Financial Statements and our internal reporting system. The Annual Financial Statements have been prepared in accordance with IFRS. The Interim Financial Statements have been prepared in accordance with IFRS for interim financial reporting (IAS 34). The 2015, 2014 and 2013 Annual Financial Statements were the first accounts that have been prepared in accordance with IFRS and we applied IFRS 1 – First Time Adoption of International Financial Reporting Standards in preparing the 2015, 2014 and 2013 Annual Financial Statements. Since we had not previously prepared financial statements, the 2015, 2014 and 2013 Annual Financial Statements did not include any IFRS 1 first-time adoption reconciliations.

The financial information with respect to the business activities of the Group is reflected at the level of the individual legal entities that comprise the Group. The Annual Financial Statements and the Interim Financial Statements have been derived from the accounting records of EHS until 29 September 2015, and from the accounting records of Shop Apotheke Europe B.V. from 30 September 2015 onward and reflect the cash flows, revenue, expenses, assets and liabilities of these individual legal entities.

Where financial data in the following tables is labeled "audited", this means that it has been derived from the Annual Financial Statements mentioned above, which are subject to audit, and not that the individual amounts have been audited. The label "unaudited" is used in the following tables to indicate financial data that has not been derived from the Annual Financial Statements mentioned above, but rather was taken from either our Interim Financial Statements or our internal reporting system, or has been calculated based on such information. This Section also includes certain measures used as key figures by our management to monitor the performance of the Group. If such measures are not included in the Annual Financial Statements, they are labeled "unaudited" in the respective tables. On the other hand, if such measures are included in the Annual Financial Statements, they are labeled "audited".

9.1 Overview

Until the Acquisition of the Europa Apotheek Business, we were an online pharmacy with a business focused on non-prescription, over-the-counter medications ("**OTC Medications**") and beauty and personal care products that are otherwise almost exclusively distributed through pharmacies, which we refer to as "**Pharmacy-Related BPC Products**". We are currently the leading online pharmacy in Germany in terms of revenue (source: SEMPORA Study October 2015), which is one of the largest OTC Medications and Pharmacy-Related BPC markets in Continental Europe (source: SEMPORA Study June 2016). Our vision is to create the leading online pharmacy brand focused on medications sold only to a customer possessing a valid prescription ("**Prescription Medications**"), OTC Medications and Pharmacy-Related BPC Products in terms of revenue in Continental Europe. (We define "Continental Europe" as Germany, France, Italy, Spain, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway, Greece, Slovenia and Austria.)

Since our founding in 2001, with the launch of the shop-apotheke.com website as the online platform of a Cologne-based pharmacy, we have continually expanded our business. In 2010, we made the strategic decision to move our operations from Cologne to Venlo, the Netherlands, in order to take advantage of the more advanced Dutch regulatory regime concerning the ownership of pharmacies by legal persons and to obtain better access to external markets (see Section 13 "*Regulatory and Legal Environment* —13.1 *Regulatory Framework for Mail-order Trade of Medicinal Products* — 13.1.2 *The Netherlands*") for our expansion into new Continental European markets.

Over the last several years, we have extended our geographic reach within Continental Europe by launching our Austrian website, shop-apotheke.at (April 2012), our French website, shop-pharmacie.fr (March 2015), and our Belgian website, shop-pharmacie.be (July 2015) (this website has since been rebranded as farmaline.be).

In September 2015, the business of the Group was carved out from the Europa Apotheek Group in the Reorganization.

On 14 September 2016, we acquired the online business of the Belgian online pharmacy Farmaline N.V. ("**Farmaline**" or the "**Farmaline Business**"). By integrating the Farmaline Business into our Group, we expanded our OTC Medications and Pharmacy-Related BPC Products business into a number of our previously targeted Continental European markets, including the Netherlands, Spain and Italy, and have further enhanced our competitive position in Belgium and France.

Through our acquisition and integration of the Europa Apotheek Group, which is described in more detail in Section 12 "*Acquisition of the Europa Apotheek Business*" below, we will be expanding our focus on the Prescription Medication markets in Central Europe.

The Europa Apotheek Group focuses on offering Prescription Medications at highest quality and safety standards combined with specialty pharmacy services (smart programs) and grants *inter alia* a bonus to its customers.

The regulatory backdrop related to the provision of bonuses to Prescription Medications customers in the German core market was the main reason for the initial carve-out in the course of the Reorganization in 2015 and the planned integration of the Europa Apotheek Group in the course of the Acquisition: In Germany, the price for Prescription Medications is specifically regulated under the German Drug Price Ordinance (*Arzneimittelpreisverordnung*), with the effect that the final price for customers is the same for each product in every German pharmacy. This is achieved by regulating the margins of wholesale distributors and pharmacies, and was historically one of the reasons for the lower online penetration as such pricing restrictions made marketing to consumers very difficult. In 2012, the German jurisprudence and legislature determined that these rules also applied to cross-border (mail-order) pharmacies serving German customers.

On 19 October 2016, however, the European Court of Justice ("**ECJ**") in the case C-148/15 passed a judgment enabling pharmacies based outside Germany (including the Europa Apotheek Group) to sell Prescription Medications to German consumers with a price incentive (so-called "bonus"). The ECJ decided that the fixed prices set out in the German Drug Price Ordinance in its current version were not applicable to (mail-order) pharmacies from other EU countries (see Section 13 "*Regulatory and Legal Environment* —13.1 *Regulatory Framework for Mail-order Trade of Medicinal Products* — 13.1.3 *Germany*"). Post re-introduction of the bonus, the Europa Apotheek Group's operational performance gained significant momentum and this positive effect on the Europa Apotheek Group's results created an impetus for the Europa Apotheek Group to be integrated into the Company. We intend to complete the Acquisition on or about 8 November 2017.

Our annual revenue increased from €84,671 thousand in the year ended 31 December 2014 to €125,578 thousand in the year ended 31 December 2015 and €177,391 thousand in the year ended 31 December 2016. In the six-month period ended 30 June 2017 our revenue amounted to €126,707 thousand (excluding the Europa Apotheek Business, which we intend to acquire on or about 8 November 2017).

In the six-month period ended 30 June 2017, 72.7% of our revenue was derived from sales of products to customers located in Germany, 26.9% of our revenue was derived from sales of products to international customers mainly located in Austria, The Netherlands, France, Belgium, Spain and Italy, and 2.5% before eliminations or 0.4% after eliminations respectively of our revenue was derived from sales of services, principally to German customers (excluding the Europa Apotheek Business, which we intend to acquire on or about 8 November 2017).

Our revenue growth was historically primarily driven by the expansion of our online sales of OTC Medications and Pharmacy-Related BPC Products in Germany and the markets into which we have recently expanded, Austria, France, the Netherlands, Belgium, Italy and Spain. In the future, following the Acquisition, we expect Prescription Medication sales to be a stronger factor in our revenue growth.

9.2 Basis of Presentation

9.2.1 Reorganization and Financial Statements

In September 2015, the business of the Group, including SA Europe B.V., and its wholly-owned subsidiaries, Shop-Apotheke B.V., Shop-Apotheke Service B.V., EuroService Venlo B.V. and RedTecLab

GmbH, was carved out from the Europa Apotheek Group pursuant to the Reorganization, which took effect on 1 January 2015. See Section 15.5 "*Acquisition of the Europa Apotheek Group*" for further details.

The Company has prepared the Annual Financial Statements as of and for the years ended 31 December 2016, 2015 and 2014 which consist of the financial statements of Shop Apotheke Europe B.V. (the predecessor to Shop Apotheke Europe N.V.) and its subsidiaries, SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V. and RedTecLab GmbH. The Annual Financial Statements and the Interim Financial Statements have been derived from the accounting records of EHS up to and including 29 September 2015, and from the accounting records of Shop Apotheke Europe B.V. from 30 September 2015 onward and reflect the cash flows, revenue, expenses, assets and liabilities of these individual legal entities.

For a discussion of the future effects of the Acquisition on our results of operations, please see Section 9.4.8 "*Expansion of our Prescription Medications Business*" below.

9.2.2 Segment Information

We operate three financial reporting segments for purposes of external reporting within the meaning of IFRS 8: our Germany segment (which includes principally OTC Medications and Pharmacy-Related BPC Products sold to customers located in the German market), our International segment (which includes only OTC Medications and Pharmacy-Related BPC Products sold to customers located outside Germany (currently, in the Austrian, French, Dutch, Belgian, Italian and Spanish markets) and our Germany Services segment (which includes the webshop services of RedTecLab GmbH (formerly RedTecLab GmbH) delivered principally to German customers). See Section 9.8 "*Discussion of Segments*" below.

9.3 Key Performance Indicators

We regularly review the following key performance indicators to evaluate our business, measure our performance, identify trends and make strategic decisions.

	For the six months ended June 30,		For the financial year ended December 31,	
	2017	2016	2016	2015
	(unaudited)		(unaudited)	
Key performance indicator[1]				
Site Visits[2] (thousands)	36,500	17,516	41,842	25,496
Mobile Visits[3] (thousands)	18,243	7,209	17,998	8,947
Share of Mobile Visits[4] (%)	50.0	41.2	43.0	35.1
Number of Orders[5] (thousands)	2,784	1,841	3,950	2,801
Share of Repeat Orders[6] (%)	72.9	74.1	72.7	72.9
Return Rate[7] (%)	0.8	0.7	0.8	0.7
Active Customers[8] (thousands)	2,218	1,472	1,809	1,267

(1) All data have been derived from the Company's internal reporting systems and are unaudited.

(2) In accordance with the standard definition of the ECONDA Solution for Unique Site Visits we define "Site Visits" as an interaction of a visitor on our website. A visit is considered terminated when the visitor leaves the browser instance or has not interacted with the page for more than 30 minutes.

(3) We define "**Mobile Visits**" as Site Visits originating from tablets and smartphones as well as other non-desktop computer based means of visiting our sites, such as smart TVs.

(4) We define "**Share of Mobile Visits**" as the Mobile Visit as a percentage of Site Visits.

(5) We define "**Number of Orders**" as the number of customer orders containing at least one product, placed during the measurement period.

(6) We define "**Share of Repeat Orders**" as the percentage of total orders billed during the measurement period that are not the initial order bill to the customer.

(7) We define "**Return Rate**" as the percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period.

(8) We define "**Active Customers**" as unique customers who have placed at least one order in the 12 preceding months.

	For the three months ended,								
	30 June 2017	31 Mar. 2017	31 Dec. 2016	30 Sept. 2016	30 June 2016	31 Mar. 2016	31 Dec. 2015	30 Sept. 2015	30 June 2015
	(all unaudited)								
Key performance indicator[1]									
Site Visits[2] (thousands)	17,868	18,593	14,070	10,256	9,086	8,430	7,080	6,101	6,037
Mobile Visits[3] (thousands)	9,198	9,074	6,262	4,526	3,920	3,289	2,726	2,011	2,001
Share of Mobile Visits[4] (%)	51.5	48.8	44.5	44.1	43.1	39.0	38.5	33.0	33.1
Number of Orders[5] (thousands)	1,365	1,419	1,146	963	923	918	775	677	668
Share of Repeat Orders[6] (%) ...	74.8	71.1	71.1	72.2	73.5	74.7	74.5	74.4	71.5
Return Rate[7] (%)	0.7	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Active Customers[8] (thousands)	2,218	2,055	1,809	1,618	1,472	1,361	1,267	1,181	1,120

(1) All data have been derived from the Company's internal reporting systems and are unaudited.

(2) In accordance with the standard definition of the ECONDA Solution for Unique Site Visits we define "Site Visits" as an interaction of a visitor on our website. A visit is considered terminated when the visitor leaves the browser instance or has not interacted with the page for more than 30 minutes.

(3) We define "**Mobile Visits**" as Site Visits originating from tablets and smartphones as well as other non-desktop computer based means of visiting our sites, such as smart TVs.

(4) We define "**Share of Mobile Visits**" as the Mobile Visit as a percentage of Site Visits.

(5) We define "**Number of Orders**" as the number of customer orders containing at least one product, placed during the measurement period.

(6) We define "**Share of Repeat Orders**" as the percentage of total orders billed during the measurement period that are not the initial order bill to the customer.

(7) We define "**Return Rate**" as the percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period.

(8) We define "**Active Customers**" as unique customers who have placed at least one order in the 12 preceding months.

9.3.1 Site Visits

Site Visits, which we believe are a good indication of our overall reach and a measure of the success of our marketing efforts and the popularity of our online shops, have increased steadily over the past two years, from 25,496 thousand in the year ended 31 December 2015 to 41,842 thousand in the year ended 31 December 2016. Site Visits increased to 36,500 thousand in the six-month period ended 30 June 2017 from 17,516 thousand in the six-month period ended 30 June 2016. These developments were primarily supported by our branding campaigns, including TV campaigns, internet marketing, such as search engine advertising ("**SEA**"), search engine optimization ("**SEO**") and flyer campaigns. See Section 11 "*Business* — 11.8 *Our Operating Platform* — 11.8.1 *Creation and expansion of our customer base*".

9.3.2 Mobile Visits and Share of Mobile Visits

Facilitating customers' interaction with our websites via mobile devices is an important part of our value proposition to our customers. Mobile Visits have increased steadily over the past two years, from 8,947 thousand in the year ended 31 December 2015 to 17,998 thousand in the year ended 31 December 2016. Mobile Visits have increased to 18,272 thousand in the six-month period ended 30 June 2017 from 7,209 thousand in the six-month period ended 30 June 2016. These positive developments were supported by the increased number of mobile devices in circulation, customers' increased willingness to make purchases from these devices and our success in optimizing the "front-end" design and functionality of our website for mobile devices. The launch of our online application, or app, for our webshop in May 2016 and subsequent customer acceptance of the app also added to the increase in mobile visits.

Share of Mobile Visits has increased steadily over the past two years, from 35.1% in the year ended 31 December 2015 to 43.0% in the year ended 31 December 2016. Share of Mobile Visits has increased to 50.1% in the six-month period ended 30 June 2017 from 41.2% in the six-month period ended 30 June 2016. We believe that increased Share of Mobile Visits is an indication of our success in optimizing our front-end website design for mobile devices and the launch of our new mobile app as part of our strategy of transitioning away from a desk-top only environment.

9.3.3 Number of Orders

The growth of our business is directly related to the Number of Orders, which has increased steadily over the past two years, from 2,801 thousand in the year ended 31 December 2015 to 3,950 thousand in the year

ended 31 December 2016. Number of Orders has increased to 2,784 thousand in the six-month period ended 30 June 2017 from 1,841 thousand in the six-month period ended 30 June 2016. These positive developments were primarily supported by our overall marketing efforts, our ability to facilitate customers' Mobile Visits by optimizing our "front-end" website design and functionality and our targeted, personalized campaigns based on our customer relationship management ("**CRM**") system.

9.3.4 Share of Repeat Orders

Share of Repeat Orders, which we believe is a good indication of our ability to retain our customers and their loyalty to our websites, has remained stable and at a high level over the past two years, in addition to strong growth in number of new customers. It slightly decreased from 72.9% in the year ended 31 December 2015 to 72.7% in the year ended 31 December 2016, and has remained stable at 72.9% in the six-month period ended 30 June 2017. The high level of Share of Repeat Orders was supported by a variety of factors, including our ability to manage our customers through our CRM system, which has been substantially enhanced in the periods presented.

9.3.5 Number of Active Customers

The number of Active Customers, which we believe is a good indication of our ability to attract and retain new customers, has increased steadily over the past two years, from 1,267 thousand as of 31 December 2015 to 1,809 thousand as of 31 December 2016. The number of Active Customers increased to 2,218 thousand as of 30 June 2017 from 1,472 thousand as of 30 June 2016. These positive developments were supported by a variety of factors, including the overall attractiveness of our product offering and CRM-based campaigns such as personalized mailings of discounts and giveaways.

9.4 Factors Affecting our Results of Operations

The following factors have contributed significantly to the development of our business and results of operations during the periods under review and are reasonably likely to have a material effect on our business and results of operations in the future. In addition, the factors discussed in Section 9.4.8 "*Expansion of our Prescription Medications Business*", pertaining to the Acquisition, are reasonably likely to have a material effect on our business and results of operations in the future.

9.4.1 Shift toward e-commerce

The Group's historic performance has been positively influenced by a shift from customers using traditional pharmacies that have a local, physical presence, which we refer to as "**Brick-and-Mortar Pharmacies**", to purchasing Prescription Medications, OTC Medications and Pharmacy-Related BPC Products online. In 2015, the Continental European market for Prescription Medications amounted to approximately €120 billion, the market for OTC Medications amounted to approximately €14 billion, while the market for Pharmacy-Related BPC Products amounted to approximately €19 billion (source: SEMPORA Study June 2016). It is expected that the market will grow at a CAGR of 3.6% in the period 2015 to 2020 (source: SEMPORA Study June 2016).

We believe that potential for further growth in the market is supported by the level of online sales penetration in the Continental European market for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products, which is still significantly lower than in other product categories such as electronics. We further believe that the expected shift toward online purchasing in the Prescription Medications, OTC Medications and Pharmacy-Related BPC Products markets is supported by the relative convenience that online shopping offers compared to offline retailing: customers are able to order merchandise any time and from any location; customers typically have access to a significantly wider selection of the most current assortment of products and benefit from high levels of availability. We also believe that improvements in logistics, which have increased the speed and ease by which products ordered online are delivered, and the adoption of more convenient and cheaper payment methods, such as PayPal, have supported the development of the e-commerce markets. In addition, we believe that many of our customers value the saving in time and convenience provided by shopping online. Our ability to take advantage of the shift to online purchasing of Prescription Medications, OTC Medications and Pharmacy-Related BPC Products will depend on our ability to offer an attractive platform and product offering to our customers, which we believe is superior to the offer of Brick-and-Mortar Pharmacies. We also believe that growth in Pharmacy-Related BPC Products sales in particular will be supported by features of our webshops that allow customers to see prior customers' reviews and product ratings.

9.4.2 Revenue Drivers: Site Visits, Share of Mobile Visits and Customer Conversion

The number of Site Visits (including those via mobile and non-desktop devices, such as tablets, smartphones and smart TVs) is a critical factor that affects our revenue and financial results, since the number of Site Visits is an indicator of our potential customer base. The number of Site Visits depends on many factors, including our penetration rates in specific markets, our ability to expand into new markets, our overall brand awareness and the effectiveness of our marketing efforts. We believe mobile usage will contribute significantly to acquiring and maintaining our Active Customers and increasing our share of customer spending by providing mobile device users with a convenient and inspirational interaction with our product offering. Our continual development of our IT systems, in particular our internet, mobile infrastructure, enterprise resource planning ("**ERP**"), CRM and accounting systems, contributes to the number of Site Visits and mobile usage. We believe that new and faster technological means to access our sites will increase our potential customer base and increase the conversion rate of Site Visits into orders.

Once we have attracted potential new customers to our sites, our goal is to convert them into Active Customers and to encourage repeat orders. Facilitating the conversion of Site Visits into orders by new customers and increasing the Share of Repeat Orders by our Active Customers is critical to our revenue and financial results. We believe increased customer loyalty will lead to repeat purchasing frequency, which will ultimately result in larger orders and lower marketing costs as a percentage of revenue.

9.4.3 Strong Value Proposition

We believe that our strong value proposition, which is based on our highly attractive prices, superior product selection, convenient shopping experience, as well as outstanding customer counseling and pharmaceutical safety, has supported and will continue to support revenue growth.

We offer customers highly attractive prices, particularly for OTC Medications and Pharmacy-Related BPC Products, which are on average 15% lower than prices of Brick-and-Mortar Pharmacies. (source: Stiftung Warentest, 2014) and discounts of up to 50% on selected products. Our ability to offer these prices is supported by our lean and streamlined cost structure, as well as significant economies of scale in procurement and logistics we can exploit due to the size of our business and number of customers.

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

We provide our customers a convenient shopping experience available anytime and on a wide range of devices, including smartphones and tablets. Our website is optimized to maximize speed and convenience of selecting and purchasing the products, and allows customers to choose from a variety of payment and delivery methods.

In our view, we offer our customers superior product information, consultation and pharmaceutical safety. Our customers can access comprehensive product information, including detailed product descriptions, downloadable package inserts and instructional videos, at any time through our website, with emergency customer services available seven days a week over the phone. Pharmaceutical safety for every order is ensured via automated pharmaceutical interaction and contraindication, as well as food intolerance checks based on the order history of the customers and other available data. We provide personalized letters to the customer containing relevant instructions and alerting the customer to any counter-indications where applicable.

9.4.4 Marketing

We believe that marketing is central to our growth strategy. We have incurred and will continue to incur significant expenses for marketing through a broad range of channels to increase our overall brand recognition, to bring new customers to our websites and to increase revenue from existing customers and to enhance brand awareness. Marketing costs are a significant part of selling and distribution costs, which amounted to 23% of sales (including depreciation) for the year ended 31 December 2016.

Marketing costs include expenses related to TV campaigns, internet marketing, such as SEA and SEO, and flyer campaigns. As we continue to grow, we believe that our overall marketing expense will grow in absolute terms, but marketing as a proportion of our revenue will decrease as our Share of Repeat Orders increases.

We allocate our marketing resources and determine our marketing budget by using analytic tools focused on the cumulated profit contribution (gross profit less fulfillment costs) attributable to customers over a certain time period.

9.4.5 Supplier Relationships

Our ability to manage relationships with our suppliers impacts our cost of sales and consequently our results of operations. We have developed strong relationships with the vast majority of our manufacturers and wholesaler suppliers. We believe that our reach and focus on Prescription Medications, OTC Medications and Pharmacy-Related BPC Products, as well as our ability to use data analytics to assist our suppliers in understanding the online pharmacy market by offering insights into customer behavior makes us an attractive partner. We collaborate closely with our suppliers and have entered into long-term strategic partnerships with them. We were the highest rated online pharmacy from a supplier's perspective and were ranked first for "best overall service/performance" and "end customer marketing provider" in Germany in 2016 by SEMPORA. We believe our strong supplier relationships permit us to negotiate favorable supplier terms and enhance our ability to leverage our supplier relationships and manage inventory more effectively.

9.4.6 Operational Efficiencies

We believe that the quality of our fulfillment operations and our ability to anticipate and satisfy our customers' needs and expectations are critical to improving our revenue and profitability. We focus on cost efficiency and customer satisfaction as the two cornerstones of our overall fulfillment strategy. Our logistics, fulfillment and distribution infrastructure in Venlo supports our centralized taking and handling of orders, warehouse logistics and distribution operations and it creates economies of scale. We have undertaken a number of measures to increase fulfillment efficiency and achieved reductions in related costs over the last several years, including investments in picking and packing systems and the introduction of our ERP system. We also continue to improve our payment processes by implementing standardized procedures and improved risk controls, further contributing to improved fulfillment efficiency. Over the past few years we made substantial investments in our logistics, fulfillment and distribution infrastructure as well as in our ERP and CRM systems. For example, we invested in a semi-automated packaging line in 2013 and have continually improved and updated it since then. We believe the investments we made have significantly and positively influenced our sales as well as our distribution, and consequently, our results of operations.

9.4.7 International Growth

We believe growth in revenue outside of Germany has been and will continue to be an important driver for the overall growth of our business. In the years ended 31 December 2016, 2015 and 2014, revenue attributed to sales from our international segment accounted for €30,376 thousand, €8,425 thousand and €2,180 thousand respectively, or approximately 17.1%, 6.7% and 2.6%, of our total respective revenue (excluding the Europa Apotheek Business, which we intend to acquire as of on or about 8 November 2017).

In 2016, we acquired the Farmaline Business by which has improved our competitive position in Continental Europe significantly.

9.4.8 Expansion of our Prescription Medications Business

Following our acquisition of the Europa Apotheek Business as of on or about 8 November 2017, our results of operations will depend in greater part on our Prescriptions Medications sales performance. Online penetration for Prescription Medications could expand through:

- the rollout of e-prescriptions, which are currently available in Belgium, the Netherlands and in further jurisdictions;
- older-generation customers continuing to opt for online purchases in greater numbers;
- chronically ill patients with a recurring need for medication; and
- governments in the countries where we operate potentially taking action to consider liberalizing e-commerce for Prescription Medication, enabling access to a large addressable market.

Significant financial benefits are expected in a number of areas as a result of combining the two businesses and focusing on serving both Prescription Medications and OTC Medications customers. The principal sources of these financial benefits are expected to be cost synergies arising through a common brand strategy with further efficiencies arising from lowered combined administrative expenses: Synergies from

branding are expected to amount to between €2.0 and €2.5 million per annum on a run rate basis from 2019 onwards. In 2018, we expect to generate €0.1 million of synergies from harmonizing administration costs. We do not envision any immediate savings in 2017.

9.5 Alternative Performance Measures

In this Prospectus, we present certain alternative performance measures, which are financial measures and ratios that our management and certain of our peers in our industry use to monitor performance or which management regards as being useful for investors. These figures are not recognized measures under IFRS and should, for this reason, not be considered as an alternative to the applicable IFRS measures. None of these alternative performance measures have been subject to audit procedures, except for segment EBITDA included in the segment note included in the notes to the Annual Financial Statements.

These are alternative performance measures as defined in the ESMA Guidelines. We present these alternative performance measures as supplemental information for the specific reasons outlined below with respect to certain measures, and generally because we believe they may contribute to a more thorough understanding of our cash generation capacity and the growth of our business and brand in a way that takes into account our segments. We believe that the presentation of the alternative performance measures included in this Prospectus complies with the ESMA Guidelines.

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

These measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under IFRS. They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with IFRS. Their usefulness is therefore subject to limitations, which are described below. These measures should be considered in conjunction with our Annual Financial Statements and our Interim Financial Statements, respectively, prepared in accordance with IFRS and the respective notes thereto. The following discussion provides definitions of such measures, information regarding the usefulness of such measures and, where appropriate, a reconciliation of such measures to their most directly comparable measures under IFRS.

9.5.1 EBIT, EBITDA, Adjusted EBITDA, Segment EBITDA and Consolidated/Combined Segment EBITDA

We define "**EBIT**" (earnings before interest and taxes) as our result for the period before financial result (i.e., finance income plus finance expense) and income tax expenses (benefits). We define "**EBITDA**" as EBIT before depreciation and amortization expenses. We define "**segment EBITDA**" as EBIT for each segment before depreciation and amortization expenses and administrative expense. We define "**consolidated/combined segment EBITDA**" as the total segment EBITDA for our operating segments. See Section 9 "*Management's Discussion and Analysis of Financial Condition and Results of Operations* - 9.8 *Discussion of Segments*" below. We define "**adjusted EBITDA**" as EBITDA before certain one-off costs related to the Reorganization in 2015, our initial public offering in 2016, the Listing, acquisitions including the Acquisition of 100% shares in EHS in 2017 and other capital markets transactions.

We disclose EBIT, EBITDA, adjusted EBITDA, segment EBITDA and consolidated/combined segment EBITDA as alternative performance measures, as we believe they are meaningful measures to evaluate the performance of our business activities over time. We understand that these measures are broadly used by analysts, rating agencies and investors in assessing our performance.

The following table shows a reconciliation of our result for the period to EBIT, EBITDA, adjusted EBITDA and consolidated/combined segment EBITDA for the years ended 31 December 2016, 2015 and 2014 as well as the six-month periods ended 30 June 2017 and 30 June 2016.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Consolidated/Combined segment EBITDA (excluding administrative expense)[1]	**-1,069**	**–284**	**231**	**− 234**	**839**
Administrative expense[2]	-3,930	− 3,137	-8,597	− 6,419	− 3,232
EBITDA[3]	**-5,000**	**− 3,421**	**-8,367**	**− 6,653**	**− 2,392**
Adjustments (unaudited)[4]	–	214	2,577	1,399	–
Adjusted EBITDA (unaudited)[5]	**− 5,000**	**− 3,207**	**-5,789**	**− 5,254**	**− 2,392**
Depreciation and amortization	-2,095	− 1,489	-3,273	− 2,166	− 1,656
Result from operations (EBIT)[6]	**-7,095**	**− 4,910**	**-11,638**	**− 8,819**	**− 4,048**
Finance costs:					
Finance income	71	0	17	593	–
Finance expense	-892	− 1,310	-9,338	− 2,275	− 826
Net finance costs	-821	− 1,310	-9,321	− 1,682	− 826
Income tax expenses	-209	− 4	2,515	− 47	− 161
Loss for the period	**-8,124**	**− 6,224**	**-18,445**	**− 10,548**	**− 5,035**

(1) We define "consolidated/combined segment EBITDA" as the total segment EBITDA for our respective segments. We define "segment EBITDA" as EBIT for each segment before depreciation and amortization expenses and administrative expense. The calculation of consolidated/combined segment EBITDA is set forth in Section 9.8 "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Discussion of Segments*" below. Consolidated/Combined segment EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our combined statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of consolidated/combined segment EBITDA, which means that consolidated/combined segment EBITDA presented by other companies may not necessarily be comparable with consolidated/combined segment EBITDA presented above.

(2) "Administrative expense" relates primarily to corporate overhead costs relating to IT, finance and management and excludes depreciation and amortization. See our Annual Financial Statements and our Interim Financial Statements and, in particular, notes 6 and 10 to our 2015, 2014 and 2013 Annual Financial Statements.

(3) EBITDA represents EBIT before depreciation and amortization expenses. EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBITDA, which means that EBITDA presented by other companies may not necessarily be comparable EBITDA presented above.

(4) "Adjustments" comprise one-off costs related to the Reorganization in 2015, our initial public offering in 2016 and the Acquisition in 2017. See Section 8 "Selected Financial Information" and "15. General Information on the Company and the Group—15.5. Acquisition of the Europa Apotheek Group".

(5) Adjusted EBITDA represents EBITDA before certain non-recurring items related to the Reorganization, the initial public offering and certain other capital markets transactions. Adjusted EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of adjusted EBITDA, which means that adjusted EBITDA presented by other companies may not necessarily be comparable with adjusted EBITDA presented above.

(6) EBIT represents our result for the period before income tax expenses (benefits) and net finance costs. EBIT is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBIT, which means that EBIT presented by other companies may not necessarily be comparable with EBIT presented above.

9.5.2 Net Working Capital

We define "net working capital" as the sum of (i) inventories plus (ii) pre-ordered stock plus (iii) trade and other receivables plus (iv) other current assets, which include prepayments, accrued income and other receivables, less (v) trade and other payables less (vi) other liabilities, which include VAT, wage tax, other personnel related liabilities as well as various accrued expenses.

9.6 Components of our Results of Operations

9.6.1 Revenue

Our revenue was predominantly derived from online sales of OTC Medications and Pharmacy-Related BPC Products. Revenue and other operating income are recognized in accordance with the provisions of IAS 18 when the goods or services are shipped 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 related to vouchers provided to customers as part of our marketing efforts. For more information on how we account for revenue and receivables, see note 4.4 to our 2016 Annual Financial Statements and note 4.3 to our 2015, 2014 and 2013 Annual Financial Statements.

9.6.2 Cost of Sales

Cost of sales mainly consists of cost of goods sold, inventory obsolescence provisions and contributions by our suppliers for product promotions and discounts. Inventory obsolescence provisions 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 salability of goods. For more information on how we account for cost of sales, see note 4.5 and 7 to our 2016 Annual Financial Statements and note 4.4 and 7 to our 2015, 2014 and 2013 Annual Financial Statements.

9.6.3 Other Income

Other income relates to income from services provided to the Europa Apotheek Group net of related expenses. See note 8 to our 2016 Annual Financial Statements and note 8 to our 2015, 2014 and 2013 Annual Financial Statements.

9.6.4 Selling and Distribution

Selling and distribution includes (i) selling and distribution, which include marketing expenses, distribution costs, operations expenses and marketing personnel expenses, (ii) selling and distribution-related employee benefit expenses including wages and salaries, social security charges, pension and retirement expenses and other employee expenses and (iii) selling and distribution-related depreciation and amortization expenses relating to our warehouse assets. Marketing expenses include the development and production of advertising materials and the communication of these materials through various forms of media, which are expensed on the publishing date of a campaign. The cost allocated for these functions is included in selling and distribution costs in the relevant statement of profit and loss for the periods presented. For more information, see note 9 to our 2016 Annual Financial Statements and note 9 to our 2015, 2014 and 2013 Annual Financial Statements.

9.6.5 Administrative Expense

Administrative expense includes (i) administrative expenses excluding personnel and depreciation, including IT-related costs, operations overhead costs and office expenses, (ii) administrative-related employee benefit expenses, including wages and salaries, social security charges, pension and retirement expenses and other employee expenses primarily related to management, finance, HR and IT functions and (iii) administrative-related depreciation and amortization expenses, including depreciation of property, plant and equipment and amortization of intangible assets relating to our ERP system. For more information, see note 10 to our 2016 Annual Financial Statements and note 10 to our 2015, 2014 and 2013 Annual Financial Statements.

During the periods presented until the Reorganization, the Group functioned as part of the Europa Apotheek Group, and accordingly, EHS performed certain corporate overhead functions for the Group during such periods. These functions include, but are not limited to, executive oversight, legal, finance, human resources, financial reporting and tax planning. The costs of such services have been allocated to the Group based on the allocation method that is most relevant to the service provided. Management believes that 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. The cost allocated for these functions is included in "administrative expense" in the relevant statements of profit and loss for the periods presented.

9.6.6 Finance Income

We show for the first time finance income for the year ended 31 December 2015, reflecting interest on our current account with the Europa Apotheek Group.

9.6.7 Finance Expense

Finance expense represents interest expense on the Shareholder Loans (as defined in Section 18.1.1 "*Shareholder Loans*") (for the years ended 31 December 2015 and 31 December 2016 only) and a portion of service fees we incur to credit card and payment service companies such as PayPal and BillPay, reflecting the implied finance function of these services. The remaining part of such service fees is allocated to selling and distribution. For more information, see note 11 to our 2016 Annual Financial Statements and note 11 to our 2015, 2014 and 2013 Annual Financial Statements.

9.6.8 Income Tax Expenses

Income tax expenses comprise current and deferred income tax. These taxes include trade and corporate income tax in Germany and the other countries in which we operate, and German solidarity surcharge taxes. Current income tax includes taxes paid or payable in the respective countries in which we operate. Deferred income tax includes taxes relating to deferred tax assets and liabilities on temporary tax differences. Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Our income tax expenses include deferred taxes relating principally to goodwill attributable to the 2010 acquisition of our shop-apotheke.com business and, in 2015 and 2016, to the Shareholder Loans. For more information, see note 4.10 and 12 to our 2016 Annual Financial Statements and 4.9 and note 12 to our 2015, 2014 and 2013 Annual Financial Statements.

9.7 Results of Operations

The following table provides selected financial information from our Annual Financial Statements and our Interim Financial Statements for the periods presented.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro (unless otherwise indicated)	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Revenue	**126,707**	**82,161**	**177,391**	**125,578**	**84,671**
Cost of sales	-99,490	-65,294	-141,109	-99,841	-66,636
Gross profit	**27,216**	**16,867**	**36,282**	**25,737**	**18,035**
Other income	1,323	1,098	2,204	1,316	928
Selling and distribution	–31,389	–19,514	–41,036	–29,143	–19,523
Administrative expense	–4,245	–3,361	-9,089	–6,729	–3,488
Result from operations	**–7,094**	**–4,910**	**–11,639**	**–8,819**	**–4,048**
Finance Costs					
Finance income	71	0	17	593	–
Finance expense	–892	–1,310	–9,338	–2,275	–826
Net finance costs	–821	–1,310	–9,321	–1,682	–826
Result before tax	**–7,915**	**–6,220**	**–20,960**	**–10,501**	**–4,874**
Income tax income / expense	–209	–4	2,515	–47	–161
Loss for the period	**–8,124**	**–6,224**	**–18,445**	**–10,548**	**–5,035**
of which attributable to owners of the Company:	–8,124	–6,224	–18,445	–10,548	–5,035
Earnings per Share, basic & diluted (*in €*)	**–0.90**	**–6.22**	**–3.08**	**–2.11**	**–5.04**

9.7.1 Comparison of six-month periods ended 30 June 2017 and 30 June 2016

Revenue

Our revenue for the six-month period ended 30 June 2017 was €126,707 thousand, a €44,546 thousand, or 54.2%, increase compared to €82,161 thousand for the six-month period ended 30 June 2016. The increase was principally the result of sales growth in our German core market and strong international sales growth. International sales more than tripled to €34,113 thousand compared to €11,152 thousand over the same period a

year ago. In addition to organic growth through new customer acquisition, the consolidation of the FARMALINE business was a major driver of this development, accounting for 25.4% of the overall growth.

Cost of sales

Our cost of sales for the six-month period ended 30 June 2017 was €99,490 thousand, a €34,196 thousand, or 52.4%, increase compared to €65,294 thousand for the six-month period ended 30 June 2016. The increase was in line with increased sales as well as economies of scale benefits from improved business. Cost of sales accounted for 78.5% of revenue in the six-month period ended 30 June 2017, compared to 79.5% in the six-month period ended 30 June 2016. The decrease in cost of sales as a percentage of revenue was due mainly to enhanced economies of scale in purchasing and the international expansion with related higher gross margins.

Other income

Our other income for the six-month period ended 30 June 2017 was €1,323 thousand, a €225 thousand, or 20.5%, increase compared to €1,098 thousand for the six-month period ended 30 June 2016. The increase was principally attributable to income under the Wholesale Agent Agreement and the Service Agreements with EHS.

Selling and distribution expenses

Selling and distribution expenses for the six-month period ended 30 June 2017 was €31,389 thousand, a €11,875 thousand, or 60.9%, increase compared to €19,514 thousand for the six-month period ended 30 June 2016. The increase was in line with our increased sales and marketing expenses for international expansion. Our selling and distribution expenses accounted for 24.8% of revenue in the six-month period ended 30 June 2017, compared to 23.8% in the six-month period ended 30 June 2016.

Administrative expense

Our administrative expense for the six-month period ended 30 June 2017 was €4,245 thousand, a €884 thousand, or 26.3%, increase compared to €3,361 thousand for the six-month period ended 30 June 2016. The increase was principally the result of building up our organization to cover international expansion. Administrative expense accounted for 3.4% of revenue in the six-month period ended 30 June 2017, compared to 4.1% in the six-month period ended 30 June 2016.

Finance income

Our finance income for the six-month period ended 30 June 2017 was €71 thousand, a €71 thousand, increase compared to €0 thousand for the six-month period ended 30 June 2016, reflecting interest on our current account with the Europa Apotheek Group.

Finance expense

Our finance expense for the six-month period ended 30 June 2017 was €892 thousand, a €418 thousand, or 31.9%, decrease compared to €1,310 thousand for the six-month period ended 30 June 2016. The decrease was principally the result of the repayment of the shareholder loan in October 2016. Financing expenses in the six-month period ended 30 June 2017 are mainly related to the accounts receivable financing using online payment methods such as credit card companies and PayPal; these fees accounted for 85.7% of the financing expenses in the six-month period ended 30 June 2017.

Income tax expenses

Our income tax expenses for the six-month period ended 30 June 2017 were €209 thousand, a €205 thousand, or 5,125.0%, increase compared to €4 thousand for the six-month period ended 30 June 2016. The increase was principally the result of taxes incurred by our subsidiary RedTecLab GmbH / Germany Services which in the prior period did not have to pay taxes due to tax-loss carry forwards.

Result for the period

Our result for the six-month period ended 30 June 2017 was a net loss of €8,124 thousand, a €1,900 thousand, or 30.5%, increase compared to a net loss of €6,224 thousand for the six-month period ended 30 June 2016. The increase in net loss was principally the result of the increase in selling and distribution expenses (in particular marketing expenses) as well as higher administrative expenses.

9.7.2 Comparison of years ended 31 December 2016 and 31 December 2015

Revenue

Our revenue for the year ended 31 December 2016 was €177,391 thousand, a €51,813 thousand, or 41.3%, increase, compared to €125,578 thousand for the year ended 31 December 2015. The growth is the result of a substantial increase in the number of active customers from 1.3 million at the end of 2015 to 1.8 million at the end of 2016 along significant revenue growth in all segments. The increase of sales growth in Germany and Austria resulted from optimized pricing, our increased product offering and a high Share of Repeat Orders. The substantial increase in international business volume was mainly due to organic growth as well as to the Farmaline Acquisition in September 2016. The integration of FARMALINE was completed ahead of schedule in Q4 2016.

Cost of sales

Our cost of sales for the year ended 31 December 2016 was €141,109 thousand, a €41,268 thousand, or 41.3%, increase, compared to €99,841 thousand for the year ended 31 December 2015. The increase was principally the result of higher volumes of goods sold. Cost of sales accounted for 79.5% of revenue in the years ended 31 December 2016 and 31 December 2015. A very slight increase in cost of sales as a percentage of revenue was due mainly to our costs for attracting new customers with vouchers in order to build market share, in particular, in international markets.

Other income

Our other income for the year ended 31 December 2016 was €2,204 thousand, a €888 thousand, or 67.5%, increase, compared to €1,316 thousand for the year ended 31 December 2015. The increase is attributable to increases in expenses as well as services provided to the Europa Apotheek Group under the Wholesale Agent Agreement and the Service Agreements with EHS.

Selling and distribution

Selling and distribution expenses for the year ended 31 December 2016 was €41,036 thousand, a €11,893 thousand, or 40.8%, increase, compared to €29,143 thousand for the year ended 31 December 2015. The change reflects higher distribution costs and operations expenses related to the increase in sales in the period, as well as an increase in marketing expenses related principally to TV advertising, in Germany and Austria. Our selling and distribution expenses accounted for 23.1% of revenue in the year ended 31 December 2016, compared to 23.2% in the year ended 31 December 2015.

Administrative expense

Our administrative expense for the year ended 31 December 2016 was €9,089 thousand, a €2,360 thousand, or 35.1%, increase, compared to €6,729 thousand for the year ended 31 December 2015. The increase reflects costs related to the build out of our international organization and roll-out and strengthening of IT functions. Administrative expense accounted for 5.1% of revenue in the year ended 31 December 2016, compared to 5.4% in the year ended 31 December 2015.

Finance income

Our finance income for the year ended 31 December 2016 was €17 thousand, a €576 thousand, or 97.1%, decrease, compared to €593 thousand for the year ended 31 December 2015. The finance income we earned for the year ended 31 December 2015 was mainly related to interest on our account with Europa Apotheek Group which did not occur at a comparable level for the year ended 31 December 2016.

Finance expense

Our finance expense for the year ended 31 December 2016 was €9,338 thousand, a €7,063 thousand, or 310.5%, increase, compared to €2,275 thousand for the year ended 31 December 2015. The increase was principally the result of approximately €6.9 million related to IFRS accounting policies in connection with the early repayment of the Shareholder Loans with proceeds of the initial public offering.

Income tax income / expenses

Our income tax income for the year ended 31 December 2016 was €2,515 thousand, a €2,562 thousand, or 5,451.1%, increase, compared to €47 thousand income tax expenses for the year ended 31 December 2015. The increase is mainly due to the repayment of the Shareholder Loans in October 2016 and related deferred taxes.

Result for the year

Our result for the year ended 31 December 2016 was a net loss of €18,445 thousand, a €7,897 thousand, or 74.9%, increase, compared to a net loss of €10,548 thousand for the year ended 31 December 2015, reflecting higher selling and distribution expenses in connection with the European roll-out as well as higher administrative expenses due to the larger volume of the business and one-off costs related to our initial public offering in 2016.

9.7.3 Comparison of years ended 31 December 2015 and 31 December 2014

Revenue

Our revenue for the year ended 31 December 2015 was €125,578 thousand, a €40,907 thousand, or 48.3%, increase, compared to €84,671 thousand for the year ended 31 December 2014. The increase was principally the result of our marketing efforts which lead to an increase of our customer base from 1.0 million on 31 December 2014 to 1.3 million on 31 December 2015. In addition, the strong sales growth in Germany and Austria was supported by the trend towards online retail in general and towards self-medication, by our introduction of more competitive pricing, our increased product offering and an increased Share of Repeat Orders.

Cost of sales

Our cost of sales for the year ended 31 December 2015 was €99,841 thousand, a €33,205 thousand, or 49.8%, increase, compared to €66,636 thousand for the year ended 31 December 2014. The increase was principally the result of higher volumes of goods sold. Cost of sales accounted for 79.5% of revenue in the year ended 31 December 2015, compared to 78.7% in the year ended 31 December 2014. The slight increase in cost of sales as a percentage of revenue was due mainly to our decision to use competitive pricing to build market share, in particular, in international markets.

Other income

Our other income for the year ended 31 December 2015 was €1,316 thousand, a €388 thousand, or 41.8%, increase, compared to €928 thousand for the year ended 31 December 2014. The increase is attributable to services provided to the Europa Apotheek Group under the Wholesale Agent Agreement and the Service Agreements.

Selling and distribution expenses

Selling and distribution expenses for the year ended 31 December 2015 was €29,143 thousand, a €9,620 thousand, or 49.3%, increase, compared to €19,523 thousand for the year ended 31 December 2014. The change reflects higher distribution costs, operations expenses and marketing personnel expenses related to the increase in sales in the period, as well as an increase in marketing expenses related principally to TV advertising, in Germany and Austria. Our selling and distribution expenses accounted for 23.2% of revenue in the year ended 31 December 2015, compared to 23.1% in the year ended 31 December 2014.

Administrative expense

Our administrative expense for the year ended 31 December 2015 was €6,729 thousand, a €3,241 thousand, or 92.9%, increase, compared to €3,488 thousand for the year ended 31 December 2014. The increase reflects one-off costs related to the Reorganization and our initial public offering in the amount of €1,399 thousand in 2015, as well as costs related to the build out of our international organization and roll-out and strengthening of IT functions. Administrative expense accounted for 5.4% of revenue in the year ended 31 December 2015, compared to 4.1% in the year ended 31 December 2014.

Finance income

Our finance income for the year ended 31 December 2015 was €593 thousand compared to €0 thousand for the year ended 31 December 2014, reflecting interest on our current account with the Europa Apotheek Group implemented in 2015.

Finance expense

Our finance expense for the year ended 31 December 2015 was €2,275 thousand, a €1,449 thousand, or 175.4%, increase, compared to €826 thousand for the year ended 31 December 2014. The increase was principally the result of (i) a larger number of sales completed via credit card and payment service companies such as PayPal and BillPay and (ii) interest expense on the Shareholder Loans implemented in 2015 in connection with the Reorganization.

Income tax expenses

Our income tax expenses for the year ended 31 December 2015, which related to deferred tax in relation to goodwill, were €47 thousand, a €114 thousand, or 70.8%, decrease, compared to €161 thousand for the year ended 31 December 2014. The decrease is mainly due to the fact that the Shareholder Loans previously included in business equity were shown as their own balance sheet line items in 2015, and therefore the related deferred tax liability has been reduced through the profit and loss account instead of equity.

Result for the year

Our result for the year ended 31 December 2015 was a net loss of €10,548 thousand, a €5,513 thousand, or 109.5%, increase, compared to a net loss of €5,035 thousand for the year ended 31 December 2014, reflecting costs associated with acquiring new customers and one-off costs related to the Reorganization and our initial public offering in 2016.

9.8 Discussion of Segments

For management purposes, our operating segments are reported in a manner consistent with the internal reporting provided to our statutory directors, who are responsible for allocating resources and assessing performance of the operating segments, and who make strategic decisions. For management purposes, our Group is organized into the following geographic business units:

- Germany: principally OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in the German market;
- International: only OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in markets outside Germany (currently, the Austrian, French, Spanish, Italian, Dutch and Belgian markets); and
- Germany Services: webshop services of RedTecLab GmbH delivered principally to German customers.

The Group's assets and liabilities are not disclosed by segment as they are not included in the segment information used by the statutory directors.

The following table shows certain data by operating segment for the six-month periods ended 30 June 2017 and 30 June 2016, as well as for the years ended 31 December 2016, 2015 and 2014.

in '000 euro	For the six months ended June 30,		For the financial year ended December 31,		
	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Revenue					
Germany[1]	92,129	70,174	145,549	115,660	80,968
International[2]	34,113	11,152	30,376	8,425	2,180
Germany Services[3]	3,145	1,976	4,108	3,398	2,198
Eliminations[4]	–2,680	–1,141	–2,641	–1,905	–675
Total Revenue	**126,707**	**82,161**	**177,391**	**125,578**	**84,671**
Segment EBITDA (excluding administrative expenses)[5]					
Germany	2,478	1,340	3,992	841	462
International	–3,699	–2,099	–4,735	–2,269	–217
Germany Services	161	474	975	1,194	594
Eliminations	–9	–	–	–	–
Consolidated/Combined segment EBITDA (excluding administrative expenses)[6]	**–1,069**	**–284**	**231**	**–234**	**839**

(1) Germany includes principally OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in the German market.

(2) International includes only OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in countries outside Germany.

(3) Germany Services includes the webshop services of RedTecLab GmbH delivered principally to German customers.

(4) Eliminations relate to German intercompany sales by RedTecLab GmbH.

(5) We define "segment EBITDA" as EBIT for each segment before depreciation and amortization expenses and administrative expense. "Administrative expense" relates primarily to corporate overhead costs relating to IT, finance and management and excludes depreciation and amortization. See our Annual Financial Statements and our Interim Financial Statements and, in particular, notes 6 and 10 to our 2015, 2014 and 2013 Annual Financial Statements. Segment EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of segment EBITDA, which means that segment EBITDA presented by other companies may not necessarily be comparable with segment EBITDA presented above.

(6) We define "consolidated/combined segment EBITDA" as the total segment EBITDA for our operating segments. There is no uniform definition of consolidated/combined segment EBITDA, which means that consolidated/combined segment EBITDA presented by other companies may not necessarily be comparable with consolidated/combined segment EBITDA presented above.

The following tables show a reconciliation of our result for the period EBIT, EBITDA and segment EBITDA by operating segment on a consolidated basis for the six-month period ended 30 June 2017 and for the six-month period ended 30 June 2016 and the years ended 31 December 2016, 2015 and 2014.

Six-month period ended 30 June 2017 (consolidated) ***In '000 euro (except as otherwise indicated)***	**Germany[1]**	**International[2]**	**Germany Services[3]**	**Eliminations[4]**	**Consolidated**
			(all unaudited)		
Revenue	**92,129**	**34,113**	**3,145**	**–2,680**	**126,707**
Cost of sales	–72,757	–26,588	–146	0	–99,490
Gross Profit	**19,372**	**7,525**	**2,999**	**–2,680**	**27,216**
Gross profit as a percent of revenue (%)	21.0%	22.1%	95.4%	–	21.5%
Other income	973	335	25	–9	1,323
Selling and distribution	–17,866	–11,560	–2,863	2,680	–29,609
Segment EBITDA[5]	**2,478**	**–3,699**	**161**	**–9**	**–1,069**
Administrative expense[6]					–3,930
EBITDA[7]					**–5,000**
Depreciation and amortization					–2,095
EBIT[8]					**–7,095**
Finance income					71
Finance expense					-892
Net finance cost					-821
Result before tax					**-7,915**

Six-month period ended 30 June 2016 (consolidated) ***In '000 euro (except as otherwise indicated)***	**Germany[1]**	**International[2]**	**Germany Services[3]**	**Eliminations[4]**	**Consolidated**
			(all unaudited)		
Revenue	**70,174**	**11,152**	**1,976**	**–1,141**	**82,161**
Cost of sales	–55,783	–9,255	–256	–	–65,294
Gross Profit	**14,391**	**1,897**	**1,720**	**–1,141**	**16,867**
Gross profit as a percent of revenue (%)	20.5%	17.0%	87.1%	–	20.5%
Other income	937	147	13	–	1,097
Selling and distribution	–13,988	–4,143	–1,259	1,141	–18,249
Segment EBITDA[5]	**1,340**	**–2,099**	**474**	**–**	**–284**
Administrative expense[6]					–3,137
EBITDA[7]					**–3,421**
Depreciation and amortization					–1,489
EBIT[8]					**–4,910**
Finance income					–
Finance expense					–1,310
Net finance cost					–1,310
Result before tax					**–6,220**

Year ended 31 December 2016 (consolidated) *In '000 euro (except as otherwise indicated)*	**Germany[1]**	**International[2]**	**Germany Services[3]** (all unaudited)	**Eliminations[4]**	**Consolidated**
Revenue	**145,549**	**30,376**	**4,108**	**–2,641**	**177,391**
Cost of sales	–115,910	–24,777	–423	0	–141,109
Gross Profit	**29,640**	**5,599**	**3,685**	**–2,641**	**36,282**
Gross profit as a percent of revenue (%)	20.4%	18.4%	89.7%	–	20.5%
Other income	1,810	363	31	–	2,204
Selling and distribution	–27,458	–10,698	–2,742	2,641	–38,255
Segment EBITDA[5]	**3,992**	**–4,735**	**975**	–	**231**
Administrative expense[6]					–8,597
EBITDA[7]					**–8,367**
Depreciation and amortization					–3,273
EBIT[8]					**–11,638**
Finance income					17
Finance expense					–9,338
Net finance cost					–9,321
Result before tax					**–20,960**

Year ended 31 December 2015 (combined) *In '000 euro (except as otherwise indicated)*	**Germany[1]**	**International[2]**	**Germany Services[3]** (all unaudited)	**Eliminations[4]**	**Consolidated**
Revenue	**115,660**	**8,425**	**3,398**	**–1,905**	**125,578**
Cost of sales	–92,383	–7,163	–295	–	–99,841
Gross Profit	**23,277**	**1,262**	**3,103**	**–1,905**	**25,737**
Gross profit as a percent of revenue (%)	20.1%	15.0%	91.3%	–	20.5%
Other income	1,194	95	27	–	1,316
Selling and distribution	–23,630	–3,626	–1,936	1,905	–27,287
Segment EBITDA[5]	**841**	**–2,269**	**1,194**	**–**	**–234**
Administrative expense[6]					–6,419
EBITDA[7]					**–6,653**
Depreciation and amortization					–2,166
EBIT[8]					**–8,819**
Finance income					593
Finance expense					–2,275
Net finance cost					–1,682
Result before tax					**–10,501**

Year ended 31 December 2014 (combined) *In '000 euro (except as otherwise indicated)*	Germany[1]	International[2]	Germany Services[3] (all unaudited)	Eliminations[4]	Consolidated
Revenue	**80,968**	**2,180**	**2,198**	**–675**	**84,671**
Cost of sales	–64,759	–1,703	–174	–	–66,636
Gross Profit	**16,209**	**477**	**2,024**	**–675**	**18,035**
Gross profit as a percent of revenue (%)	20.0%	21.9%	92.1%	–	21.3%
Other income	873	23	32	–	928
Selling and distribution	–16,620	–717	–1,462	675	–18,124
Segment EBITDA[5]	**462**	**–217**	**594**	**–**	**839**
Administrative expense[6]					–3,232
EBITDA[7]					**–2,392**
Depreciation and amortization					–1,656
EBIT[8]					**–4,048**
Finance income					–
Finance expense					–826
Net finance cost					–826
Result before tax					**–4,874**

(1) Germany includes principally OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in the German market.

(2) International includes only OTC Medications and Pharmacy-Related BPC Products sold to individual customers located in countries outside Germany.

(3) Germany Services includes the webshop services of RedTecLab GmbH delivered principally to German customers.

(4) Eliminations relate to German intercompany sales by RedTecLab GmbH.

(5) We define "segment EBITDA" as EBIT for each segment before depreciation and amortization expenses and administrative expense.

(6) "Administrative expense" relates primarily to corporate overhead costs relating to IT, finance and management and excludes depreciation and amortization. See our Annual Financial Statements and our Interim Financial Statements and, in particular, notes 6 and 10 to our 2015, 2014 and 2013 Annual Financial Statements. Segment EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of segment EBITDA, which means that segment EBITDA presented by other companies may not necessarily be comparable with segment EBITDA presented above.

(7) EBITDA represents EBIT before depreciation and amortization expenses. EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBITDA, which means that EBITDA presented by other companies may not necessarily be comparable EBITDA presented above.

(8) EBIT represents our result for the period before income tax expenses (benefits) and net finance costs. EBIT is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBIT, which means that EBIT presented by other companies may not necessarily be comparable with EBIT presented above.

9.8.1 Segment Revenue

Germany

The revenue related to our German segment increased by €21,955 thousand to €92,129 thousand for the six-month period ended 30 June 2017, compared to €70,174 thousand for the six-month period ended 30 June 2016, primarily due to strong sales growth in our German core market reflecting the increasing customer base. The revenue related to our German segment increased by €29,889 thousand to €145,549 thousand for the year ended 31 December 2016, compared to €115,660 thousand for the year ended 31 December 2015, primarily reflecting sales growth from a growing customer base.

The revenue related to our German segment increased by €34,692 thousand to €115,660 thousand for the year ended 31 December 2015, compared to €80,968 thousand for the year ended 31 December 2014, primarily reflecting sales growth from a growing customer base.

International

The revenue related to our International segment increased by €22,961 thousand to €34,113 thousand during the six-month period ended 30 June 2017, compared to €11,152 thousand for the six-month period ended 30 June 2016, primarily due to our strong growth in Austria and France as well as to our consolidation of the Farmaline business and additional sales from newly entered markets.

The revenue related to our International segment increased by €21,951 thousand to €30,376 thousand for the year ended 31 December 2016, compared to €8,425 thousand for the year ended 31 December 2015, primarily reflecting strong growth in our international markets Austria and France, and the consolidation of the Farmaline business in September 2016.

The revenue related to our International segment increased by €6,245 thousand to €8,425 thousand for the year ended 31 December 2015, compared to €2,180 thousand for the year ended 31 December 2014, primarily reflecting strong sales growth in the Austrian market as well as the start of our French webshop.

Germany Services

The revenue related to our Germany Services segment increased by €1,169 thousand to €3,145 thousand during the six-month period ended 30 June 2017, compared to €1,976 thousand for the six-month period ended 30 June 2016, primarily due to the expanded scope of webshop services provided to existing and new customers, and a higher level of internal revenues in connection with the international webshop development and expansion of the group.

The revenue related to our Germany Services segment increased by €710 thousand to €4,108 thousand for the year ended 31 December 2016, compared to €3,398 thousand for the year ended 31 December 2015, primarily reflecting the higher level of internal revenues in connection with the international expansion of the group and the further growth of our Germany Services business.

The revenue related to our Germany Services segment increased by €1,200 thousand to €3,398 thousand for the year ended 31 December 2015, compared to €2,198 thousand for the year ended 31 December 2014, primarily due to the further growth of our Germany Services business, which gained revenues from new third-party contracts in 2015.

9.8.2 Segment EBITDA

Germany

The Segment EBITDA related to our German segment increased by €1,138 thousand to €2,478 thousand for the six-month period ended 30 June 2017, compared to €1,340 thousand for the six-month period ended 30 June 2016, primarily due to increased sales growth relating to a high level of repeat orders and generally enhanced economies of scale.

The Segment EBITDA related to our German segment increased by €3,151 thousand to €3,992 thousand for the year ended 31 December 2016, compared to €841 thousand for the year ended 31 December 2015, primarily due to increased gross profit as a percentage of revenue, resulting from improved economies of scale, as well as increased other income related to the Wholesale Agent Agreement with EHS.

The Segment EBITDA related to our German segment increased by €379 thousand to €841 thousand for the year ended 31 December 2015, compared to €462 thousand for the year ended 31 December 2014, primarily due to a slightly increased gross profit as a percentage of revenue as well as increased other income related to the Wholesale Agent Agreement with EHS.

International

The Segment EBITDA related to our International segment decreased by €1,600 thousand to €-3,699 thousand for the six-month period ended 30 June 2017, compared to €-2,099 thousand for the six-month period ended 30 June 2016, primarily due to higher selling and distribution costs reflecting marketing expense to support new customer acquisition targeting high sales growth in our international markets, in particular higher spending for TV-campaigns.

The Segment EBITDA related to our International segment decreased by €2,466 thousand to €-4,735 thousand for the year ended 31 December 2016, compared to €-2,269 thousand for the year ended 31 December 2015, primarily due to increased selling and distribution costs related to higher marketing expense for the expansion of our sales in Austria and costs in connection with the geographical expansion, in particular the acquisition of the Farmaline business and the expansion into new international markets.

The Segment EBITDA related to our International segment decreased by €2,052 thousand to €-2,269 thousand for the year ended 31 December 2015, compared to €-217 thousand for the year ended 31 December 2014, primarily due to the start of our webshop and market entry in France, as well as increased selling and distribution costs related to higher marketing expense for the expansion of our sales in Austria.

Germany Services

The Segment EBITDA related to our Germany Services segment decreased by €313 thousand to €161 thousand for the six-month period ended 30 June 2017, compared to €474 thousand for the six-month period ended 30 June 2016, primarily due to increased internal costs relating to the development of new tools and services.

The Segment EBITDA related to our Germany Services segment decreased by €219 thousand to €975 thousand for the year ended 31 December 2016, compared to €1,194 thousand for the year ended 31 December 2015, primarily due to increased internal costs relating to the development of new tools and services.

The Segment EBITDA related to our Germany Services segment increased by €600 thousand to €1,194 thousand for the year ended 31 December 2015, compared to €594 thousand for the year ended 31 December 2014, primarily due to increased revenue generated by our RedTecLab GmbH business.

9.9 Selected items from the Statements of Financial Position

The following table shows selected financial information from our statements of financial position set forth in our Annual Financial Statements and our Interim Financial Statements for the periods presented. See Section 8.2 "*Selected Financial Information from the Statements of Financial Position*" above.

	As of June 30,	As of December 31,		
in '000 euro	2017 (Consolidated) (unaudited)	2016 (Consolidated)	2015 (Consolidated) (audited)	2014 (Combined)
Non-Current Assets				
Total non-current assets	26,803	24,782	16,033	14,157
Current Assets				
Total current assets	87,286	95,569	26,739	15,352
Total Assets	**114,088**	**120,351**	**42,772**	**29,509**
Capital and Reserves				
Business equity[1]	–	–	–	20,056
Shareholders' equity	85,121	93,245	2,459	–
Provisions	1,971	2,961	–	–
Non-current Liabilities				
Total non-current liabilities	3,411	3,334	24,566	563
Current Liabilities				
Total current liabilities	23,585	20,811	15,747	8,890
Total Equity and Liabilities	**114,088**	**120,351**	**42,772**	**29,509**

(1) Because the separate legal entities that comprise the Group were not held by a single legal entity prior to the creation of the Group's current legal structure, business equity is shown in lieu of shareholders' equity in the statement of financial position as of 31 December 2014. Business equity represents the cumulative net investment by EHS in the Group through 29 September 2015. The impact of transactions between the Group and EHS that were not historically settled in cash is also included in business equity.

9.9.1 Non-current Assets

Our non-current assets as of 30 June 2017 were €26,803 thousand, a €2,021 thousand, or 8.2%, increase, compared to €24,782 thousand as of 31 December 2016. The increase primarily reflects an increase in non-current assets of €1,167 thousand compared to 31 December 2016 primarily due to increases in ERP system and webshop software, and goodwill. As of 30 June 2017, our non-current assets represented 23.5% of our total assets and primarily included intangible assets in the amount of €23,336 thousand.

Our non-current assets as of 31 December 2016 were €24,782 thousand, a €8,749 thousand, or 54.6%, increase, compared to €16,033 thousand as of 31 December 2015, primarily as a result of the €7.6 million increase in goodwill and intangible assets related to the Farmaline Acquisition. The increase also reflects an increase in non-current assets of €8,749 thousand compared to 31 December 2015 resulting from investment in process optimization and our ERP system as well as our warehouse and IT infrastructure mostly related to the Reorganization. As of 31 December 2016, our non-current assets represented 20.6% of our total assets and primarily included intangible assets in the amount of €22,169 thousand, which represented 18.4% of our total assets.

Our non-current assets as of 31 December 2015 were €16,033 thousand, a €1,876 thousand, or 13.3%, increase, compared to €14,157 thousand as of 31 December 2014. The increase reflects an increase in non-current assets of €1,876 thousand compared to 31 December 2014 resulting from investment in process optimization and our ERP system as well as our warehouse and IT infrastructure mostly related to the Reorganization. As of 31 December 2015, our non-current assets represented 37.5% of our total assets and primarily included intangible assets in the amount of €13,616 thousand, which represented 31.8% of our total assets. As of December 2014, our non-current assets represented 48.0% of our total assets and primarily included intangible assets in the amount of €12,384 thousand, which represented 42.0% of our total assets.

9.9.2 Current Assets

Our current assets as of 30 June 2017 were €87,286 thousand, a €8,283 thousand, or 8.7%, decrease, compared to €95,569 thousand as of 31 December 2016. The decrease primarily reflects a substantial decrease in cash and cash equivalents compared to 31 December 2016, due to investments in technology and inventory that were made using proceeds from our initial public offering. As of 30 June 2017, our current assets represented 76.5% of our total assets and primarily included cash and cash equivalents in the amount of €29,507 thousand, which represented 25.9% of our total assets, inventories in the amount of €14,546 thousand, which represented 12.7% of our total assets, and trade and other receivables in the amount of €12,275 thousand, which represented 10.8% of our total assets.

Our current assets as of 31 December 2016 were €95,569 thousand, a €68,830 thousand, or 257.4%, increase, compared to €26,739 thousand as of 31 December 2015. The increase primarily reflects the receipt of proceeds from our initial public offering amounting to approximately €94,607 thousand. The increase also reflects a substantial increase in inventories and trade and other receivables compared to 31 December 2015, due to strong sales growth in Germany and Austria as well as the start and build-up of our business in the Netherlands, Belgium, France, Italy and Spain.

Inventories rose from €10,412 thousand as of 31 December 2015 to €18,841 thousand as of 31 December 2016. This increase can be attributed to overall sales growth and broader product assortment. Moreover, international expansion requires increased warehousing capacity, as in part country-specific products need to be kept available. Over the same period, trade and other receivables increased from €4,100 thousand to €8,278 thousand, reflecting higher sales on the one hand and an increase of the average credit period on sales of goods and services to 16 days in 2016, compared to 10 days in 2015.

As of 31 December 2016, our current assets represented 79.4% of our total assets and primarily included inventories in the amount of €18,841 thousand, which represented 15.7% of our total assets, and pre-ordered stock in the amount of €6,823 thousand, which represented 5.7% of our total assets.

Our current assets as of 31 December 2015 were €26,739 thousand, a €11,387 thousand, or 74.2%, increase, compared to €15,352 thousand as of 31 December 2014. The increase primarily reflects a substantial increase in inventories compared to 31 December 2014 was due to strong sales growth in Germany and Austria as well as the start and build-up of our business in France. As of 31 December 2015, our current assets represented 62.5% of our total assets and primarily included inventories in the amount of €10,412 thousand, which represented 24.3% of our total assets, and pre-ordered stock in the amount of €5,653 thousand, which represented 13.2% of our total assets. As of 31 December 2014, our current assets represented 52.0% of our total assets and primarily included pre-ordered stock in the amount of €5,531 thousand, which represented 18.7% of our total assets, and inventories in the amount of €4,592 thousand, which represented 15.6% of our total assets.

9.9.3 Equity

As of 30 June 2017, our equity amounted to €85,121 thousand, a decrease of €8,124 thousand compared to 31 December 2016, which is the result of the net loss for the first six months of 2017. As of 31 December 2016, our equity amounted to €93,245 thousand, compared to €2,459 thousand equity as of 31 December 2015, mainly reflecting the Group's net proceeds from our initial public offering in 2016 which amounted to approximately €94,607 thousand.

Since the separate legal entities that comprise the Group were not held by a single legal entity prior to the incorporation of the legal structure on 30 September 2015, business equity is shown in lieu of equity in the statement of financial position as of 31 December 2014. Business equity represents the cumulative net investment by EHS in the Group through 29 September 2015. As of 31 December 2014, our business equity amounted to €20,056 thousand.

9.9.4 Non-current Liabilities

Our non-current liabilities as of 30 June 2017 were €3,411 thousand, a €77 thousand, or 2.3%, increase, compared to €3,334 thousand as of 31 December 2016. While amounts due to EHS remained at €3,000 thousand, other liabilities increased from €334 thousand as of 30 June 2016 to €411 thousand as of 30 June 2017, which largely accounted for the increase in our non-current liabilities. As of 30 June 2017, our non-current liabilities represented 12.6% of our total liabilities and primarily included amounts due to EHS in the amount of €3,000 thousand, which represented 11.1% of our total liabilities.

Our non-current liabilities as of 31 December 2016 were €3,334 thousand, a €21,232 thousand, or 86.4%, decrease, compared to €24,566 thousand as of 31 December 2015. The decrease primarily reflects the repayment of the Shareholder Loans in October 2016. As of 31 December 2016, our non-current liabilities represented 13.8% of our total liabilities; they primarily included amounts due to EHS in the amount of €3,000 thousand, representing 12.4% of our total liabilities.

Our non-current liabilities as of 31 December 2015 were €24,566 thousand, a €24,003 thousand, or 4,263.4%, increase, compared to €563 thousand as of 31 December 2014. The increase primarily reflects the incurrence of the Shareholder Loans. As of 31 December 2015, our non-current liabilities represented 60.9% of our total liabilities and primarily the Shareholder Loans in the amount of €19,002 thousand represented 47.1% of our total liabilities. We have funded our historical cash requirements primarily from equity investments by our shareholders and the Shareholder Loans, which are reflected for the first time as of 31 December 2015 (previously included in business equity representing the cumulative net investment by EHS through 29 September 2015). See Section 18 "*Certain Relationships and Related-party Transactions*". Other liabilities comprise the long-term deposit of €3,000 thousand provided by Europa Apotheek Venlo B.V. to cover economic risks related to purchasing provided by the Group under the Wholesale Agent Agreement, which took effect on 1 October 2015. As of 31 December 2014, our non-current liabilities represented 6.0% of our total liabilities and primarily deferred tax liabilities in the amount of €563 thousand.

9.9.5 Current Liabilities

Our current liabilities as of 30 June 2017 were €23,585 thousand, a €2,774 thousand, or 13.3%, increase, compared to €20,811 thousand as of 31 December 2016. The increase primarily reflects a substantial increase in trade and other payables compared to 31 December 2016, due to the fact that for a number of direct suppliers trade payables are usually settled prior to year-end closing whereas during the year such trade payables are usually settled at the beginning of the following month. As of 30 June 2017, our current liabilities represented 87.4% of our total liabilities and primarily included trade and other payables in the amount of €16,010 thousand, which represented 59.3% of our total liabilities.

Our current liabilities as of 31 December 2016 were €20,811 thousand, a €5,064 thousand, or 32.2%, increase, compared to €15,747 thousand as of 31 December 2015. This increase was mainly attributable to the fact that the expansion in business volume and the higher average credit period on purchases of 20 days in 2016 (compared to 14 days in 2015) led to an increase in trade liabilities by €3,925 thousand in the course of the reporting period. As of 31 December 2016, our current liabilities represented 86.2% of our total liabilities and primarily included trade and other payables in the amount of €12,563 thousand, which represented 52.0% of our total liabilities and other liabilities in the amount of €7,844 thousand, which represented 32.5% of our total liabilities.

Our current liabilities as of 31 December 2015 were €15,747 thousand, a €6,857 thousand, or 77.1%, increase, compared to €8,890 thousand as of 31 December 2014. The increase primarily reflects the higher business volume resulting in an increase of trade and other payables by €3,925 thousand, as well as other liabilities. As of 31 December 2015, our current liabilities represented 39.1% of our total liabilities and primarily included trade and other payables in the amount of €8,638 thousand, which represented 21.4% of our total liabilities and other liabilities in the amount of €3,906 thousand, which represented 9.7% of our total liabilities. As of 31 December 2014, our current liabilities represented 94.0% of our total liabilities and primarily included trade and other payables in the amount of €7,625 thousand, which represented 80.7% of our total liabilities.

9.9.6 Provisions

Our provisions are based on maximum expected earn-out payments to the previous owners of Farmaline. As of 30 June 2017, provisions amounted to €1,971 thousand, a €990 thousand, or 33.4%, decrease, compared to €2,961 thousand as of 31 December 2016, reflecting the earn-out payments that were actually paid out in the first six months of 2017.

Provisions represented 1.7% of our total liabilities as of 30 June 2017. This line item was not applicable in the prior financial periods that are covered by this Prospectus.

9.10 Liquidity and Capital Resources

Our primary uses of cash include funding our working capital, acquiring and maintaining property, plant and equipment and certain intangible assets such as our ERP system that runs our business operations, and operating and finance expenses. We funded our cash requirements preceding our initial public offering primarily from equity investment by our shareholders and the Shareholder Loans. See Section 18 "*Certain Relationships and Related-party Transactions*". As of 30 June 2017 and 31 December 2016, we had €29,507 thousand and €38,485 thousand, respectively, of cash and cash equivalents.

Because the separate legal entities that comprise the Group were not held by a single legal entity prior to the Reorganization, business equity is shown in lieu of shareholders' equity in the statement of financial position as of 31 December 2014. Business equity represents the cumulative net investment by EHS in the Group through 31 December 2014. The impact of transactions between the Group and EHS that were not historically settled in cash is also included in business equity.

Pursuant to the Wholesale Agent Agreement, which took effect on 1 October 2015, Europa Apotheek Venlo B.V. paid us €3,000 thousand as a deposit for purchasing services to be provided under that agreement.

In June 2016 we received a cash inflow of €10,008 thousand from certain of our shareholders in consideration for which additional shares were issued in September 2016.

9.10.1 Cash Flows

The following table sets forth selected statements of cash flow for the periods presented.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Net cash (used in)/generated by operating activities	566	−738	−17,197	−8,779	−3,683
Net cash (used in)/generated by investing activities	−7,632	−1,740	−24,456	−4,050	−2,297
Net cash (used in)/generated by financing activities	−1,911	9,408	76,609	16,061	6,185
Net increase/(decrease) in cash and cash equivalents	**−8,977**	**6,929**	**34,956**	**3,232**	**205**

Net cash (used in)/generated by operating activities

Net cash (used in)/generated by operating activities consists of our operating result, adjusted for depreciation and amortization of non-current assets, changes in trade and other receivables, inventory, pre-ordered stock, provisions and trade and other payables.

The following table sets forth net cash (used in)/generated by operating activities for the periods presented.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Operating result	**−7,094**	**−4,910**	**−11,639**	**−8,819**	**−4,048**
Adjustments for:					
Depreciation & amortization of non-current assets	2,095	1,489	3,272	2,166	1,656
Operating result adjusted for depreciation & amortization	**−4,999**	**−3,421**	**−8,367**	**−6,653**	**−2,392**
Movements in working capital					
(Increase)/decrease in trade and other receivables	−3,422	−994	−4,260	−2,213	−1,165
(Increase)/decrease in inventory	4,295	108	−8,429	−5,820	−1,650
(Increase)/decrease in pre-ordered stock	2,057	1,297	−1,171	−121	−126
Increase/(decrease) in provisions	–	–	–	−95	−46
Increase/(decrease) in trade and other payables	2,969	4,056	7,812	2,921	1,696
Increase/(decrease) in amounts due to EHS	−515	−1,784	−2,798	3,202	–
Total movements in working capital	**5,385**	**2,683**	**−8,847**	**−2,126**	**−1,291**
Cash generated from operations	386	−738	−17,214	−8,779	−3,683
Interest received	180	–	17	–	–
Net cash (used in)/generated by operating activities	**566**	**−738**	**−17,197**	**−8,779**	**−3,683**

The €1,304 thousand increase in net cash generated by operating activities, to €566 thousand for the six-month period ended 30 June 2017, compared to €-738 thousand cash used in operating activities for the six-month period ended 30 June 2016, reflects efficient inventory and trade payables management as well as reporting date related effects.

The €8,418 thousand increase in net cash used in operating activities, to €17,197 thousand cash used in operating activities for the year ended 31 December 2016, compared to €8,779 thousand cash used in operating activities for the year ended 31 December 2015, mainly stems from the higher inventory and accounts receivable amounts related to the strong growth in fourth quarter of 2016.

The €5,096 thousand increase in net cash used in operating activities, to €8,779 thousand of cash used for the year ended 31 December 2015, compared to €3,683 thousand of cash used for the year ended 31 December 2014, was primarily due to a substantial increase to €5,820 thousand of cash used in operating activities as working capital related to inventory in 2015, compared to €1,650 thousand in 2014, reflecting the increase in purchasing activity to meet supplier rebate goals and in anticipation of seasonal demand, and an increase to €2,213 thousand of cash used in operating activities as working capital related to trade and other receivables in 2015, compared to €1,165 thousand in 2014, reflecting the effects of sales growth, partially offset by an increase to €2,921 thousand of cash generated in operating activities as working capital related to trade and other payables, compared to €1,696 thousand in 2014, reflecting increasing payables to our wholesale supplier linked to increased inventories and an increase to €95 thousand of cash generated in operating activities as working capital related to provisions, compared to €46 thousand of cash used in operating activities as working capital related to provisions in 2014, reflecting deferred taxes related to the RedTecLab GmbH acquisition. See Section 18 "*Certain Relationships and Related-party Transactions* — 18.1 *Relationships with Certain Shareholders*".

Net cash (used in)/generated by investing activities

The following table sets forth net cash (used in)/generated by investing activities for the periods presented.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Cash flow (used in)/generated by investing activities					
Investment for property, plant and equipment …	−1,271	−376	−953	−1,313	−477
Investment for intangible assets ……	−2,846	−1,364	−2,941	−2,737	−1,820
Investment for other financial assets ……	−3,516	–	−20,012	–	–
Investment for Farmaline acquisition ……	–	–	−550	–	–
Net cash (used in)/generated by investing activities ……	**−7,632**	**−1,740**	**−24,456**	**−4,050**	**−2,297**

Net cash (used in)/generated by investing activities consists of investment for property, plant and equipment, investment for intangible assets, relating to our ERP system that runs our business operations, and investment for acquisitions to support the expansion of our infrastructure and workforce. As our business grows, we expect our capital expenditures and our investing activities to continue to increase principally in relation to the intended investments in our logistics, fulfillment and distribution infrastructure, including, for instance, the introduction of highly automated warehouse functions.

The increase in net cash used in investing activities of €5,892 thousand to €7,632 thousand for the six-month period ended 30 June 2017, compared to €1,740 thousand for the six-month period ended 30 June 2016, primarily reflects investments in automation and capacity expansion as well as in software developed primarily in-house and investments in short-term securities in order to prevent negative interest on cash balances.

The increase in net cash used in investing activities of €20,406 thousand to €24,456 thousand for the year ended 31 December 2016, compared to €4,050 thousand for the year ended 31 December 2015, was primarily due to substantial investments in short-term securities in order to avoid negative interest on cash balances as well as in investments for property, plant and equipment for ongoing process optimization and IT infrastructure related to the Reorganization as well as investment in intangible assets that reflect the preparation of our ERP system to efficiently serve Shop Apotheke Europe B.V. after the carve-out from EHS.

The increase in net cash used in investing activities of €1,753 thousand to €4,050 thousand for the year ended 31 December 2015, compared to €2,297 thousand for the year ended 31 December 2014, was primarily due to a substantial increase in investment for property, plant and equipment for ongoing process optimization and IT infrastructure related to the Reorganization as well as investment in intangible assets that reflect the preparation of our ERP system to efficiently serve Shop Apotheke Europe B.V. after the carve-out from EHS.

In the period ended 30 June 2017, our capital expenditures primarily focused on the development and implementation of our website and related tools serving all international markets, with all related investments being made at our Venlo site.

Projects in progress are warehouse organization, ERP system and webshop enhancements to serve both our existing and, in the future, new international markets efficiently. All related investments are made in Venlo and are funded internally.

We plan major investments in increased operations capacity and process automation in the years 2018 and 2019 at our Venlo site but have not committed any capital expenditures to that yet.

Net cash (used in)/generated by financing activities

The following table sets forth net cash (used in)/generated by financing activities for the periods presented.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)			(audited)	
Cash flow (used in)/generated by financing activities					
Interest paid	−888	−597	−1,266	−950	−826
Business financing	–	–	–	–	7,011
Additional financing from related parties	–	–	–	14,011	–
Deposit from EHS	77	–	334	3,000	–
Capital increase	–	10,005	10,008	–	–
Shareholder Loan Repayment	–	–	−27,074	–	–
Share issue from initial public offering	–	–	100,000	–	–
Share issue cost	–	–	−5,393	–	–
Payment of earn-out obligations FARMALINE	−1,100	–	–	–	–
Net cash (used in)/generated by financing activities	**−1,911**	**9,408**	**76,609**	**16,061**	**6,185**

Net cash (used in)/generated by financing activities consists of interest paid in relation to the financing of accounts receivable, business financing and financing from EHS mainly to cover operating losses and cash payments.

The decrease in net cash (used in) / generated by financing activities of €11,319 thousand to €-1,911 thousand for the six-month period ended 30 June 2017, compared to €9,408 thousand for the six-month period ended 30 June 2016, was primarily due to the capital increase completed in June 2016, with no comparable activity in 2017.

The increase in net cash generated by financing activities of €60,548 thousand to €76,609 thousand for the year ended 31 December 2016, compared to €16,061 thousand for the year ended 31 December 2015, was primarily due to the capital increase in connection with our initial public offering in 2016.

The increase in net cash generated by financing activities of €9,876 thousand to €16,061 thousand for the year ended 31 December 2015, compared to €6,185 thousand for the year ended 31 December 2014, was primarily due to a substantial increase in business financing, reflecting funding for EuroService Venlo B.V. to equip it with cash needed to purchase goods as required under the Wholesale Agent Agreement, as well as funding to cover operating losses of Shop-Apotheke B.V. before its incorporation. In order to efficiently manage and settle balances related to the carve-out from EHS before the incorporation of Shop Apotheke Europe B.V., Shop Apotheke B.V. made a share premium repayment of €7,650 thousand to EHSC B.V. and Shop Apotheke Service B.V. made a dividend payment of €330 thousand to EHSC B.V. in September 2015. See Section 12 "*Acquisition of the Europa Apotheek Group*—12.3.1 *Wholesale Agent Agreement*".

9.10.2 Net Working Capital

We define "net working capital" as the sum of (i) inventories plus (ii) pre-ordered stock plus (iii) trade and other receivables plus (iv) other current assets, which include prepayments, accrued income and other receivables, less (v) trade and other payables less (vi) other liabilities, which include VAT, wage tax, other personnel related liabilities as well as various accrued expenses.

The following table shows the methodology that we used to calculate the Group's net working capital as of 30 June 2017 and 30 June 2016, and as of 31 December 2016, 2015 and 2014.

in '000 euro	As of June 30, 2017 (Consolidated) (unaudited)	As of December 31, 2016 (Consolidated) (audited unless otherwise indicated)	2015 (Combined) (audited unless otherwise indicated)	2014 (Combined) (audited unless otherwise indicated)
Inventories	14,546	18,841	10,412	4,592
Pre-ordered stock	4,766	6,823	5,653	5,531
Trade and other receivables	12,275	8,278	4,100	2,940
Trade and other payables	−16,010	−12,563	−8,638	−7,625
Other current assets	2,554	3,130	3,046	1,992
Amounts due to EHS[1]	–	−404	−3,202	–
Other liabilities	−7,575	−7,844	−3,906	−1,265
Net working capital	**10,556**	**16,261**	**7,465**	**6,165**
Revenue[2]	**126,707**	**177,391**	**125,578**	**84,671**
Net working capital as percentage of revenue (unaudited)	4.8%[3]	9.2%	5.9%	7.3%

(1) Relates in principal part to our current account with EHS.
(2) For the year or six-month period then ended.
(3) Based on a 12-month rolling average.

For the periods shown, inventories consisted of stock of our OTC Medications and Pharmacy-Related BPC Products and, to a lesser extent, prescription products. Our inventories decreased from €18,841 thousand as of 31 December 2016 to €14,546 thousand as of 30 June 2017 despite international sales growth, reflecting efficient inventory control and balance sheet date related effects.

Our inventories increased substantially from €10,412 thousand as of 31 December 2015 to €18,841 thousand as of 31 December 2016, reflecting the continued expansion of our international over-the-counter ("OTC") business.

Our inventories increased substantially from €4,592 thousand as of 31 December 2014 to €10,412 thousand as of 31 December 2015, reflecting the continued expansion of our international over-the-counter business.

Pre-ordered stock consists of 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. to fulfill their customer orders. Pre-ordered stock decreased from €6,823 thousand as of 31 December 2016 to €4,766 thousand as of 30 June 2017, reflecting efficient inventory control. Pre-ordered stock increased modestly, from €5,531 thousand as of 31 December 2014 to €5,653 thousand as of 31 December 2015, and to €6,823 thousand as of 31 December 2016, reflecting the inclusion of the business of Europa Apotheek Venlo B.V.

Trade and other receivables consist of payments due from customers for our products and services, net of allowance for doubtful debts. Trade and other receivables increased from €8,278 thousand as of 31 December 2016 to €12,275 thousand as of 30 June 2017 in line with sales growth. Trade and other receivables increased from €2,940 thousand as of 31 December 2014 to €4,100 thousand as of 31 December 2015 and to €8,278 thousand as of 31 December 2016, reflecting sales growth, in particular in the German market.

Trade and other payables comprise accounts payable to suppliers and service providers. Trade and other payables increased from €12,563 thousand as of 31 December 2016 to €16,010 thousand as of 30 June 2017, reflecting that payment terms with suppliers are more stringent around year-end. Trade and other payables increased from €7,625 thousand as of 31 December 2014 to €8,638 thousand as of 31 December 2015, and to €12,563 thousand as of 31 December 2016, reflecting increased inventory.

Amounts due to EHS comprise all liabilities to the Europa Apotheek Group related to current account balances under the Wholesale Agent Agreement and the Service Agreements. Amounts due to EHS decreased from €3,202 thousand as of 31 December 2015 to €404 thousand as of 31 December 2016 and to €0 as of 30 June 2017, reflecting decreased financing of pre-ordered stock. See Section 12 "*Acquisition of the Europa Apotheek Group* —12.3.1 *Wholesale Agent Agreement*". No amounts due to EHS were recorded as of 31 December 2014 because they were part of business equity.

Other liabilities comprise in particular VAT and wage tax. VAT results from sales to customers as well as VAT on products and services provided to Europa Apotheek Venlo B.V. Other liabilities decreased from

€7,844 thousand as of 31 December 2016 to €7,575 thousand as of 30 June 2017, reflecting VAT year-end settling procedures. Other liabilities increased from €3,906 thousand as of 31 December 2015 to €7,844 thousand as of 31 December 2016, reflecting increased VAT liabilities related to sales growth. Other liabilities increased substantially from €1,265 thousand as of 31 December 2014 to €3,906 thousand as of 31 December 2015, reflecting a need to charge value added tax on all invoices related to the Service Agreements and the Wholesale Agent Agreement.

9.10.3 Capital Expenditures

Capital expenditures consist principally of investment capital expenditure and replacement capital expenditure. The following table presents investment capital expenditure as well as its components for the periods presented.

	For the six months ended June 30,		For the financial year ended December 31,		
in '000 euro	2017 (Consolidated)	2016 (Consolidated)	2016 (Consolidated)	2015 (Combined)	2014 (Combined)
	(unaudited)		(audited unless otherwise indicated)		
Investment for property, plant and equipment …	−1,271	−376	−953	−1,313	−477
Investment for intangible assets ……	−2,846	−1,364	−2,941	−2,737	−1,820
Investment for Farmaline acquisition ……	–	–	−550	–	–
Investment in other financial assets ……	−3,516	–	−20,012	–	–
Investment capital expenditures (unaudited) ……	**−7,632**	**−1,740**	**−24,456**	**−4,050**	**−2,297**
Revenue(1) ……	**126,707**	**82,161**	**177,391**	**125,578**	**84,671**
Capital expenditure as a percentage of revenue (unaudited) ……	-6.0%	-2.1%	-13.8%	-3.2%	-2.7%

(1) "Investment capital expenditures" are defined as the sum of investment for property, plant and equipment, investment for intangible assets, investment for the Farmaline Acquisition and investment in other financial assets, which is equivalent to net cash flow from investing activities in our cash flow statement. This is an alternative performance measure used by the Company because it believes it provides investors with additional information to analyze our business activities. Please see Section 4.7.3 "*Alternative performance measures, and operating and non-financial measures*" for further details. There is no uniform definition of this alternative performance measure, which means that similarly titled measures presented by other companies may not necessarily be comparable to the measure presented above.

(2) For the year or six-month period then ended. "Capital expenditure as a percentage of revenue", which is defined as the quotient of investment capital expenditures and revenue, expressed as a percentage, is an alternative performance measure used by the Company because it believes it provides investors with additional information to analyze our business activities. Please see Section 4.7.3 "*Alternative performance measures, and operating and non-financial measures*" for further details.

In the six-month period ended 30 June 2017, our investment capital expenditures amounted to €7,632 thousand (or -6.0% of revenue). This includes short-term securities amounting to €3,516 to avoid negative interest on cash positions. The remainder primarily reflects investments in automation and capacity expansion as well as in software and in short-term securities in order to avoid negative interest on cash balances.

In the six-month period ended 30 June 2016, our investment capital expenditures amounted to €1,740 thousand (or -2.1% of revenue) reflecting primarily the development and implementation of our state-of-the-art website and related tools serving our international markets, with all related investments being made at our Venlo site.

In the year ended 31 December 2016, our investment capital expenditures amounted to €24,456 thousand (or -13.8% of revenue). Investments included short-term securities to avoid negative interest on the cash position amounting to € 20,012 thousand in December 2016. The remainder primarily reflects the Farmaline Acquisition in September 2016 and the development and implementation of our state-of-the-art website and related tools serving our international markets, with all related investments being made at our Venlo site.

In the year ended 31 December 2015, our investment capital expenditures amounted to €4,050 thousand (or -3.2% of revenue) primarily reflecting ongoing investment in more efficient processes, such as ongoing ERP investments and website development and IT investment relating to the Reorganization.

In the year ended 31 December 2014, our investment capital expenditures amounted to €2,297 thousand (or -2.7% of revenue) primarily reflecting investments in our ERP system, including related programming and investments in our website.

For the relevant periods, our capital expenditures mostly consisted of investment in other financial assets. In the year ended 31 December 2016, for instance, 81.8% of the investment capital expenditures and in

the six-month period ended 30 June 2017 46.1% of the investment capital expenditures were investments in other financial assets. These investments in other financial assets are investments in liquidity funds to avoid negative interest on cash. As the Company plans to invest further in process automation and capacity expansion as well as its information technology systems, and needs additional growth financing for international market expansion, these investments in other financial assets will be converted into cash and used accordingly in the future.

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

Principal investments in progress and principal future investments

For the remainder of the current financial year, investments of up to €10,000 thousand have already been approved. Investments relate primarily to further automation, capacity expansion, warehouse organization costs, ERP system and webshop enhancements to serve both our existing and new international markets efficiently. All related investments will be funded internally.

We plan major investments in increased operations capacity and process automation in the years 2018 and 2019, but have not committed any capital as of the date of this Prospectus.

9.10.4 Outstanding Liabilities

As of 30 June 2017, we had no outstanding debts payable to banks.

9.10.5 Contractual Obligations

The following table sets forth the Company's significant contractual obligations and commitments as of 31 December 2016.

	As of December 31,			
in million €	Less than 1 year	1 – 5 years	More than 5 years	Total
		(audited)		(audited)
Operating lease obligations	1.0	2.8	0	3.8
Other lease obligations	0.19	0.11	0	0.3
Total	**1.19**	**2.91**	**0**	**4.1**

9.10.6 Off-balance Sheet Arrangements

During the periods presented, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

9.11 Quantitative and Qualitative Disclosures about Market Risk

Due to our business activities, we are exposed to the following financial risks.

9.11.1 Interest Rate Risk

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 basis points (1.00%) would have an effect of €0 on the Group profit since the Group has no debts repayable to banks as at 30 June 2017.

9.11.2 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; credit risk is the risk of non-payment by customers for services provided.

Receivables which are past due, but for which no provision has been recognized, are without exception trade receivables from normal sales.

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

9.11.3 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 connection with this, the Group regularly assesses 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 on-going operations of the business, and others that relate to the uncertainties of the global economy and the industry. In 2015 the Group was refinanced upon the incorporation. As a result the Group obtained long-term loans from certain shareholders in conjunction with a cash transfer from EHS, which were paid back in October 2016 with the proceeds of our initial public offering. In June 2016 the Group increased its share capital by €10,005 thousand to further support its sales growth and internationalization strategy and received net proceeds of approximately €95 million from the initial public offering on 13 October 2016.

9.11.4 Currency Risk

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

9.11.5 Capital Management

The Group manages its business equity to ensure it will be able to continue as a going concern while maximizing the return to its shareholders. The Group's overall growth strategy remained unchanged in the financial years 31 December 2016, 2015 and 2014.

The Group is not subject to any externally imposed capital requirements.

9.12 Critical Accounting Policies

In the application of the accounting policies, which are described in our Annual Financial Statements, the Group is required to make judgments, 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 recognized 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.

The weighted average cost of capital used, for example, for goodwill impairment calculations is updated on an annual basis.

9.12.1 Corporate Allocations

The Annual Financial Statements include allocations for certain expenses historically maintained by EHS, including for the period when it was not part of the Group. Such items have been allocated to the Group and included in the Annual 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.

9.12.2 Revenue

In 2015 the Group entered into the Wholesale Agent Agreement with Europa Apotheek Venlo B.V. This Wholesale Agent Agreement provides that the economic risks of ordered OTC Medications and Pharmacy-Related BPC Products are covered by Europa Apotheek Venlo B.V. and, as a result, revenue and cost of sales are presented on a net basis by the Group with legal title remaining with the Group prior to shipment of the products. The deposit placed with the Group can be used by the Group to cover the economic risks of the products. The effects of the Wholesale Agent Agreement were applied retrospectively for the Annual Financial Statements (covering the period from 1 January 2014 through 29 September 2015).

In the statements of profit and loss, both revenue and cost of goods were directly allocated to the Group based on ordered products (and related recognized revenue) as received on the shop-apotheke website (due to specific customer tracking).

9.12.3 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, which is 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 used to determine present value.

Growth rates are based on past performance, external market growth assumptions, and forecast of market conditions our management makes using a combination of our business plans and growth assumptions for the next years. A weighted average cost of capital ("**WACC**") benchmarked discount rate for respective analyses of recoverability from our financial statements for the year ended 31 December 2016 of 10% was used for the shop-apotheke.com business in Germany and of 7% was used for the Farmaline business in the International segment. 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 statement of profit and loss. We are currently discussing the methodology we applied in our goodwill impairment reviews in historic and current financial years with the *Kwaliteit Accountantscontrole & Verslaggeving* (KAV) department of the AFM, which has undertaken a review of our annual report for the fiscal year 2016, as is typically done for issuers of newly listed securities. Although this discussion has not yet come to a conclusion, we deem it unlikely that, based on the outcome of this discussion as of the date of this Prospectus, the results of the goodwill impairment reviews could change or affect financial results for such years.

During the fiscal years ended 31 December 2016, 2015 and 2014, the Group did not identify any impairment indicators nor record any impairment charges in other intangible assets or property, plant and equipment.

9.12.4 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.

9.12.5 Accounts Receivable

Almost all accounts receivable are derived from sales to customers. In order to monitor potential credit losses, the Group performs on-going 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.

10. Markets and Competition

10.1 Macroeconomic development

The overall economic development in Germany and Europe is generally positive. In the period 2012 to 2016, the annual gross domestic product (**"GDP"**) growth rate increased from 0.5% to 1.9% in Germany and from -0.5% to 1.9% in the European Union (source: Eurostat Real GDP Growth Rate). For the year 2017, Germany's GDP growth rate is expected to grow by 1.8% and in the Eurozone by 2.1% (source: Ifo Institute). In Germany, private consumption remains the main growth driver, as the favorable labor market situation and rising wages result in higher demand of private households (source: Ifo Institute).

10.2 Overview of our markets

10.2.1 Overview of the overall pharmacy market in Continental Europe

Development of the pharmacy market

The Continental European pharmacy market, which includes the product categories on which we focus, namely (i) OTC Medications and (ii) Pharmacy-related BPC Products, as well as (iii) Prescription Medications, has been steadily growing over the past years. In 2015, the total addressable pharmacy market in Continental Europe amounted to approximately €153 billion (excluding Non-Pharmacy-Related BPC Products in the amount of €31 billion and VAT), whereas the market for Prescription Medications amounted to €120 billion (source: SEMPORA Study June 2016). It is expected that the overall Continental European pharmacy market will grow along with Continental European GDP over the upcoming four years (source: SEMPORA Study June 2016). (We define "**Continental Europe**" as Germany, France, Italy, Spain, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway, Greece, Slovenia and Austria.)

We focus on online sales of Prescription Medications and OTC Medications and Pharmacy-Related BPC Products, because in our opinion the latter two segments offer flexible pricing and are all segments are structurally growing, supported by the trends of demographic ageing and self-medication.

In 2015, the Continental European market for Prescription Medications amounted to approximately €120 billion, OTC Medications amounted to approximately €14 billion, while the market for Pharmacy-Related BPC Products amounted to approximately €19 billion (source: SEMPORA Study June 2016). It is expected that the Prescription Medications, OTC Medications and Pharmacy-Related BPC market will grow at a CAGR of 3.6% in the period 2016 to 2020 and will reach €184 billion by the end of 2020. Applying this CAGR results in an implied 2017 market size of €164 billion (source: SEMPORA Study June 2016).

Major trends affecting the pharmacy market

Major trends increasing demand for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products include:

Aging demographics

The European population has been aging over the last several decades and this trend is expected to continue in the future, mainly due to consistently low fertility rates and the progressive ageing of the older population itself (source: Eurostat Population Structure and Aging). Life expectancy increased by two years in each decade over the past 50 years in Europe (source: Max Planck Institute). In the period from 2006 to 2016, the share of the population aged 65 years and above in the European Union increased by around two percentage points, while the share of the population aged less than 15 years decreased by 0.4 percentage points (source: Eurostat Population Structure and Aging). In 2016, around two-thirds of the European population was aged between 15 and 64, while the share of people aged 65 years and older was about 19%, which is twice the world average (source: Eurostat Population Structure and Aging and World Bank Report). It is projected that the group of people aged less than 15 years in the EU will slightly decrease over the next decades, while the group of people aged 15-64 years will shift with 4.1 percentage points toward the group of people aged 65-79 years over the next 24 years (source: Eurostat Population Structure and Aging). The group of people aged 80 years and older in the EU will increase from a share of 5.4% in 2016 to 9.1% until 2040 (source: Eurostat Population Structure and Aging).

The mean age of the population in Europe is expected to rise from 39.9 to 42.5 years between 2015 and 2030 compared to an increase from 43.7 to 46.0 in Germany (source: Euromonitor Mean Age). An aging

population is expected to increase needs for medical care and to raise demand for pharmaceutical products (source: Global Life Sciences Outlook). Especially in the market for OTC Medications, about 30% of the revenues are generated by people older than 65 years (source: Pharmazeutische Zeitung 2015).

Increase in chronic diseases

As a result of the shift in age demographics, there has also been an increase in the number of chronically ill persons; particularly within the elderly population, and hence the burden of disease within the population is growing (source: RKI). The result is that there is a need for increased spending on chronic diseases, which typically tend to be longer lasting. As an example, in Germany, oncology-related expenditure increased approximately 15-fold from €0.3 billion in 1995 to €5.3 billion in 2005 (source: IMS Institute).

Increasing health awareness and trend toward self-medication

The pharmaceutical industry has historically focused on stakeholders, such as hospital and health insurance companies. However, there has been a shift in focus towards the individual consumer (source: PwC Strategy) due to increasing health awareness and the trend towards self-medication. Higher educational levels combined with growing individual interest in personal health, lead to a growing necessity for direct participation in health care decisions. Furthermore, the demographic transition toward a more elderly population requires changes in health policy, including giving individuals a possibility to assume greater responsibility for their health care needs, which in turn means increasing their capacity for self-care (source: IMS Health). An analysis of the correlation of visits on the Wikipedia website for "cold" with the OTC Medication dispense of chest ointments and inhalers shows a correlation coefficient of almost one, proving a strong relationship between seeking information on potential medications and buying these afterwards without consulting a doctor (source: IMS Health). Consequently, a trend toward self-medication can be observed and is expected to continue, which in turn is likely to result in an increase of sales of OTC Medications.

Further, with overburdened healthcare systems, patients have increased responsibility for covering a part of their own healthcare costs. The healthcare systems are continuing to move from provider-focused systems to patient-focused systems with the trend pointing towards consumer empowerment, consumer choice and consumer wellness (source: MPO). In addition, with increasing incentives offered by health insurance companies, for example through reimbursing preventions, patients become attractive customers for the healthcare industry. As a result, and enabled through new technologies, consumers are taking control of their own health and are seeking best-in-class customer experience.

Polypharmacy

There has been, and is expected to continue to be, an upturn in the number of medications taken per patient, in particular in the over 65 age group, as a result of multiple diseases and the continued development of new medications and treatments leading to the need for polypharmacy. ABDA states polypharmacy refers to the treatment with at least three or five medications simultaneously. As an example, in Germany, almost every fourth citizen continuously takes three or more medications, 71% of which are Prescription Medications (source: ABDA).

Competitive environment in the pharmacy market

The pharmacy market in Continental Europe is highly fragmented. In addition, there are restrictions on the external ownership of pharmacies in several countries (see Section 13 "*Regulatory and Legal Environment*" for more detailed information). Pharmacy chains are also not permitted in most of the countries, including Germany, Italy, Spain, and France. Hence, around 95% of the 131,000 pharmacies existing in Continental Europe in 2015 were independently owned (source: SEMPORA Study June 2016). The Continental European pharmacy market is further characterized by differing languages, customer buying preferences, country-specific brand offerings and customer expectations in relation to pharmaceutical counseling (source: SEMPORA Study October 2015). In our opinion, no brand or player of scale has emerged in the Continental European market yet as a result of all these factors.

10.2.2 Overview of the online pharmacy market

Development of the online pharmacy market

The online penetration for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products is still very low compared to other product categories, such as electronics (22.2%) for Western Europe excluding Germany (source: Euromonitor). This is due, in particular, to regulatory restrictions on the shipping of

medications from outside the premises of a pharmacy (see Section 13 "*Regulatory and Legal Environment*" for more detailed information). The average online penetration across Continental Europe (excluding Germany) for Prescription Medication is estimated at <2% and for OTC Medications & Pharmacy-Related BPC Products is estimated at 3.5% in 2017 (source: SEMPORA Study June 2016, ZRG Prospectus). Expressed in absolute figures, it is estimated that in 2017, the online OTC Medications and Pharmacy-Related BPC Products market will have a volume of around €936 million in Continental Europe, excluding Germany (source: SEMPORA Study June 2016). The development stage of the online market for OTC Medications and Pharmacy-Related BPC Products in the majority of the countries in Continental Europe is defined as 'entry', with an online share of less than 2%, whereas some markets, including Austria are regarded as 'developing', with an estimated online share of –7.3% in 2017 (source: SEMPORA Study June 2016). Only Germany has a mature online market for OTC Medications and Pharmacy-Related BPC Products, with an estimated online share of around 16.0% for 2017 (source: ZRG Prospectus). The E-commerce market for Prescription Medications in Germany is less mature with an estimated online penetration of approximately 1.5% for 2017 (source: ZRG Prospectus). Overall, the cumulated online market volume for OTC pharmaceuticals and Pharmacy-Related BPC Products in Continental Europe amounted to about €1.384 billion in 2015 and is expected to reach €3.480 billion by the end of 2020 (CAGR 2015-2020: 20.3%) implying an estimated online market volume of €2.104 billion in 2017 (source: SEMPORA Study June 2016). The average online penetration across Continental Europe (excluding Germany) is forecasted to grow from 2.0% in 2015 to 6.0% in 2020 (source: SEMPORA Study June 2016).

Growth drivers in the online pharmacy market

Structural growth drivers in the online Prescription Medications, OTC Medications and Pharmacy-Related BPC market include in particular:

Trend toward e-commerce consumption

The growth of the online market for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products is positively influenced by the ongoing general shift away from traditional local shops toward e-commerce. While the overall pharmacy market remains fairly stable, we believe that we will benefit from a continued shift toward online shopping. We believe that the online channel is highly suitable for selling Prescription Medications, OTC Medications and Pharmacy-Related BPC Products. Prescription Medications, OTC Medications and Pharmacy-Related BPC Products are typically non-perishable and are purchased with high frequency. This offers an opportunity for the online penetration to increase over time. Moreover, the ability to order products at any time and at any location together with the wide range of products, high levels of product availability and home delivery service provide additional advantages compared to shopping in Brick-and-Mortar Pharmacies. Furthermore, due to their small size and low return rates, Prescription Medications, OTC Medications and Pharmacy-Related BPC Products are ideally suited for mail order. Ordering products online also increases the privacy of a customer and reduces exposure to potential stigmatization when ordering medication for certain treatments (e.g. psychotropic). In addition, E-commerce allows next day delivery with nationwide reach, reducing the time spent on buying pharmaceuticals.

The development of the e-commerce market depends on the number of people having access to the internet and on the continued inclination of customers to buy online as well as on the rates at which they move from stationary to online shopping. The share of people having access to the internet is on average relatively high in Continental Europe, with the highest percentage in the Netherlands (95%) and the lowest in Portugal and Italy (65% and 69%, respectively) in 2015 (source: SEMPORA Study October 2015). Average internet access and usage in the Eurozone increased from around 50% in 2005 to over 80% in 2015 (source: Eurostat Internet-Zugangsdichte). Further increase is expected in the upcoming years (source: Internet Society).

The share of internet users in Continental Europe purchasing online varies largely. Regions with the highest share of online purchasers include Scandinavia, France, and Germany (share of around 70% to 80%), while the lowest share of online purchasers exists in the Eastern European countries, with countries like Czech Republic and Bulgaria having e-commerce penetration rates as low as 43% and 12%, respectively (source: SEMPORA Study October 2015). The share of internet users purchasing online strongly increased in Continental Europe in the past and is expected to further increase in the future and drive up e-commerce revenues at a CAGR of 9.5% from €163.9 billion to €257.8 billion between 2015 and 2020 (source: Eurostat Digital Infrastructure and Internet Usage; Statista Digital Market Outlook). Between 2009 and 2012 the turnover of European B2C ecommerce, including goods and services, grew at a CAGR of over 19% (source: Ecommerce Report 2013).

Germany can be seen as an indicator of the expected development of the online and mobile penetration of the market for OTC Medications and Pharmacy-Related BPC Products. Whereas in 2017 the Continental European online pharmacy market is expected to experience an online penetration of around 3.5% on average,

while the German online market is forecasted to reach 16.0% (source: SEMPORA Study June 2016, ZRG Prospectus). Another indication of an expected fast increase in the online penetration of the pharmacy market is the evolution of online sales of other product categories like electronics in Europe, which in 2017 is expected to reach penetration rates of 22.2% (source: Euromonitor).

The biggest group purchasing OTC Medications online in Germany are people aged between 50 and 59 (23.6%), followed by the age groups 70+ and 40 to 49, with a share of 21.5% and 21%, respectively in the year 2014 (source: GfK).

Increasing mobile penetration of the pharmacy market

The increasing online penetration of the pharmacy market is further strengthened by the rapidly growing use of mobile devices, such as smartphones or tablets, which allow customers to conveniently shop anywhere and at any time of the day. In 2014, Norway had the highest mobile penetration rate in Continental Europe (68%), while Romania had the lowest rate (28%) (source: SEMPORA Study October 2015). Western European countries had an average mobile penetration rate of around 40% in 2014, with Germany at 40%, Spain at 55%, the Netherlands at 52%, Italy at 41%, and France at 42% (source: SEMPORA Study October 2015). The share of mobile purchases in relation to total online purchases has shifted toward mobile commerce within the last two years, from around 23% in the first half of 2014 to expected 40% in the second half of 2015 in developed markets like Germany or France (source: Criteo 2015).

Competitive environment in the online pharmacy market

The e-commerce channel allows pharmacies to offer a broader range of products compared to Brick-and-Mortar Pharmacies as they are not limited by physical shelf storage space. Our country-specific websites provide access to a total of approximately 100,000 products, which we believe is substantially in excess of the range of products offered in most Brick-and-Mortar Pharmacies which have approximately 10,000 Prescription Medications, OTC Medications and Pharmacy-Related BPC Products on average stock at any given time (source: Apotheken Umschau 2012).

We believe that the following factors are key to successfully operate in the online pharmacy market:

- offering products at attractive prices in order to attract and retain customers;
- brand and domain awareness to attract new customers;
- strong e-commerce capabilities including a scalable IT platform, optimized and efficient logistics center, lasting customer care as well as fulfillment capabilities;
- diversity of the product offering and availability of stock in order to meet consumer demand in a timely fashion; and
- Additional value added services including patient care programs and pharmaceutical consultation.

Our competitors in the Prescription Medications and OTC Medications market generally include other online pharmacies focused on the sale of OTC Medications, online pharmacies focused on the sale of Prescription Medications, Brick-and-Mortar Pharmacies and general e-commerce players, such as Amazon, which offer market place functions for pharmacies. Brick-and-Mortar Pharmacies lack e-commerce capabilities. In addition, the restrictions on the external ownership of pharmacies in several Continental European countries (see Section 13 "*Regulatory and Legal Environment*" for more detailed information) limit the access of Brick-and-Mortar Pharmacies and online pharmacies to direct external funding and their expansion potential in many Continental European countries. In the Pharmacy-Related BPC market, our competitors generally include drugstores, supermarkets and para-pharmacies.

Stakeholder pressure to reduce healthcare costs

Health insurance companies are continuously under increasing pressure to improve cost-effectiveness. The E-commerce market facilitates cost reduction for patients and health insurance companies. E-health solutions are able to cover the gap resulting from the increasing pharmacist scarcity while providing efficiency gains.

Increasing liberalization

Liberalization in the pharmaceutical markets promotes E-commerce. In particular, following the 2016 ECJ ruling that national German legislation that fixes prices of prescription-only medicines interfered with free trade within the EU, enabling non-German online pharmacies to offer bonuses. With this, accelerated growth in the E-commerce pharmaceutical market is expected (source: ZRG Prospectus). European countries have also

experienced increased liberalization in their respective pharmaceutical markets, for example, in connection with the mail-order of OTC Medications. Mail-order of OTC Medication has been allowed in the Netherlands since the 1990s, in Germany since 2004, in Spain since 2006, in Belgium since 2009, in France since 2013, in Italy since 2014 and in Austria since 2015 (source: SEMPORA Study October 2015). In addition to relative pricing advantages of EU-mail-order pharmacies, national implementations of ePrescription could facilitate the E-commerce process and increase convenience.

Increasing provision of additional services

Online pharmacies are best placed to provide additional services due to collection of data and their technological capabilities to use this meaningfully e.g. assessing impact of taking multiple medications per person, resulting in providing a more attractive prospect for customers which improves customer loyalty and medication adherence.

10.2.3 Overview of our current markets

Our main market is Germany, where we run the website shop-apotheke.com and europa-apotheek.com, and sell Prescription Medications, OTC and BPC products. For OTC and BPC products we are also active in Austria, where we launched our Austrian website, shop-apotheke.at, in April 2012, France, where we launched our French website, shop-pharmacie.fr, in March 2015 and Belgium, where we launched our Belgian website, shop-pharmacie.be, in July 2015 (this website has since been rebranded as farmaline.be). With the acquisition of the Farmaline Business, we expanded our business to a number of European markets previously targeted by us, including the Netherlands, Spain and Italy, and have further enhanced our competitive position in Belgium and France. Following the Farmaline Acquisition, our active markets represent 76% of the total Continental European market for OTC Medications and Pharmacy-Related BPC Products. As part of our strategy, we intend to penetrate these already existing markets and to expand our business in Continental Europe further. We believe that all of these markets exhibit similar demand characteristics compared to the German market and that limited online penetration in these markets may create significant opportunities for us to leverage our competence and experience in the online sales of OTC Medications and Pharmacy-Related BPC Products.

The Continental European market is highly fragmented, which we believe gives us the opportunity to accelerate penetration by replicating our business model. Furthermore, the online penetration in these markets is still low, but is expected to grow (source: SEMPORA Study October 2015).

The following table shows an overview of our current markets (Germany, Austria, France, Belgium, the Netherlands, Italy and Spain) in 2015.

	Our current markets						
	Germany	Austria	France	Belgium	Netherlands	Italy	Spain
Total pharmacy turnover in €m (2015)	37.252	3.351	32.744	5.025	5.632	21.509	17.173
Avg. % of OTC and p.r. BTC (2015)	17%	28%	17%	30%	17%	25%	25%
Market volume OTC and p.r. BTC (€m) (2015)	6.333	950	5.650	1.517	960	5.339	4.276
Online penetration OTC and p.r. BTC (2017)	16.0%	7.3%	3.0%	3.1%	2.7%	2.0%	3.0%
Online penetration Prescription (2017)	1.5%	n/a	n/a	n/a	n/a	n/a	n/a
Regulatory framework							
Prescription Distance Selling Allowed	✓	x	x	x	✓	x	x
OTC Distance selling allowed	✓	✓	✓	✓	✓	✓	✓
External ownership allowed	x	x	x	✓	✓	x	x
Pharmacy chains exist (share)	x	x	x	✓(2%)	✓(25%)	x	x

Source: SEMPORA Study October 2015 as partly updated in June 2016.

10.3 Our Prescription Medications, OTC Medications and BPC current markets

10.3.1 The pharmacy market in Germany

Market size

The German pharmacies generated revenues of €37.2 billion excluding VAT in 2015. (source: SEMPORA Study June 2016). The average revenue of a German pharmacy amounted to €2 million per year in 2014, whereas 61% of the pharmacies had revenues below the average (source: SEMPORA Study October 2015). In 2015, the average revenue of a German pharmacy remained at the same level.

The number of pharmacies in Germany decreased from 21,570 in 2007 to 20,023 in 2016 (source: IMS Health, ABDA 2017). The number of new openings of pharmacies in Germany declined by more than half, from 370 in 2007 to 123 in 2016 (source: IMS Health, ABDA 2017). Closures of pharmacies remained flat between 351 in 2007 and 349 in 2016 (source: IMS Health, ABDA 2017). In 2016, the number of pharmacy closures amounts to almost three times the number of new openings (source: ABDA 2017).

On the other hand, the number of pharmacies with mail-order licenses has been steadily increasing, from 1,215 in 2004 to 2,959 in 2016 (source: IMS Health, ABDA 2017). However, only about 5% of the pharmacies with mail-order licenses are indeed active in the mail-order business (source: ABDA 2017).

Germany is currently the largest Prescription Medications, OTC Medications and Pharmacy-Related BPC market in Continental Europe, with total OTC Medications and Pharmacy-Related BPC spending of approximately €6.3 billion in 2015 as compared to €5.3 billion in 2012 (CAGR 2012-2015: +6%) (source: SEMPORA Study October 2015 and June 2016). In 2015, OTC Medications made up 10% of the total pharmacy turnover, whereas Pharmacy-Related BPC Products accounted for 7% (source: SEMPORA Study June 2016). In the future the German market for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products is forecasted to further grow from €37.2 billion in 2015 to €53.1 billion in 2020 (CAGR 2014-2020: +7%). Applying this CAGR results in an implied 2017 market size of €42.9 billion (source: SEMPORA Study June 2016).

Online penetration

The German market for OTC Medications and Pharmacy-Related BPC Products is characterized by a relatively high online penetration, which in 2015 amounted to around 13.5% and is forecasted to reach 16.0% in 2017 (compared to 11% in 2012) and thus was ten times higher than in other Continental European markets (source: SEMPORA Study October 2015 and June 2016, ZRG Prospectus). In contrast the E-commerce market for Prescription Medications in Germany is less mature and is forecasted to reach approximately 1.5% for 2017 (source: ZRG Prospectus). Revenues of German pharmacies from online sales of OTC Medications and Pharmacy-Related BPC Products have been constantly growing in the last several years. The relative share of revenues generated with OTC Medications and Pharmacy-Related BPC Products ordered at online shops of German pharmacies increased from 11% in 2012 to 13.5% in 2015. (source: SEMPORA Study October 2015 and June 2016).

The size of the German online OTC Medications and Pharmacy-Related BPC market has considerably increased from €584 million in 2012 to €855 million in 2015 (CAGR 2012-2015: +13.5%) (source: SEMPORA Study October 2015 and June 2016). The market is expected to further grow from €1.020 billion in 2016 to €1.716 billion in 2020 (CAGR 2016-2020: +11%) (source: SEMPORA Study June 2016).

Competitive environment

Our competitors in the German market include Brick-and-Mortar Pharmacies. Other competitors include classic mail-order pharmacies like Doc Morris, which mainly focuses on the sale of Prescription Medications. Other competitors are online pharmacies that also concentrate on OTC Medications (e.g., apo-rot.de, medpex.de, mycare.de, aponeo.de and sanicare.de), and general e-commerce players (e.g., Amazon competing through its market place function). Furthermore, in the Pharmacy-Related BPC market, the Company also competes with drugstores and supermarkets (e.g., Douglas, dm and Carrefour).

10.4 Our currently pure OTC Medications and BPC markets

10.4.1 The pharmacy market in France

Market size

The French pharmacy market generated an aggregated turnover of approximately €32.7 billion excluding VAT in 2015 (source: SEMPORA Study June 2016). The number of pharmacies has considerably decreased from 22,514 in 2007 to 21,915 in 2014 (source: SEMPORA Study October 2015). Around 92% of French pharmacies are members of wholesale-based co-operations (source: SEMPORA Study October 2015). The average annual turnover per pharmacy in France amounted to around €1.9 million in 2015 (source: SEMPORA Study June 2016). Since third party ownership of pharmacies is not permitted in France there were no pharmacy chains as at the end of 2015 (source: SEMPORA Study October 2015). However, pharmacists can own more than one pharmacy (source: SEMPORA Study October 2015). In 2015, the French market for OTC Medications and Pharmacy-Related BPC Products amounted to €5.7 billion as compared to €6.6 billion in 2012 (CAGR 2012-2015: -5.3%) (source: SEMPORA Study October 2015 and June 2016). In 2015, OTC Medications

represented only around 7% of the total pharmacy turnover in France (source: SEMPORA Study June 2016), but had a profit margin of 44%, compared to 23% for Prescription Medications (source: SEMPORA Study October 2015). Pharmacy-Related BPC Products accounted for 10% of the total pharmacy turnover (source: SEMPORA Study June 2016). In the future the French market for OTC Medications and Pharmacy-Related BPC Products is forecasted to grow from €5.7 billion in 2015 to €6.2 billion in 2020 (CAGR 2014-2020: +2%). Applying this CAGR results in an implied 2017 market size of €5.9 billion (source: SEMPORA Study June 2016).

Online penetration

The French are among the sophisticated internet users in Europe: 82% have internet access (compared to 86% in Germany) and 77% are online shoppers (source: SEMPORA Study October 2015). The average annual e-commerce spending per online shopper amounted to €775 in 2014 (compared to €786 in Germany) (source: SEMPORA Study October 2015).

Since 2013, distance selling of OTC Medications is permitted in France, but the online pharmacy market remains underdeveloped (source: SEMPORA Study October 2015). The online pharmacy market in France made up 1.5% of the French market for OTC Medications and Pharmacy-Related BPC Products in 2015 as compared to 0.5% in 2012 (source: SEMPORA Study October 2015 and June 2016) and largely consists of online operations of local pharmacies (source: SEMPORA Study October 2015). In 2014, there were 169 online pharmacies registered in France, in most cases representing the online operations of the local Brick-and-Mortar Pharmacies (source: SEMPORA Study October 2015). In 2013, only 4% of French consumers claimed to have bought medications online (source: SEMPORA Study October 2015).

The size of the French online market for OTC Medications and Pharmacy-Related BPC Products has considerably increased from €33 million in 2012 to €85 million in 2015 (CAGR 2012-2015: +37%) (source: SEMPORA Study October 2015 and June 2016). The market is expected to further grow from €115 million in 2016 to €374 million in 2020 (CAGR 2016-2020: +34%) (source: SEMPORA Study June 2016).

Competitive environment

Our competitors in the French pharmacy market includes local Brick-and-Mortar Pharmacies, online pharmacies and general e-commerce players (e.g., Amazon competing through its market place function). Furthermore, in the Pharmacy-Related BPC market, the Company also competes with drugstores, supermarkets and parapharmacies.

10.4.2 The pharmacy market in Belgium

Market size

The Belgian pharmacy market is, with an aggregated turnover of approximately €5.0 billion excluding VAT in 2015, ranked number seven among European pharmacy markets (source: SEMPORA Study June 2016). As of July 2015, there were 5,017 pharmacies in Belgium – the number of pharmacies has gradually decreased from 5,220 since 2005 (source: SEMPORA Study October 2015). The average annual turnover of Belgian pharmacies amounted to €1.1 million in 2015, thus being 45% lower than the average annual turnover of German pharmacies (€2.0 million) (source: SEMPORA Study June 2016). The Belgian distribution system for medicines is monopolized by pharmacies selling medicines outside pharmacies is prohibited (source: SEMPORA Study October 2015). There is no limitation on the number of pharmacies owned by a person or a company (source: SEMPORA Study October 2015). However, until 2019 there is a moratorium on new pharmacy openings due to a high number of pharmacies per capita (source: SEMPORA Study October 2015). As of 2013, 12% of the Belgian pharmacies were members of virtual pharmacy chains, i.e. voluntary chains which allow pharmacists to be a member of a group of pharmacies for procurement, marketing and services whilst remaining independent, 2% of the pharmacies belonged to the pharmacy chain Lloyds and the vast majority of pharmacies were independent (source: SEMPORA Study October 2015).

The Belgian market for OTC Medications and Pharmacy-Related BPC Products amounted to €1.5 billion in 2015 as compared to €1.8 billion in 2012 (CAGR 2012-2015: -5.9%) (source: SEMPORA Study October 2015 and June 2016). In 2015, OTC Medications made up 11% of the total pharmacy turnover, whereas Pharmacy-Related BPC Products accounted for 19% (source: SEMPORA Study June 2016).

Online penetration

Belgians are among the highly sophisticated internet users in Europe: 83% have internet access (compared to 86% in Germany) and 55% are online shoppers (source: SEMPORA Study October 2015). The

average annual e-commerce spending per online shopper in Belgium amounted to €1,490 in 2014 (compared to €786 in Germany) (source: SEMPORA Study October 2015). Distance selling of OTC Medications is allowed since 2009 (source: SEMPORA Study October 2015).

Yet, the online pharmacy channel remains underdeveloped, accounting for only 1.9% of the total turnover of the Belgian market for OTC Medications and Pharmacy-Related BPC Products (compared to 1.2% in 2012) (source: SEMPORA Study October 2015 and June 2016). In October 2015, 344 websites offering for sale medicines and medical devices were notified to the Belgian Federal Agency for Medicines and Health Products (source: FAMHP 2015).

The size of the Belgian online market for OTC Medications and Pharmacy-Related BPC Products has considerably increased from €21 million in 2012 to €29 million in 2015 (CAGR 2012-2015: +11%) (source: SEMPORA Study October 2015 and June 2016). The market is expected to further grow from €35 million in 2016 to €81 million in 2020 (CAGR 2016-2020: +23%) (source: SEMPORA Study June 2016).

Competitive environment

Our competitors in the Belgian pharmacy market includes local Brick-and-Mortar Pharmacies, online pharmacies such as Newpharma, Zwitserse Apotheek, viata and general e-commerce players (e.g., Amazon competing through its market place function). Newpharma is an online pharmacy which operates in Belgium, France and Luxembourg and offers more than 30,000 products and 750 brands. Zwitserse Apotheek is an internationally oriented online pharmacy with websites in French, Dutch, German, and English (source: SEMPORA Study October 2015).

Furthermore, in the Pharmacy-Related BPC market, the Company also competes with drugstores and supermarkets.

10.4.3 The pharmacy market in Austria

Market size

The Austrian pharmacy market ranked, with an aggregated turnover of approximately €3.4 billion excluding VAT in 2015, number eleven among European pharmacy markets (source: SEMPORA Study June 2016). As of July 2015 there were 1,303 pharmacies in Austria (source: SEMPORA Study October 2015). The average annual turnover per pharmacy amounted to around €2.7 million in 2015, thus being 35% higher than the average annual turnover of German pharmacies (€2.0 million) (source: SEMPORA Study June 2016).

With a turnover of €950 million in 2015 as compared to €730 million in 2012, the Austrian market for OTC Medications and Pharmacy-Related BPC Products has shown a positive development over the last several years (CAGR 2012-2015: 9%) (source: SEMPORA Study October 2015 and June 2016). In 2015, OTC Medications made up 18% of the total pharmacy turnover, whereas Pharmacy-Related BPC Products accounted for 10% (source: SEMPORA Study June 2016). In the future the Austrian market for OTC Medications and Pharmacy-Related BPC Products is forecasted to grow from €950 million in 2015 to €1.2 billion in 2020 (CAGR 2014-2020: +4%). Applying this CAGR results in an implied 2017 market size of €1.0 billion (source: SEMPORA Study June 2016).

In Austria, around 81% of the inhabitants have access to the internet, whereas 60% of these purchase online (source: SEMPORA Study October 2015).

Online penetration

Online selling of OTC Medications by a pharmacist has been permitted in Austria since 2015 (source: SEMPORA Study October 2015). The online pharmacy sector in Austria is fragmented and largely consists of online operations of local pharmacies (source: SEMPORA Study October 2015). In 2014, already 30% of Austrian consumers claimed to have bought medicines at mail-order pharmacies (source: SEMPORA Study October 2015). The online pharmacy market in Austria made up 5.1% of the Austrian market for OTC Medications and Pharmacy-Related BPC Products in 2015 as compared to 3.7% in 2012 (source: SEMPORA Study October 2015 and June 2016).

The size of the Austrian online market for OTC Medications and Pharmacy-Related BPC Products has considerably increased from €27 million in 2012 to €48 million in 2015 (CAGR 2012-2015: +21%) (source: SEMPORA Study October 2015 and June 2016). The market is expected to further grow from €53 million in 2016 to €127 million in 2020 (CAGR 2016-2020: +24%) (source: SEMPORA Study June 2016).

Competitive environment

Our competitors in the Austrian pharmacy market include local Brick-and-Mortar Pharmacies, online pharmacies such as apo-rot as well as Zur Rose Group (source: SEMPORA Study October 2015) and general e-commerce players (e.g., Amazon competing through its market place function). Furthermore, in the Pharmacy-Related BPC market, the Company also competes with drugstores and supermarkets.

10.4.4 The pharmacy market in the Netherlands

Market size

The Dutch pharmacy market is, with an aggregated turnover of approximately €5.6 billion excluding VAT in 2015, ranked number six among European countries (source: SEMPORA Study June 2016). In July 2015, 1,981 pharmacies were operated in the Netherlands (source: SEMPORA Study October 2015). Over the period from 2003 to 2013, the number of pharmacies in the Netherlands expanded by 19%, from 1,697 pharmacies in 2003 to 2,020 pharmacies in 2013 (source: SEMPORA Study October 2015). The average annual turnover per pharmacy in the Netherlands amounted to €3 million in 2015, thus being 50% higher than the average annual turnover of German pharmacies (€2 million) (source: SEMPORA Study June 2016). As there is no limitation on the number of pharmacies owned by a person or company, approximately 467 or 23.5% of total pharmacies in the Netherlands are owned by pharmacy chains (source: SEMPORA Study October 2015). Independently-owned pharmacies accounted for around 51% of the pharmacies in 2013, whereas the remaining 49% were almost equally split between virtual pharmacy chains (i.e. voluntary chains which allow pharmacists to be a member of a group of pharmacies for procurement, marketing and services whilst remaining independent) and the pharmacy chains (source: SEMPORA Study October 2015).

The turnover of the total Dutch market for OTC Medications and Pharmacy-Related BPC Products amounted to €960 million in 2015 as compared to €910 million in 2012 (CAGR 2012-2015: +1.8%) (source: SEMPORA Study October 2015 and June 2016). In 2015, OTC Medications made up 2% of the total pharmacy turnover, whereas Pharmacy-Related BPC Products accounted for 15% (source: SEMPORA Study June 2016). In the future the Dutch market for OTC Medications and Pharmacy-Related BPC Products is forecasted to further grow from €960 million in 2015 to €1.1 billion in 2020 (CAGR 2014-2020: +2%). Applying this CAGR results in an implied 2017 market size of €1.0 billion (source: SEMPORA Study June 2016).

Online penetration

The Dutch are among the most sophisticated internet users in Europe: 95% have internet access (compared to 86% in Germany) and 69% are online shoppers (source: SEMPORA Study October 2015). An average annual e-commerce spending per online shopper in the Netherlands amounted to €631 per capita in 2014 (source: SEMPORA Study October 2015). Distance selling of medications is permitted in the Netherlands since 2007 and the online pharmacy channel is already established (source: SEMPORA Study October 2015). In general, companies selling OTC Medications on the internet are not obliged to operate from a pharmacy, but OTC Medications must be presented separately from other products on the internet (source: SEMPORA Study October 2015).

The online pharmacy market in the Netherlands made up 1.9% of the Dutch market for OTC Medications and Pharmacy-Related BPC Products in 2015 as compared to 1.3% in 2012 (source: SEMPORA Study October 2015 and June 2016).

The size of the Dutch online market for OTC Medications and Pharmacy-Related BPC Products has considerably increased from €12 million in 2012 to €18 million in 2015 (CAGR 2012-2015: +14%) (source: SEMPORA Study October 2015 and June 2016). The market is expected to further grow from €20 million in 2016 to €48 million in 2020 (CAGR 2016-2020: +24%) (source: SEMPORA Study June 2016).

Competitive environment

A number of mail-order pharmacies, including DocMorris, operates out of the Netherlands and target the German market (source: SEMPORA Study October 2015).

Other competitors in the Dutch market include Efarma (operating in Germany and the Netherlands), Medicijnen.net, and Nationale-apotheek (source: SEMPORA Study October 2015). In addition, our competitors in the Dutch pharmacy market include local Brick-and-Mortar Pharmacies, online pharmacies and general e-commerce players (e.g., Amazon competing through its market place function). Furthermore, in the Pharmacy-Related BPC market, the Company also competes with drugstores and supermarkets.

10.4.5 The pharmacy market in Spain

Market size

The Spanish pharmacy market is ranked number four among European countries, with an aggregated turnover of approximately €17.2 billion excluding VAT in 2015 (source: SEMPORA Study June 2016). As of July 2015, 21,458 pharmacies were operated in Spain (source: SEMPORA Study October 2015). Since only pharmacists are allowed to own a pharmacy, all pharmacies in Spain are privately owned and there are no pharmacy chains (source: SEMPORA Study October 2015). The average annual turnover per pharmacy in Spain amounted to €0.8 million in 2015, corresponding to less than half of the average annual turnover of German pharmacies (€2 million) (source: SEMPORA Study June 2016). Although pharmacy cooperatives exist, only 2.6% of the Spanish pharmacies participate in pharmacy cooperatives (source: SEMPORA Study October 2015).

With a turnover volume of €4.3 billion in 2015 compared to €3.5 billion in 2012, the Spanish OTC Medications and Pharmacy-Related BPC market has shown a positive development over the last several years (CAGR 2012-2015: +6%) (source: SEMPORA Study October 2015 and June 2016). OTC Medications represented 9% of the total pharmacy turnover in 2015, whereas Pharmacy-Related BPC Products accounted for 16% (source: SEMPORA Study June 2016). In the future the Spanish market for OTC Medications and Pharmacy-Related BPC Products is forecasted to further grow from €4.3 billion in 2015 to €4.7 billion in 2020 (CAGR 2014-2020: +2%). Applying this CAGR results in an implied 2017 market size of €4.4 billion (source: SEMPORA Study June 2016).

Online penetration

The Spanish are among the least sophisticated internet users in Europe: only 70% of the Spanish population have internet access (compared to 86% in Germany) and 43% are online shoppers (source: SEMPORA Study October 2015). An average annual e-commerce spending per online shopper in Spain amounted to €309 in 2014 (compared to €786 in Germany) (source: SEMPORA Study October 2015). Distance selling of OTC Medications is permitted in Spain since 2006, however, the online pharmacy market remains underdeveloped, since pharmacists are reluctant to sell online (source: SEMPORA Study October 2015). In fact, the online pharmacy market is dominated by para-pharmacies run by pharmacists as an extension to their stationary business (source: SEMPORA Study October 2015). Parapharmacies offer discounted toiletries, hygiene products, baby needs, nutrition and unlicensed herbal and homeopathic remedies – but no OTC Medications (source: SEMPORA Study October 2015). About a quarter of approximately 21,500 pharmacies have websites and between 7% and 8% have invested in e-commerce offerings (source: SEMPORA Study October 2015). Pharmacies offering OTC Medications online are difficult to find (source: SEMPORA Study October 2015). An average annual turnover of an e-commerce para-pharmacy website amounted to about €50,000 in 2014 (source: SEMPORA Study October 2015).

The online pharmacy market in Spain made up 1.7% of the Spanish market for OTC Medications and Pharmacy-Related BPC Products in 2015 as compared to 0.5% in 2012 (source: SEMPORA Study October 2015 and June 2016).The size of the Spanish online market for OTC Medications and Pharmacy-Related BPC Products has considerably increased from €18 million in 2012 to €73 million in 2015 (CAGR 2012-2015: +59%) (source: SEMPORA Study October 2015 and June 2016). The market is expected to further grow from €87 million in 2016 to €236 million in 2020 (CAGR 2016-2020: +28%) (source: SEMPORA Study June 2016).

Competitive environment

Our competitors in the Spanish pharmacy market includes local Brick-and-Mortar Pharmacies, online pharmacies such as Farmagoing (owned by wholesale group Hefame), FarmaciaenCasa, Farmacia internacional, MiFarma (source: SEMPORA Study October 2015) and general e-commerce players (e.g., Amazon competing through its market place function). Furthermore, in the Pharmacy-Related BPC market, the Company also competes with drugstores, supermarkets and parapharmacies.

10.4.6 The pharmacy market in Italy

Market size

The Italian pharmacy market is the third largest pharmacy market in Europe with an aggregated turnover of approximately €21.5 billion excluding VAT in 2015 (source: SEMPORA Study June 2016). There were 18,102 pharmacies in Italy in 2015 (source: SEMPORA Study October 2015). Since pharmacy chains and third party ownership are not allowed in Italy and pharmacists are only allowed to own up to four pharmacies, around

91% of the Italian pharmacies are run as independently-owned pharmacies (source: SEMPORA Study October 2015). As multiple ownership and third party ownership are not permitted in Italy, the development of wholly owned pharmacy chains was stopped at an early stage (source: SEMPORA Study October 2015). Around 7% of pharmacies in Italy are members of pharmacy networks (source: SEMPORA Study October 2015). With approximately 800 pharmacies, Alphega, operated by Walgreens Boots Alliance, is currently the major pharmacy network in Italy (source: SEMPORA Study October 2015). 91% of all pharmacies in Italy are run independently and around 9% are operated by municipal chains (source: SEMPORA Study October 2015). The average annual turnover per pharmacy amounted to around €1.3 million in 2015 (source: SEMPORA Study June 2016).

With a turnover of €5.3 billion in 2015 compared to €5.2 billion in 2012, the Italian OTC Medications and Pharmacy-Related BPC market showed a slightly positive development over the last several years (CAGR2012-2015: +0.6%) (source: SEMPORA Study October 2015 and June 2016). OTC Medications represented 7% of the total pharmacy turnover in 2015, whereas Pharmacy-Related BPC Products accounted for 18% (source: SEMPORA Study June 2016). Going forward, the Italian market for OTC Medications and Pharmacy-Related BPC Products is expected to further grow from €5.3 billion in 2015 to €5.9 billion in 2020 (CAGR 2014-2020: +2%). Applying this CAGR results in an implied 2017 market size of €5.6 billion (source: SEMPORA Study June 2016).

Online penetration

Italians are among the least sophisticated internet users in Europe: 69% of the Italian population have internet access (compared to 86% in Germany) and 29% are online shoppers (source: SEMPORA Study October 2015). The average annual e-commerce spending per online shopper in Italy amounted to €186 in 2014 (compared to €786 in Germany) (source: SEMPORA Study October 2015). Although distance selling of OTC Medications by a pharmacist is permitted in Italy since early 2014, the online pharmacy market is almost non-existent and is one of the most underdeveloped in Europe, as until July 2015 there were no websites selling OTC Medications (source: SEMPORA Study October 2015). Most Italian websites only sell Pharmacy-Related BPC Products (source: SEMPORA Study October 2015).

The online pharmacy market in Italy made up 1.0% of the Italian market for OTC Medications and Pharmacy-Related BPC Products in 2015 as compared to 0.5% in 2012 (source: SEMPORA Study October 2015 and June 2016).The size of the Italian online market for OTC Medications and Pharmacy-Related BPC Products has considerably increased from €26 million in 2012 to €53 million in 2015 (CAGR 2012-2015: +27%) (source: SEMPORA Study October 2015 and June 2016). The market is expected to further grow from €82 million in 2016 to €265 million in 2020 (CAGR 2016-2020: +34%) (source: SEMPORA Study June 2016).

Competitive environment

Our competitors in the Italian pharmacy market includes local Brick-and-Mortar Pharmacies, online pharmacies such as amicafarmacia, Postesalute, TopFarmacia, Clickfarma, efarma (source: SEMPORA Study October 2015) and general e-commerce players (e.g., Amazon competing through its market place function). Furthermore, in the Pharmacy-Related BPC market, the Company also competes with drugstores, supermarkets and parapharmacies.

11. Business

11.1 Overview of Our Business

Until the Acquisition of the Europa Apotheek business, we were an online pharmacy with a business focused on non-prescription, over-the-counter medications ("**OTC Medications**") and beauty and personal care products that are otherwise almost exclusively distributed through pharmacies, which we refer to as "**Pharmacy-Related BPC Products**". We are currently the leading online pharmacy in Germany for OTC Medications and Pharmacy-Related BPC Products in terms of revenue (source: SEMPORA Study October 2015) – one of the largest OTC Medications and Pharmacy-Related BPC Products markets in Continental Europe (source: SEMPORA Study June 2016). Our vision is to create the leading online pharmacy brand focused on medications sold only to a customer possessing a valid prescription ("**Prescription Medications**"), OTC Medications and Pharmacy-Related BPC Products in terms of revenue in Continental Europe. (We define "**Continental Europe**" as Germany, France, Italy, Spain, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway, Greece, Slovenia and Austria.)

Since our founding in 2001, with the launch of the shop-apotheke.com website as the online platform of a Cologne-based pharmacy, we have continually expanded our business. In 2010, we took the strategic decision to move our operations from Cologne to Venlo, the Netherlands, in order to take advantage of the more advanced Dutch regulatory regime concerning the ownership of pharmacies by legal persons and better access to external markets (see Section 13 "*Regulatory and Legal Environment—13.1 Regulatory Framework for Mail-order Trade of Medicinal Products—13.1.2 The Netherlands*") for our expansion into new Continental European markets.

Over the last several years, we have extended our geographic reach within Continental Europe by launching our Austrian website, shop-apotheke.at (April 2012), our French website, shop-pharmacie.fr (March 2015), and our Belgian website, shop-pharmacie.be (July 2015) (this website has since been rebranded as farmaline.be). With effect as of 14 September 2016, we acquired the online business of the Belgian pharmacy Farmaline N.V. (the "**Farmaline Business**"). With the integration of the Farmaline Business into our Group, we expanded our business to a number of European markets previously targeted by us, including the Netherlands, Spain and Italy, and have further enhanced our competitive position in Belgium and France. Through the acquisition of this already existing business, we have significantly accelerated our Continental European roll out.

Following the Reorganization, the business of the Group was carved out from the Europa Apotheek Group.

The Europa Apotheek Group focuses on offering Prescription Medications at highest quality and safety standards combined with specialty pharmacy services (smart programs) and grants *inter alia* a bonus to its customers.

The regulatory backdrop related to the provision of bonuses to Prescription Medications customers in the German core market was the main reason for the Reorganization. In Germany, the price for Prescription Medications is specifically regulated under the German Drug Price Ordinance (*Arzneimittelpreisverordnung*), with the effect that the final price for customers is the same for each product in every German pharmacy. This is achieved by regulating the margins of wholesale distributors and pharmacies, and was historically one of the reasons for the lower online penetration as marketing to consumers was very difficult. In 2012, the German jurisprudence and legislature determined that these rules also applied to cross-border (mail-order) pharmacies serving German customers.

On 19 October 2016, however, the ECJ passed in the case C-148/15 a judgment enabling pharmacies based outside Germany (including the Europa Apotheek Group) to sell Prescription Medications to German consumers with a price incentive (so-called "bonus"). The ECJ decided that the fixed prices set out in the German Drug Price Ordinance in its current version were not applicable to (mail-order) pharmacies from other EU countries (see Section "*Regulatory and Legal Environment — Regulatory Framework for Mail-order Trade of Medicinal Products* — 13.1.3 *Germany*"). Post re-introduction of the bonus, the Europa Apotheek Group's operational performance gained significant momentum and this positive effect on the Europa Apotheek Group's results created an impetus for the Europa Apotheek Group to be integrated into the Company. We intend to complete the Acquisition on or about 8 November 2017.

Our annual revenue increased from €84.7 million in the year ended 31 December 2014 to €125.6 million in the year ended 31 December 2015 and to €177.4 million in the year ended 31 December 2016. In the six-month period ended 30 June 2017 our revenue amounted to €126.7 million (excluding the Europa Apotheek Business, which we intend to acquire as of on or about 8 November 2017).

In the six-month period ended 30 June 2017, 72.7% of our revenues were derived from sales of products to customers located in Germany, while 26.9% of our revenues were derived from sales of products to

international customers mainly located in Austria, The Netherlands, France, Belgium, Spain and Italy (excluding the Europa Apotheek Business, which we intend to acquire as of on or about 8 November 2017).

Our country-specific websites provide access to a total of approximately 100,000 products, which we believe is substantially in excess of the range of products offered in most traditional pharmacies that have a local, physical presence, which we refer to as "**Brick-and-Mortar Pharmacies**" and which have approximately 10,000 Prescription Medications, OTC Medications and Pharmacy-Related BPC Products on average stock at any given time (source: Apotheken Umschau 2012). Prices for OTC Medications and Pharmacy-Related BPC Products are on average 15% (source: Stiftung Warentest, 2014) and with regard to selected products even up to 46% lower than the prices of Brick-and-Mortar Pharmacies (source: chip.de, 2015). (A Representative OTC Medications product basket includes 3 products tested in Germany and excludes shipping costs due to free-shipping above certain threshold by most mail-order pharmacies.) Our country-specific online shops, which we continually strive to optimize, provide a personalized, user-friendly and convenient shopping experience, available "24/7" from any location and most common mobile devices. We further support our customers' shopping experience by providing ancillary services such as pharmaceutical advice videos, instruction videos, automated medication interaction checks and personalized product recommendations. This allows our customers to make informed decisions about the products they purchase.

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

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

11.2 Our Key Competitive Strengths

The still very low online penetration of the Continental European market for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products as well as the absence of leading online and offline brands in this market and the increasing demand for pharmaceutical products present a unique opportunity for our business to gain traction using our existing platform which we created over the past 16 years. On this basis we have built the following competitive strengths:

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

We are focused on the market for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products in Continental Europe. This market is estimated to have a volume of approximately €164 billion as of 2015 (source: SEMPORA Study June 2016). We believe that this market will grow in the future, supported by important structural trends such as the demographic shift toward an aging population in Continental Europe, growing health awareness and the increasing trend toward self-medication (see Section *10* "*Markets and Competition – 10.2 Overview of our markets – 10.2.1 Overview of the overall pharmacy market in Continental Europe*").

The Prescription Medications, OTC Medications and Pharmacy-Related BPC Products markets in Continental Europe (excluding Germany) are generally characterized by a very low online sales penetration (meaning the share of online sales in the total applicable markets), which in our opinion leaves substantial room for growth. The average online penetration across Continental Europe (excluding Germany) in 2017 is estimated at below 2% for Prescription Medications and at 3.5% for OTC Medications and Pharmacy-Related BPC Products (source: SEMPORA Study June 2016, ZRG Prospectus). This is significantly lower compared to the online sales penetration levels in other e-commerce verticals such as electronics (22.2%, source: Euromonitor). It is also significantly lower than the level of online sales penetration achieved in the German OTC Medications and Pharmacy-Related BPC Products market (forecasted to reach 16.0% as of 2017 according to the ZRG Prospectus), a market which we believe we have been driving and shaping since 2004 and which is expected to double its volume by 2020 (source: SEMPORA Study June 2016). We believe that the evolution of online sales in other e-commerce verticals can be seen as an indicator of the expected development of the online penetration of the Continental European markets for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products. In addition, we believe that the evolution of online sales in Germany indicates that particularly the

OTC Medications and Pharmacy-Related BPC Products markets are already positively influenced by the ongoing general shift toward e-commerce and are ripe for a digital "disruption".

We further expect the growth of online sales in the Prescription Medications, OTC Medications and Pharmacy-Related BPC Products market to be supported by the fact that Prescription Medications, OTC Medications and Pharmacy-Related BPC Products are well suited to online retail due to their small package sizes, reduced storage requirements, very low return rates and relatively high parcel value. Other factors making the online pharmacy market attractive are, in our view, the longer customer lifetime compared to other verticals and the high customer engagement. As of the date of this Prospectus, approximately 63% of our customers were aged between 30 and 65 years, whereas 28% were aged over 65 years and 6% were aged less than 30 years.

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

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

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

We offer customers highly attractive prices, in particular for OTC Medications and Pharmacy-Related BPC Products, which are on average 15% (source: Stiftung Warentest 2014) and with regard to selected products even up to 46% lower than the prices of Brick-and-Mortar Pharmacies (source: chip.de, 2015). In terms of absolute figures, according to Stiftung Warentest 2014, in 2013 the average value of a comparable basket of OTC Medications in Germany amounted to €72 at Brick-and-Mortar Pharmacies as compared to €62 at online pharmacies (excluding shipping costs as most online pharmacies offer free shipping above a certain threshold). Our ability to offer attractive prices is supported by our lean and streamlined cost structure as well as by the significant economies of scale achievable in procurement and logistics which we can exploit due to the size of our business and number of customers.

We offer a large selection of approximately 100,000 different Prescription Medications, OTC Medications, and Pharmacy-Related BPC Products. Unlike most Brick-and-Mortar Pharmacies, which on average stock approximately 10,000 Prescription Medications, OTC Medications and Pharmacy-Related BPC Products at any given time (source: Apotheken Umschau 2012), we are not constrained by limited shelf space at retail premises and have the ability to stock a substantially greater product range in our warehouse facilities. We aim to offer our customers the widest range of Prescription Medications, OTC Medications and Pharmacy-Related BPC Products available in the countries in which we operate, and typically stock low-sales volume products that Brick-and-Mortar Pharmacies would find inefficient to stock.

We offer our customers a convenient shopping experience available anytime and on most common mobile devices, including smartphones (apps) and tablets. Our websites and mobile applications are optimized to maximize speed and convenience during the process of selecting and purchasing our products, and to allow customers to choose from a variety of payment and delivery methods. In addition, we have direct relationships with approximately 450 active suppliers and wholesalers. This enables us to offer our customers the comfort of not having to wait for availability or having to go twice to the pharmacy, if a product is not in stock at a Brick-and-Mortar Pharmacy.

We believe we offer our customers not only the convenience and privacy of online shopping but also superior product information, consultation and pharmaceutical safety. Our customers can access behavior-based personalized product recommendations and comprehensive product information, including detailed product descriptions, downloadable package inserts and more than 700 instructional videos available at any time through our website, with multilingual emergency customer services available seven days a week over the phone. Pharmaceutical safety for every order is ensured via standardized medical checks developed by our pharmaceutical experts as well as via automated pharmaceutical interaction and contraindication checks and food intolerance checks based on the order history of the customers and other available data. Our parcels containing OTC Medications include a personalized letter (out of a continuously increasing bank of currently more than 5,000 letters developed by our pharmaceutical team) to the customer, containing relevant instructions and alerting the customer to any counter-indications detected by our automated customer-indication checks. Following the Acquisition, the comparable services we provide with respect to Prescription Medications will be expanded significantly.

We believe that the outstanding value we provide to our customers is illustrated by our website, shop-apotheke.com, being ranked "excellent" and receiving an exceptional overall rating of 4.84 points out of 5.00 possible points from Trusted Shops (an online shop certification service based in Cologne, Germany), as of 30 June 2017, based on more than 220,000 customer reviews. In the last several years, we have won a number of awards. Most notably, in 2015 we were awarded with the German Online Shop Award (*Deutscher Online-Handels-Preis*) in the category "Online Pharmacy".

11.2.3 We are a clear market leader in the German OTC Medications and Pharmacy-Related BPC Products market, and are well-positioned to capture leadership in Continental Europe.

We are – according to SEMPORA – currently the leading online pharmacy in Germany for OTC Medications and Pharmacy-Related BPC Products in terms of revenue. Germany is one of the largest OTC Medications and Pharmacy-Related BPC Product markets in Continental Europe (source: SEMPORA Study June 2016) which we believe we have been driving and shaping since 2004. In particular, we have achieved leading positions in terms of revenue (source: SEMPORA Study October 2015) and reputation with suppliers (source: SEMPORA Study June 2016). We further believe that we are a clear opinion leader in this market, leading the development of the market and driving best practices.

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

With the acquisition of the Farmaline Business in September 2016, we expanded our business into the Netherlands, Spain and Italy and have substantially increased our presence in Belgium and France. Following the Farmaline Acquisition, our active markets represent 76% of the total Continental European market for OTC Medications and Pharmacy-Related BPC Products (see: *"10. Markets and Competition – 10.2 Overview of our markets* and *10. Markets and Competition – 10.3 Our current markets*"). In addition, through the acquisition of this already existing business, we have significantly accelerated our Continental European roll out.

We believe that the operating platform we have built over the years, as well as the unique "online pharmacy" know-how we have accumulated, will strongly support the penetration of our current markets as well as our expansion in the future. Our location in Venlo is very well suited for international expansion, both from a geographical and a regulatory perspective (see Section *13* "*Regulatory and Legal Environment – 13.1 Regulatory Framework for Mail-order Trade of Medicinal Products – 13.1.2 The Netherlands*"). Further, as we penetrate international markets, we can leverage many of our centralized resources like logistics, supplier network and technology platform, hence limiting the incremental costs of expansion.

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

Our operating platform and respective high market entry barriers have been built up over the past 16 years which we believe would be very difficult to replicate. We believe we have achieved excellence in four crucial areas: (i) sourcing, (ii) logistics, (iii) marketing and customer relationship management ("**CRM**"), and (iv) technology.

Over the past 16 years, we have built a wide network of around 450 active suppliers and wholesalers that we regularly work with, including major international manufacturers of Prescription Medications, OTC Medications and Pharmacy-Related BPC Products as well as leading German wholesalers. These relationships allow us to offer our customers a broad selection of products as well as to rapidly rollout a localized product assortment when we expand internationally, subject to regulatory restrictions with respect to Prescription Medications. As an important and sizeable partner for our suppliers, we are further able to negotiate favorable pricing terms with our suppliers. To foster our relationships with key suppliers we offer them a number of additional services, including the opportunity to promote their brands in "brand shops" on our respective websites and to launch brand-specific advertising campaigns.

Our 23,500 square meter centralized logistics and distribution center in Venlo is key for our growth strategy. It is based on a highly efficient semi-automated logistics infrastructure customized for online pharmacy operations, with further upside potential from full automation (see Section *11.3* "*Our Strategy – 11.3.3 Continue to invest in our logistics, fulfillment and distribution infrastructure and our front-end platform*"). Venlo is well-placed, in terms of geography, transport infrastructure and regulatory environment, to support our business in the Netherlands, Germany, Austria, France, the Netherlands, Belgium, Italy and Spain. Further, our warehouse has sufficient logistical capacity to allow us to grow our Continental European presence further.

Effective and cost-efficient marketing is critical for our success, and we strive to maximize the return on investment ("**ROI**") on our marketing investments on a regular basis. Our direct marketing decisions are data-driven and based on our proprietary customer segmentation model that allows us to allocate marketing spend to the customer segments with the highest ROI. In addition to our direct marketing effort, we have consistently invested in our brand, including via a number of TV campaigns in Germany over the last three years as well as via our first TV campaign in Austria in 2016, as a result of which the number of repeat orders has been consistently growing and reached 75.0% in the second quarter of 2017 (compared to 73.0% in the second quarter of 2016).

Our Microsoft-based technology platform is modular and highly scalable, however, at the same time it provides the required level of customization to ensure it fully supports all our enterprise resource planning ("**ERP**"), data analysis and management reporting needs. Through our technology platform, we have implemented the required pharmaceutical safety features, such as our automated pharmaceutical interaction and contraindication checks. Our front-end platform has been developed by our wholly-owned subsidiary RedTecLab GmbH (specialist in front-end website development), and we believe it to be "best-in-class" due to, in particular, the products descriptions and instructional videos presented on the website, the availability of online consultation materials and the general mobile optimization of our website as well as its availability through our iOS- and the Android-based apps. In addition, we have a team of more than 80 dedicated in-house full time IT professionals.

11.2.5 We have an attractive financial profile evidenced by relevant key performance indicators.

Over the past three years, we have realized very strong organic top-line growth, have reaped the benefits of acquired enterprises and have significantly outperformed e-commerce peers. For the year ended 31 December 2015 our revenue was €125,578 thousand, a €40,907 thousand, or 48.3%, increase, compared to €84,671 thousand for the year ended 31 December 2014. Our revenue for the year ended 31 December 2016 was €177,391 thousand, a €51,813 thousand, or 41.3%, increase compared to €125,578 thousand for the year ended 31 December 2015. According to our estimates, in the period between 2014 and 2016 the median revenue growth rate of our e-commerce peer, Zooplus, was approximately 30% per year.

The Share of Repeat Orders, which we believe is a good indicator of our ability to retain our customers, has also increased steadily over the past three years. In the second quarter of 2017, approximately 75% of all orders placed in Germany were repeat orders, compared to 73% repeat orders in the second quarter of 2016. Repeat orders enable us to generate incremental sales with lower effective marketing costs, which results in lower overall marketing costs as a percentage of total revenues. We strive to further increase the Share of Repeat Orders in the future, hence driving decline in blended cost per order.

11.2.6 We have a founder-led management team with in-depth know-how of the pharmacy and online pharmacy business and a proven track record of successfully growing our business.

Our management team has been working together for more than five years and is led by Michael Köhler, a visionary entrepreneur, who combines ten years' experience in the pharmaceutical industry and 16 years' experience in the mail-order and online pharmacy business with broad M&A expertise. The team further comprises the founders of our business Stephan Weber and Marc Fischer as well as Dr. Ulrich Wandel and Theresa Holler, all of whom are also shareholders of the company. All of the members of the management team have a plethora of relevant industry knowledge and expertise, strong track record both with and outside our Company and are fully committed to our success. The engagement of Michael Köhler, who is at the same time one of our major shareholders, demonstrates and emphasizes his belief in our future success and his will to further shape our future. Stephan Weber, who studied pharmaceutical sciences, is our Chief Marketing & Sales Officer ("CMO") and co-founded the business with the launch of the shop-apotheke.com in 2001. Dr. Ulrich Wandel, our Chief Financial Officer ("CFO"), worked with leading life science companies for more than 20 years and joined us in 2011. Theresa Holler, our chief pharmacist and Chief Operating Officer (COO), has experience in mail-order pharmacies and joined us in 2002. Marc Fischer, who studied information technology and business administration, is our Chief Technology Officer ("CTO") and worked for more than 20 years in the IT business.

11.3 Our Strategy

The below is an overview of our key strategy goals and considerations as of the date of this Prospectus. For a discussion of our additional strategy related to our imminent acquisition of the Europa Apotheek Business, please see Section 12.2 "*Rationale behind the Acquisition of the Europa Apotheek Business and Additional Strategy with respect to the Europa Apotheek Business*" below.

11.3.1 Further cementing market leadership in footprint countries such as Germany and Austria

We expect our strong growth trajectory to continue, resulting in us continuing to capture market share from the highly fragmented markets within our existing footprint. We will continue to consider opportunistic mergers and acquisitions opportunities in situations where we are able to expand our market share quickly and efficiently at an attractive valuation, as we did with the acquisition of the Farmaline Business and intend to do with the acquisition of the Europa Apotheek Business. We have recently engaged in, and will shortly engage in further, preliminary exploratory discussions with a few selected potential target companies and businesses, but as of the date of this Prospectus, no indicative, preliminary or final agreement has been reached to acquire such target companies or businesses.

11.3.2 Further penetration of our existing markets in Continental Europe and further expansion into new markets

We believe we are well positioned to further penetrate the current markets in which we operate, in particular, the French, Dutch, Belgian, Italian and Spanish markets for OTC Medications and Pharmacy-Related BPC Products which, in our view, provide the most attractive market opportunities, and to continue to expand our business in Continental Europe.

With the acquisition of the Farmaline Business (which complements perfectly our existing operations and is fully in line with our expansion strategy) we expanded our business, particularly in Belgium, the Netherlands, Italy and Spain, and we strive to make use of the aggregated expertise of the combined platforms to further penetrate these markets.

With the acquisition of the Europa Apotheek Business, we will once again expand by including Prescription Medications in our assortment of products for the German market. For more detailed information about our strategy with respect to the Europa Apotheek Business, please see Section 12.2 "*Rationale behind the Acquisition of the Europa Apotheek Business and Additional Strategy with respect to the Europa Apotheek Business*" below.

We evaluate target markets based on, among other things, the size of the addressable market, levels of online penetration, the applicable regulatory environment and the level of competition. We believe that our logistics, sales, and distribution infrastructure in Venlo has sufficient capacity to support our expansion strategy without further major investments.

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

Over the past three years, we have made substantial investments in our logistics, fulfillment and distribution infrastructure. Currently, fulfillment functions in our warehouse in Venlo are conducted on a semi-automated basis: while certain steps are automated, certain picking and packaging functions are conducted by our employees. In the future, we intend to make further investments in our logistics, fulfillment and distribution infrastructure to support additional automation, which we believe will further enhance the accuracy and efficiency of our fulfillment processes, reduce our cost of sales and improve our gross margins. In addition, we plan to continue to improve the functionality of our front-end platform, in order to enhance the shopping experience of our customers across all devices and to offer innovative, digital pharmaceutical services which facilitate self-medication.

11.3.4 Increasing our free float

In an effort to grow and become established as a listed company, we are committed to increasing the free float of our Shares. To this end, we may from time to time enter into conversations with our shareholders to examine ways in which this goal could be achieved, including without limitation, sales of the Shares they own. We are not considering a capital increase to achieve this goal. For certain existing shareholders who are subject to lock-up agreements such sales could only take place following the expiration or earlier waiver of the lock-up agreements by the Listing Agent.

11.3.5 Developing new revenue streams

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

- We strive to expand our product offering with respect to Pharmacy-Related BPC Products as well as with respect to Non-Pharmacy-Related BPC Products, such as contact lenses and nutrition,

which can also be bought in drug stores, perfumeries or supermarkets. The market for Non-Pharmacy-Related BPC Products in Continental Europe represents an attractive addressable market with a volume of €31 billion in 2015 (source: SEMPORA Study June 2016) and would be highly complementary to our existing product range. Further, we believe expanding into this market would render our Group the online shopping destination of choice for all healthcare and personal care needs, which we believe would enhance the loyalty of our customers.

- Due to the highly fragmented nature of the pharmacy market and the absence of pharmacy chains of considerable size in Continental Europe, we have an attractive opportunity to become the advertising platform of choice for the largest brands of OTC Medications and Pharmacy-Related BPC Products'. We are already collaborating with our suppliers of OTC Medications and Pharmacy-Related BPC Products in this area as our "brand shops" are used to promote certain brands. However, we believe there is a significant opportunity to expand this revenue stream over time and, thus, also to become even more attractive to our end customers.
- We could further add new revenue streams by selling anonymized shopping data to the pharmaceutical and beauty industries. Due to the highly fragmented nature of the pharmacy market and the absence of dominant pharmacy chains in Continental Europe, the availability of such data is currently very limited.

11.4 History and Key Milestones

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

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

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

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

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

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

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

Following the Reorganization, the business of the Group was carved out from the Europa Apotheek Group.

The Europa Apotheek Group focuses on offering Prescription Medications at highest quality and safety standards combined with specialty pharmacy services (smart programs) and grants *inter alia* a bonus to its customers.

The regulatory backdrop related to the provision of bonuses to Prescription Medications customers in the German core market was the main reason for the Reorganization. In Germany, the price for Prescription Medications is specifically regulated under the German Drug Price Ordinance (*Arzneimittelpreisverordnung*), with the effect that the final price for customers is the same for each product in every German pharmacy. This is achieved by regulating the margins of wholesale distributors and pharmacies, and was historically one of the reasons for the lower online penetration as marketing to consumers was very difficult. In 2012, the German jurisprudence and legislature determined that these rules also applied to cross-border (mail-order) pharmacies serving German customers.

On 19 October 2016, however, the ECJ passed in the case C-148/15 a judgment enabling pharmacies based outside Germany (including the Europa Apotheek Group) to sell Prescription Medications to German consumers with a price incentive (so-called "bonus"). The ECJ decided that the fixed prices set out in the German Drug Price Ordinance in its current version were not applicable to (mail-order) pharmacies from other EU countries (see Section "*Regulatory and Legal Environment — Regulatory Framework for Mail-order Trade of Medicinal Products — 13.1.3 Germany*"). Post re-introduction of the bonus, the Europa Apotheek Group's operational performance gained significant momentum and this positive effect on the Europa Apotheek Group's results created an impetus for the Europa Apotheek Group to be integrated into the Company. We intend to complete the Acquisition on or about 8 November 2017.

11.5 Our Geographical Presence and Market Positions

11.5.1 Germany

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

In Germany, we are currently the leading online pharmacy focused on OTC Medications and Pharmacy-Related BPC Products in terms of revenue, and have achieved leading positions in terms of revenue (source SEMPORA Study October 2015), brand awareness (source SEMPORA Study June 2016) and reputation with suppliers (source SEMPORA Study April 2015). With our acquisition of the Europa Apotheek Business, we will further expand our product offering in the Prescription Medications market.

In the year ended 31 December 2016, we generated revenue of approximately €145,549 thousand in Germany, our most important market, representing approximately 82.0% of our total revenue for OTC Medications and Pharmacy-Related BPC Products, which is an increase of approximately 25.8% compared to the €115,660 thousand revenue generated in Germany in the year ended 31 December 2015.

11.5.2 International Markets

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

Since our market entry in Austria, we have become the leading online pharmacy in terms of revenue in Austria (source: SEMPORA Study October 2015).

In the six-month period ended 30 June 2017 our international revenues which mainly reflected sales in Austria, France and Belgium, increased to €34.1 million compared to €11.2 million in the six-month period ended 30 June 2016. In the year ended 31 December 2016, we generated revenues of €30,376 thousand on an international level, compared to €8,425 thousand in the year ended 31 December 2015 and €2,180 thousand in the year ended 31 December 2014. This increase was primarily attributable to our growing presence in Austria and our expansion as a result of the Farmaline Acquisition.

11.6 Our Offering to Customers

11.6.1 Our Value Proposition to Customers

We have become an online pharmacy destination of choice, with approximately 2,200 thousand Active Customers as of 30 June 2017 (excluding the Europa Apotheek Business, which we intend to acquire as of on or about 8 November 2017), which we attribute to:

- *Convenient shopping experience*. We provide a convenient shopping experience that is available at any time, without regard to location of the customer and on a wide variety of devices (including PCs, tablets and other mobile devices), including free, fast shipping of many orders, an easy return policy and free customer support;
- *Personalized pharmaceutical care*. The combination of our technology and medication know-how allows us to provide customers with an attractive, personalized, pharmaceutical care offering, including medication advice videos, customized dosage labels, instruction videos, automated medication interaction checks, detailed product information, pharmaceutical counseling and personalized product recommendations, special brand shops and personalized website filter options;
- *Broad selection*. We offer a large selection of approximately 100,000 different Prescription Medications, OTC Medications and Pharmacy-Related BPC Products. Unlike most physical pharmacy shops which have approximately 10,000 prescription medications, OTC Medications and Pharmacy-Related BPC Products available at any given time (source: Apotheken Umschau 2012) we are not constrained by limited shelf space; and
- *Attractive pricing*. Our prices for OTC Medications and Pharmacy-Related BPC Products are according to Stiftung Warentest 2014 approximately 15% lower than the prices of Brick-and-Mortar Pharmacies and we additionally offer a 50% discount on selected products. Furthermore, our online pricing comparison tool allows us to promptly react to price developments in the market, which helps us to ensure a competitive and attractive pricing of our products.

11.6.2 Our Product Offering

We offer a total of approximately 100,000 products and have historically primarily targeted the health manager of the family, aged 30 to 65 with OTC Medications and Pharmacy-Related BPC Products. On the other hand, the Europa Apotheek Business, which we intend to acquire as of on or about 8 November 2017, targets older customers: 51% of its active customers are 65 and older.

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

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

Prescription Medications

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

OTC Medications

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

Pharmacy-Related BPC Products.

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

11.7 Our Value Proposition to and Relationships with Suppliers

11.7.1 Our Value Proposition to Suppliers

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

- *Reach.* We have significant reach in the markets in which we are active and provide access to a broad retail customer base, with approximately 2,200 thousand Active Customers in the six-month period ended 30 June 2017 and over 17,000 thousand site visits in the second quarter of 2017 (excluding the Europa Apotheek Business, which we intend to acquire as of on or about 8 November 2017);
- *Brand promotion for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products.* Our online-shop is an attractive platform for pharmaceutical suppliers who desire to enhance the image of their brands and is designed to promote brand-awareness, which supports the development of our suppliers' brands and facilitates online sales;
- *Access to anonymized data analytics.* We actively assist our suppliers in understanding the online pharmacy market by offering insights into customer behavior through providing statistical analyses on an anonymized basis from our data analytics; and
- *Long-term partnerships.* We collaborate closely with suppliers of Prescription Medications, OTC Medications and Pharmacy-Related BPC Products and enter into long-term strategic partnerships which provide our partners the possibility to launch advertising campaigns in our online-shops, to influence the way in which their products are presented (brand shops) as well as give them insights on customers behavior.

11.7.2 Our Relationships with Suppliers

Our suppliers include major manufacturers of Prescription Medications, OTC Medications and Pharmacy-Related BPC Products as well as leading German wholesalers, giving us access to major pharmaceutical or personal care brands, such as Aspirin or Vichy. In Germany, Austria, France and Belgium we work with around 450 active suppliers and wholesalers. We believe that the close and active relationships that we have with our suppliers, as well as our leading market position, allow us to negotiate favorable supply terms, which result in cost advantages as compared to our competitors.

11.8 Our Operating Platform

11.8.1 Creation and expansion of our customer base

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

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

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

To create a personalized shopping experience for our customers, we leverage our data capabilities (see Section 11.8.5 "*Technology*") for tailoring ancillary services to the respective customer based on certain criteria. Our CRM defines certain target groups by adding different attributes derived from our customer data analysis model (see Section 11.8.5 "*Technology*"), such as the customer group, gender, age or order pattern. This classification allows us to initiate personalized CRM campaigns tailored to targeted customer groups which include various sales promotions, such as discounts and giveaways. Such campaigns are executed via email or postal mailing and on our website. We also measure the effectiveness of our television advertising in several dimensions: consumers that visit our shop-apotheke.com website during a TV spot are tagged, allowing us to analyze the quantity and quality of consumers attracted by television spots.

11.8.2 Customer Care

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

We place particular emphasis on localizing our customer service by offering our customer service in German for our German and Austrian customers and in French for our customers located in France and Belgium. We operate our customer service center in Venlo, servicing customers of shop-apotheke.com, shop-apotheke.at, shop-pharmacie.fr and the brand farmaline. Our staff handles over 25,000 customer inquiries per month. In particular for non-pharmaceutical inquiries, we collaborate with an external call center for our shop-apotheke.com customers.

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

We use Trusted Shops (an online shop certification service based in Cologne, Germany) to increase the trust of our customers in our online shops. Trusted Shops offers a (so called) "trustbadge" for online shops. It is the leading quality seal in Europe providing for buyer protection for consumers. Our webshop shop-apotheke.com was marked "excellent" and received an exceptional overall rating of 4.84 points out of 5.00 possible points from Trusted Shops, as of 30 June 2017.

11.8.3 Returns

Due to consumer protection reasons, customers have a legal right to return an order. However, returns have been a small part of our business. They occur for instance in the event that our customers have ordered wrong products or simply dislike the products purchased. In that case, we offer customers free and convenient returns, which we believe complete our customer proposition from a marketing perspective. However, certain medications are not suitable for returns and are therefore excluded. Our return policies provide for a 14-day return period. Our return rate in the six-month period ended 30 June 2017 amounted to approximately 0.8%, which we believe is very low compared with return rates for other e-commerce product segments which focus on more customized products, like fashion. We constantly aim at making our return process more efficient to further reduce cost of returns. Returned Prescription Medications and OTC Medications need to be disposed of for regulatory reasons.

11.8.4 Content Creation

Our dedicated in-house content creation team seeks, with assistance of our pharmacists, to achieve high quality product presentation for our websites with short lead times and in a cost-efficient manner. At our headquarters in Venlo, the Netherlands, a team of content professionals seeks to ensure that new products are advertised online quickly. The content production process includes three-dimensional imaging and videos for Prescription Medications, OTC Medications and Pharmacy-Related BPC Products, including related web design,

as well as describing different products. Another key feature of our online content is the translation of pharmaceutical expert language texts and the results of our medication interaction checks into layman terms for our customers.

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

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

11.8.5 Technology

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

While for the six-month period ended 30 June 2017 our IT systems handled on average more than 450,000 orders per month (excluding the Europa Apotheek Business, which we intend to acquire as of on or about 8 November 2017), our IT infrastructure is designed (and regularly tested) to accommodate significantly higher volumes of traffic, customers and orders, and can be used in the course of the intended expansion of our business into other Continental European countries. Our IT systems are customized to our specific needs and facilitate efficient supply chain management, sourcing, customer relations, enterprise resource planning, risk management, control, finance and customer-facing e-business functionalities. In addition, our IT systems are monitored 24/7 and have had an uptime of more than 99.7% for more than two consecutive years.

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

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

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

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

11.8.6 Venlo Logistics Center and Logistics

In our logistics center in Venlo, the Netherlands, we store our inventory, process customer orders, arrange distribution and handle returns. In 2010, we relocated our logistic center to Venlo. The Venlo site comprises approximately 23,500 square meters and includes a large warehouse with the capacity of approximately 35,000 parcels per day as at the date of this Prospectus. We believe that Venlo is well positioned geographically to support our current and future operations including the expansion of our business into certain Continental European countries. Our semi-automated warehouse logistics and tablet-supported picking provide us with the required capability of servicing the markets we already operate in and, we believe, the markets into which we intend to expand. Our central operations in Venlo allow us to benefit from future economies of scale as

we plan to further automate our operations in order to significantly reduce the cost per processed order. Furthermore, the Netherlands provide for one of the most developed and stable legal environments for online pharmacies in Europe. Additionally, due to Venlo's location in the Netherlands, close to the border to Germany, the delivery distances to our customers are optimized.

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

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

The handling of orders in our Venlo logistics center will increase due to the expansion of our business in the medium to long term. However, the overall capacities of our logistics center are, based on our current planning, fully sufficient to cover these increases and to further allow us to pursue our planned expansion strategy to other Continental European countries over the medium to long term.

11.8.7 Distribution

Through a combination of our internal logistics operations and the use of trusted third-party logistics providers, we deliver our products to our customers at attractive and competitive delivery times for our customers. We outsource customer delivery since it is more efficient to rely on external providers such as Hermes and DHL in Germany for last mile distribution. Products purchased at shop-apotheke.com and shop-apotheke.at are shipped to destinations within Germany and Austria, respectively, without charge (provided that the shopping basket is in excess of €19) and are typically delivered within one to two business days in Germany and within two to three business days in Austria. Products purchased on shop-pharmacie.fr are generally shipped to destinations within France without charge (provided that the shopping basket is in excess of €39) and are typically delivered within three to four business days. Products purchased on farmaline.be are shipped to Belgian customers free of charge (provided that the shopping basket is in excess of €40) and are typically delivered within one to three days. In all other countries, we deliver our products via our partner DPD on similar terms.

Parcels for our German customers are directly collected by our logistics partners Hermes and DHL at our premises in Venlo and then are directly shipped to their destinations in Germany. Our customers can choose their preferred logistics partner, either DHL or Hermes, themselves. With respect to all other countries, we partner mostly with large, well-known and trusted local shipping companies, such as Austrian Post in Austria, Mondial Relay and ColiPoste in France and Mondial Relay and bpost in Belgium. We regularly review the shipping contracts for all of our markets, to achieve competitive prices, improve cost efficiency and increase customer satisfaction.

11.8.8 Payments

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

- Credit cards (Visa and MasterCard);
- PayPal;
- Invoice (shop-apotheke.com and shop-apotheke.at only) which includes delivery against subsequent payment based on an invoice;
- Electronic cash (shop-apotheke.com only) which is a debit card system of the German banks secured by PIN codes;
- "Sofortüberweisung", a German online direct payment method on the basis of tried and tested online banking (shop-apotheke.com only);
- Carte Bleue (shop-pharmacie.fr only), a French major debit card payment system;

- BillPay (shop-apotheke.at only), in which case invoices and claims are factored to BillPay against payment;
- SEPA direct debit, a direct bank debit system (shop-apotheke.com only); and
- against prepayment (shop-apotheke.com only).

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

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

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

11.9 Employees

As a result of the Reorganization, the labor agreements of our employees had been transferred to companies of our group with legal effect only as of 1 October 2015. As of 1 October 2015, 245 employment relationships (converted to full-time equivalents) were transferred to our Group. For the year ended 31 December 2016, we employed on the average 349 employees (converted to full-time equivalents).

As of 30 June 2017, we employed 466 full-time employees and the following table shows their actual number per functional division (by headcount, excluding temporary workers) as of that date:

Function	Total	Netherlands	Germany	France	Belgium	Spain
Commercial	27	3	21	2	0	0
Technology	66	13	53	0	0	0
Operations	339	319	0	0	16	4
Other Administration	35	33	2	0	0	0
Total	**466**	**368**	**76**	**2**	**16**	**4**

Between 30 June 2017 and the date of this Prospectus, there was no significant change in our number of employees. With the addition of the employees of the Europa Apotheek Group effective as of on or about 8 November 2017, we expect our number of employees to increase by 146.

11.9.1 Human resources

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

11.10 Real Property

Our corporate headquarters are located at Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands and are leased under a lease agreement between Europa Apotheek Venlo B.V., which is part of the Europa Apotheek Group, as tenant, and ProLogis Realty I B.V., as landlord (see Section 11.12 "*Material Contracts*"). Our sublease of these premises from Europa Apotheek Venlo B.V. will be terminated once we complete the Acquisition as of on or about 8 November 2017.

Further, we lease the facilities for our sales and marketing offices in Cologne, Germany; Tongeren, Belgium and in Paris, France, as well as for RedTecLab GmbH, our web technology company in Düsseldorf, Germany.

We currently do not own any real property. The following table provides an overview of the material real property leased by our Group companies as of 30 June 2017:

Location	Approximate Size (m^2)	Lease Term	Primary Use	Used by
Dirk Hartogweg 14, 5928 LV Venlo, Netherlands	23,500	12/2025	Offices/ Warehouse	Shop Apotheke Europe N.V.; SA Europe B.V.; Shop Apotheke B.V.; Shop Apotheke Service B.V. Euro Service B.V.
Aachener Str. 524-528, 50933 Cologne, Germany	1,218	04/2019	Offices	Shop Apotheke Service B.V.
41, rue de la Chaussée d'Antin, 75009 Paris, France	20	07/2018	Offices	Shop Apotheke Service B.V.
Schiessstraße 44-76, 40549 Düsseldorf, Germany	800	06/2022	Offices	RedTecLab GmbH
Sint-Truidersteenweg 410, 3700 Tongeren, Belgium	1,150	07/2018	Offices	Shop Apotheke Service B.V. EuroService Venlo B.V. Fastnet BVBA
Carrer der Valldoreix 65, 08172 Sant Cugat del Vallès Barcelona, Spain	300	05/2019	Offices/Shop/ Warehouse	Farmanatur Productes SL

11.11 Intellectual Property

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

11.12 Material Contracts

The following Section provides a summary of agreements to which one or more of the Group companies is a party as of the date of this Prospectus and which we consider to be material to our Group. The terms used in the respective agreements and in the descriptions of those agreements do not necessarily have the same meaning as similar terms that may be used in our financial statements included in this Prospectus (see Section 22 *"Financial Information"*), including terms that have a certain meaning under IFRS.

11.12.1 Acquisition of the Farmaline Business

On 10 August 2016, Shop Apotheke Europe BV and certain other companies of the Shop Apotheke Group as purchasers (the "**FL Purchasers**") entered into a share and asset purchase agreement (the "**Farmaline Purchase Agreement**") with Mrs. Leen Ponet, Mr. Lode Fastré, Farmaline N.V. (all located in Tongeren, Belgium) and Online Services SARL, Troisvierges, Luxembourg as sellers (the "**FL Sellers**") by which all relevant assets and agreements relating to the Farmaline Business were sold and transferred to the FL Purchasers. The Farmaline Acquisition was completed on 14 September 2016.

The acquired assets and agreements relating to the Farmaline Business, which were transferred from the FL Sellers to the FL Purchasers, comprise, among other things, the domains farmaline.be and vitazita.be, trademarks relating to Farmaline and Vitazita, intellectual property rights, logos and other symbols related to the Farmaline Business, Farmaline's customer data base, certain tangible assets such as IT hardware, all inventory which existed at the closing of the transaction (e.g. pharmaceutical products, OTC products and packaging materials), warehouse equipment, all books and records, data, manuals, customer surveys, data banks, analysis or organizational documents relating to the Farmaline Business and agreements such as the employment agreements of the employees of the Farmaline Business, software and IT agreements, license agreements, marketing and

advertising agreement, supply agreements, logistic agreements, agreements on cashless payment transactions, service agreements and cooperation agreements. As part of the Farmaline Purchase Agreement, SA Europe B.V. also acquired all shares of Fastnet BVBA, a Belgian limited liability company with registered office at Industrieweg 10, 3700 Tongeren. Fastnet BVBA was previously owned by Mrs. Leen Ponet and Mr. Lode Fastré.

As consideration for the acquisition of the Farmaline Business, the FL Purchasers paid €2,150 thousand in cash. As additional consideration, Mrs. Ponet and Mr. Fastré, combined, received 32,990 shares in the Company on 14 September 2016 (representing in total 3% of the existing share capital of Shop Apotheke Europe B.V. as at the date of the Farmaline Purchase Agreement) and became shareholders of our Company. The purchase price contains an earn-out component the amount of which is paid in cash and depends on the fulfillment of certain business targets. An aggregate amount of €500,000 has been paid by the FL Purchasers to the FL Sellers following the successful completion of the transfer of the Farmaline Business' order fulfillment operations to our business premises in Venlo. Additional earn-out payments depend on the achievement of sales and contribution margin targets of the Farmaline Business as continued by the FL Purchasers after the closing of the Farmaline Acquisition (the "**Future Farmaline Business**") in the fiscal years 2016 through (and including) 2018 (each fiscal year, an "**Earn-Out Period**"). An earn-out will be earned if more than 60% of the defined targets are reached. If the Future Farmaline Business achieves 100% of the defined targets for the relevant Earn-Out Period, an earn-out payment in the amount of €1,100,000 is earned and shall be payable to the FL Sellers for such Earn-Out Period in each of the fiscal years ended 31 December 2018 and 31 December 2019.

As part of the acquisition of the Farmaline Business and in order to contribute to the success and the prosperity of the future Farmaline Business, Mrs. Ponet and Mr. Fastré agreed to work for us for a minimum period of three years until 31 December 2019. Mrs. Ponet and Mr. Fastré therefore entered (through the companies Online Services SARL and Fastgoed BVBA) into corresponding consulting agreements with SA Europe B.V. These consulting agreements provide for a term of three years and a total flat fee of €15,000 per month for both of them.

11.12.2 Acquisition of the Europa Apotheek Business

Please see Section 18.1.2 "*Acquisition Agreements*" and 18.1.3 "*Keep-Well Letters*" for a description of the agreements related to our acquisition of the Europa Apotheek Business.

11.12.3 Rental Agreement for our Headquarters at Venlo

Our warehouse and offices at our headquarters at Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands are rented by way of a lease agreement dated 21 January 2017 between Europa Apotheek Venlo B.V. as tenant and ProLogis Realty I B.V. as landlord. The lease agreement currently lasts until December 2020. The annual aggregate rent (with respect to both our Group and the Europa Apotheek Group) amounts to €1.2 million including all ancillary costs, and is subject to adjustments. Our sublease of these premises from Europa Apotheek Venlo B.V. will no longer be in effect once we complete the Acquisition as of on or about 8 November 2017.

11.13 Legal Proceedings

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

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

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

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

(2) justified; and

(3) proportionate to reach such an objective.

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

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

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

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

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

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

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

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

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

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

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

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

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

On 21 September 2017, we appealed the judgment (delaying, if applicable, the publication of the judgment on our website and on magazines and newspapers). We currently are preparing our appellate briefs, which have to be filed on 21 December 2017.

If the respondents on appeal (the plaintiffs in first instance) allege the same French law violations and ask for the same rulings, and if they are successful, we could be restricted in pursuing certain advertisement and sales measures. We could also be obliged to take into consideration some or all of the French law requirements regarding the online activity of pharmacists. We could, thus, be restricted in doing business in France. We could also be ordered to publish the decision to be adopted by the Court of Appeal on our website, in magazines and newspapers. Nevertheless, as of the date of this Prospectus, we cannot predict whether the respondents will file their own appellate briefs. As a consequence, the results and potential consequences of such an appeal are unpredictable.

We expect the Court of Appeal's decision within a year from now.

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

The court case is currently pending in first instance before the Commercial Court of Brussels, and can be summarized as follows. The Belgian Association of Pharmacists, the defendant, manages a website on which database subscriptions are offered to health professionals. We subscribed to one of these databases.

However, the Belgian Association of Pharmacists refuses to acknowledge the validity of our subscription on the ground that required formalities would not have been respected. In any case, it will refuse any valid subscription request on two alleged grounds: it would not be allowed to sell these subscriptions outside of Belgian territory and we are not qualified as a health professional.

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

The date of the first hearing is scheduled for 11 November 2017 and we expect a decision by the Commercial Court of Brussels within a year from now.

See also Section 3 "*Risk Factors – 3.3 Risks Related to Regulation – 3.3.12. Adverse judgments or settlements resulting from legal proceedings could expose us to monetary damages and limit our ability to operate our business*."

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

In reaction to the judgment of the ECJ, the Regional court of Munich argued that the ECJ had not decided about the accordance of a bonus with the German Advertising of Healthcare Products Act (*Heilmittelwerbegesetz*, "**HWG**"). Since the HWG aims to prevent the customer from being influenced by promotions not related to the purchase of goods, whereas the German Drug Price Ordinance (*Arzneimittelpreisverordnung*) has the purpose to guarantee uniform prices, a bonus could still not be compliant with section 7 HWG (LG Munich I, 16 March 2017, 17 HK O 20723/14 and 17 HK O 22516/14). The final impact of this decision also has to be seen before it will be possible to assess if bonuses of a European mail-order pharmacy are (fully) legal. Similarly, it is argued that at least bonuses granted on co-payments (payments that are not reimbursed by the patient´s social health insurer) that are not equal or higher than the concrete co-payment were not compliant with the regulations of the German Act on Unfair Competition (*Gesetz gegen den unlauteren Wettbewerb*, "**UWG**"). If these opinions are confirmed by final judgments, the extent of our bonus offers for Prescription Medications could become illegal.

In addition, the Europa Apotheek Group, which we intend to acquire effective as of on or about 8 November 2017, is currently subject to three first instance social court (*Sozialgericht*) proceedings in Germany regarding the so-called manufacturer rebates that pharmaceutical producers reimburse pharmacies. According to German law, pharmaceutical producers in Germany are obliged to pay manufacturer rebates to the health insurer. Payment is normally done through the pharmacy i.e. the health insurer will deduct the rebate from their payments to the pharmacy and subsequently the pharmaceutical producer will pay the pharmacy. In response to the judgment of the ECJ of 19 October 2016 (C-148/15), some pharmaceutical producers reclaim manufacturer rebates reimbursed to us in prior years. They argue that payment of the manufacturer rebates requires the application of the German Drug Price Ordinance, but the ECJ had decided that these rules have never been applicable to mail-order pharmacies from other European countries. The value in dispute amounts to approximately EUR 1.1 million in the aggregate. A court ruling in first instance is expected in 2018 or 2019, a final decision will take several years. An adverse decision in this case and other cases may not only adversely affect the prices and discounts we agreed upon with pharmaceutical manufacturers which, in turn, may have a material adverse effect on our ability to operate profitably.

Europa Apotheek is furthermore currently subject to a first instance civil law proceeding related to competition law. The pharmacies chamber of North-Rhine Westphalia has alleged that portions of Europa Apotheek's advertisements are not in accordance with the provisions of the German Act on Unfair Competition. In particular, the chamber has alleged that Europa Apotheek's offers of bonuses to its customers covered under private health insurance were illegal. An adverse judgment with respect to this point might affect the current bonus strategy of Europa Apotheek relating to customers covered under private health insurance and could

therefore have an adverse effect on our business and results of operations. Furthermore, Europa Apotheek's advertisement slogan that it is "The prescription pharmacy" (*"Die Rezept-Apotheke"*), is a matter of dispute. An adverse judgment with respect to this point would legally oblige Europa Apotheek not to advertise using this slogan any longer. We cannot exclude any possible adverse effect on our business and results of operations due to such a change in the advertisement of Europa Apotheek's services.

In addition, Europa Apotheek Venlo B.V. is the defendant in a pending lawsuit filed by Rödl Dynamics AG. The two parties entered into a software development agreement, in which Rödl Dynamics AG promised to perform certain services by no later than 31 December 2012. Europa Apotheek Venlo B.V. terminated the agreement on 11 August 2012 when it became apparent, in its view, that Rödl Dynamics AG would not be able to meet the agreed upon timeline. Rödl Dynamics AG sued for damages amounting to approximately €1.1 million, arguing that Europa Apotheek Venlo B.V. had no legally recognized grounds for termination. In March 2014, the court of first instance ruled in favor of Europa Apotheek Venlo B.V., which currently holds a bank guarantee in the amount of €902 thousand as a result of this ruling. The matter has been pending before the appellate court, where a decision is expected on 15 November 2017.

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

11.14 Insurance

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

We believe, according to our current knowledge that our insurance coverage, including the maximum coverage amounts and terms and conditions of the policies, are standard for our industry and appropriate. We cannot, however, guarantee that we will not incur any losses or be the subject of claims that exceed the scope of the relevant insurance coverage.

12. Acquisition of the Europa Apotheek Business

Initially, following the acquisition of the shop-apotheke.com business by Medco through its wholly-owned subsidiary Europa Apotheek Venlo B.V. in 2010, the shop-apotheke.com business formed an integrated part of the Europa Apotheek Group. As the result of the Reorganization, the business of the Group was carved out from the business of the Europa Apotheek Group, which mainly focuses on Prescription Medications but, to a lesser extent, also offers OTC Medications, Pharmacy-Related BPC Products and certain cosmetics online (the "**Europa Apotheek Business**").

On 25 September 2017, we announced the Acquisition. The Acquisition is expected to be completed on or about 8 November 2017 by way of issuance of the New Shares to the shareholders of EHS under the obligation to pay up the New Shares by way of contribution of all EHS shares to the Company. As a result of the Acquisition, the Europa Apotheek Business is expected to be part of our Group as of on or about 8 November 2017. With the integration of the Europa Apotheek Business into our Group, we have expanded our business into the European Prescription Medications market.

12.1 Business Activities of Europa Apotheek

Founded in 2001, the Europa Apotheek Group mainly focuses on Prescription Medications but also offers certain OTC Medications, Pharmacy-Related BPC Products and certain cosmetics online. We estimate that approximately 80% of the Europa Apotheek Group's revenues are derived from Prescription Medications, and 20% from OTC Medications. The Europa Apotheek Group is an established and trusted player as it is a leading mail-order pharmacy in terms of revenue in the current €36 billion Prescription Medications market in Germany, and has an attractive customer profile focusing on chronically ill patients with low churn rate.

In addition to an attractive Prescription Medication bonus model, Europa Apotheek also offers seven different patient-care programs under its smart program. The Europa Apotheek Group generated circa €143.6 million revenues in 2016, translating into a gross profit margin of around 12.5%. Post re-introduction of the Prescription Medication bonus, Europa Apotheek's operational performance gained significant momentum with revenue generated of around €80.9 million in H1 2017. On 26 September 2016, in connection with the Reorganization, we entered into a delimitation agreement with EHS with the purpose of defining the separated businesses of the Shop Apotheke Group and the Europa Apotheek Group and restricting overlap. This agreement will be terminated effective as of the completion of the Acquisition, which we expect to occur on or about 8 November 2017.

The financial information presented in this Section has not been prepared in accordance with IFRS, but rather in accordance with Dutch GAAP, or derived from financial information prepared in accordance with Dutch GAAP, which differs from IFRS in certain respects, some of which may be material. Such financial information is derived from English-language, publicly available audited consolidated financial statements of EHS Europe Health Services B.V. as of and for the financial years ended 31 December 2016 and 31 December 2015, which the Company can provide, without charge, to persons to whom a copy of this Prospectus has been delivered, upon their oral or written request. The financial statements of EHS Health Services B.V. for the financial years ended 31 December 2016 and 31 December 2015 are publicly available at the Chamber of Commerce in the Netherlands.

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

These are alternative performance measures as defined in the ESMA Guidelines. We present these alternative performance measures as supplemental information because we believe they may contribute to a fuller understanding of the cash generation capacity and the growth of the Europa Apotheek Business and brand in a way that takes into account our segments. We believe that the presentation of the alternative performance measures included in this Prospectus complies with the ESMA Guidelines.

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

The non-IFRS measures have limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of our results as reported under IFRS. They may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable measures in accordance with IFRS. Their usefulness is therefore subject to limitations, which are described below. The non-IFRS measures should be considered in conjunction with our Annual Financial Statements and our Interim Financial Statements, respectively, prepared in accordance with IFRS and the respective notes thereto. The following discussion provides definitions of non-IFRS measures, provides information regarding the usefulness of non-IFRS measures and, where appropriate, a reconciliation of non-IFRS measures to their most directly comparable IFRS measures.

Financial key performance indicators

The following chart shows selected financial key performance indicators from the financial statements of EHS prepared in accordance with Dutch GAAP relating to the Europa Apotheek Business for the relevant periods presented, prior to its acquisition by us:

	For the six months ended June 30,		For the financial year ended December 31,	
In millions €	2017	2016	2016	2015
	(audited)	(reviewed)	(audited)	
Revenue	**80.9**	**70.9**	**143.6**	**153.6**
Gross Profit	**9.7**	**8.7**	**18.0**	**21.0**
Gross profit margin[1] (in %)	12.0%	12.3%	12.5%	13.7%
EBITDA[2]	**-1.2**	**0.4**	**0.8**	**6.5**
EBITDA margin[3] (in %)	-1.4%	0.5%	0.6%	4.2%
Net income	**-1.1**	**0.0**	**0.2**	**4.2**
Net income margin[4] (in %)	-1.4%	0.0%	0.2%	2.7%
Capital Expenditures[5]	**0.2**	**0.4**	**0.6**	**0.9**
Cash	**0.7**	**0.7**	**1.0**	**0.8**
Debt to banks	**1.8**	**3.8**	**4.8**	**4.9**

(1) "**Gross profit margin**" is defined as the quotient of the gross profit divided by the revenue, as presented in the related financial statements of EHS prepared in accordance with Dutch GAAP, expressed as a percentage. This is an alternative performance measure.

(2) "**EBITDA**" is defined as the applicable operating result for the period before financial result (i.e., finance income plus finance expense) and income tax expenses, before depreciation and amortization expenses. This is an alternative performance measure.

(3) "**EBITDA margin**" is defined as the quotient of the EBITDA divided by the revenue, as presented in the related financial statements of EHS prepared in accordance with Dutch GAAP, expressed as a percentage. This is an alternative performance measure.

(4) "**Net income margin**" is defined as the quotient of the net income divided by the revenue, as presented in the related financial statements of EHS prepared in accordance with Dutch GAAP, expressed as a percentage. This is an alternative performance measure.

(5) "**Capital expenditures**" corresponds to the line item "cash flow from investment activities" in the related financial statements of EHS prepared in accordance with Dutch GAAP.

The following chart shows a reconciliation of EBITDA and operating result (EBIT) and to result attributable to the legal entity, as presented in the related financial statements of EHS prepared in accordance with Dutch GAAP, for the relevant periods shown:

	For the six months ended June 30,		For the financial year ended December 31,	
in euro	2017	2016	2016	2015
	(audited)	(reviewed)	(audited)	
EBITDA[1]	**-1,169,630**	**378,933**	**799,698**	**6,457,416**
Amortization/depreciation of intangible fixed assets	228,198	160,698	377,184	175,780
Depreciation of tangible fixed assets	5,201	1,094	5,247	683,001
Operating Result[2]	**-1,403,029**	**217,141**	**417,267**	**5,598,635**
Finance costs:				
Finance income	256	48,625	83,377	127,480
Finance expense	-102,122	-230,594	-281,150	-128,340
Net finance costs	-101,866	-181,969	-197,773	-860
Income tax expenses	363,763	-53,460	-78,864	-1,437,240
Share in result of participations not consolidated	48,197	19,961	86,688	31,259
Result attributable to the legal entity	**-1,092,935**	**1,673**	**227,318**	**4,191,794**

(1) EBITDA represents EBIT before depreciation and amortization expenses. EBITDA is not a recognized term under IFRS and does not purport to be an alternative to data from our statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBITDA, which means that EBITDA presented by other companies may not necessarily be comparable EBITDA presented above. This is an alternative performance measure.

(2) Operating result (EBIT) represents the result for the period before income tax expenses and net finance costs. EBIT is not a recognized term under IFRS and does not purport to be an alternative to data from the related statement of profit and loss prepared in accordance with IFRS. There is no uniform definition of EBIT, which means that EBIT presented by other companies may not necessarily be comparable with EBIT presented above. This is an alternative performance measure.

Non-financial key performance indicators

The following chart shows selected non-financial key performance indicators relating to the Europa Apotheek Business for the relevant periods presented, prior to its acquisition by us:

Key performance indicator[1]	For the six months ended June 30, 2017	For the year ended December 31, 2016	2015
	(unaudited)	(unaudited)	
Share of Repeat Orders[2] (%)	93.4%	92.9%	93.0%
Average cart size[3] (in euro)	€187	€182	€185
Return Rate[4] (%)	0.7%	0.7%	0.6%
Active Customers[5] (thousands)	287	288	300

(1) All data have been derived from Europa Apotheek's internal reporting systems and are unaudited.
(2) "**Share of Repeat Orders**" is defined as the percentage of total orders billed during the measurement period that are not the initial order bill to the customer.
(3) "**Average cart size**" is defined as the total gross revenue (including value added tax) divided by the number of orders.
(4) "**Return Rate**" is defined as the percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period.
(5) "**Active Customers**" is defined as unique customers who have placed at least one order in the 12 preceding months.

12.2 Rationale behind the Acquisition of the Europa Apotheek Business and Additional Strategy with respect to the Europa Apotheek Business

The acquisition of the Europa Apotheek business will combine the Company's market leading OTC Medications and Pharmacy-Related BPC Products offering with Europa Apotheek's Prescription Medications offering in Germany to create what the Company expects to be Continental Europe's largest and fastest growing fully integrated online pharmacy in terms of revenue.

12.2.1 Background to the Prescription Medications pharmacy e-commerce market in Germany

The Prescription Medications pharmaceutical market in Germany is a €36 billion market that is still predominantly offline (online share of sales is approximately 1.5%, according to the ZRG Prospectus), compared to around 16% for OTC Medications and Pharmacy-Related BPC Products. One of the reasons for the lower online penetration had historically been the German Drug Price Ordinance restricting pharmacies from offering discounts on Prescription Medication. As a result, online pharmacies focused on Prescription Medication – also those based outside Germany – could not effectively market their services to customers directly, which severely restricted the growth potential of the online channel. To counter the impact of the regulation, online pharmacies (such as the Europa Apotheek Group) developed innovative patient care programs to provide additional patient services, and to improve patients' quality of life.

On 19 October 2016 the ECJ issued in the case C-148/15 a judgment enabling pharmacies based outside Germany, such as the Europa Apotheek Group to sell Prescription Medications to German consumers at a bonus discount. This allowed pharmacies to market their services offering such a bonus directly to customers, turning Prescription Medications retail into a true business-to-consumer business, and had a significant positive impact on the online market growth. As an example, Europa Apotheek Group experienced approximately 14% revenue growth after the ECJ judgment (when comparing 1H 2017 to 1H 2016) compared to a 6.5% revenue contraction prior to the ECJ judgment (when comparing 2016 to 2015).

12.2.2 Capitalize on the highly attractive Prescription Medications online retail opportunity

The acquisition of the Europa Apotheek Group will broaden the Prescription Medications market to the Company's total addressable market, expanding it by an additional factor of 3.6x from €35 billion currently (OTC Medications and Pharmacy-Related BPC Products) to €164 billion across the Company's current geographical footprint (source: SEMPORA Study June 2016). At the same time, online penetration of the Prescription Medications market in Germany is currently at approximately 1.5%, presenting a significant opportunity for growth driven by a further increase in penetration. Online penetration for Prescription Medications has the potential to expand significantly through the rollout of e-prescriptions.

The Company has the expertise and skills to drive the growth of the online Prescription Medications retail market. The Company has pioneered the OTC Medications and Pharmacy-Related BPC Products online

pharmaceutical retail markets in Germany and Continental Europe, and has over the years developed a unique market leading expertise in pharmaceutical online business-to-customer retail. As a result, it is currently the highest searched online pharmacy in Germany based on Google trends data. As the Prescription Medications online retail market has become a true business-to-customer market following the ECJ judgment described above, the Company is in a unique position to apply this expertise to the Prescription Medications online retail opportunity.

12.2.3 Creating Continental Europe's largest and fastest growing online pharmacy

Our acquisition of the Europa Apotheek Group will create Continental Europe's largest and fastest growing fully integrated online pharmacy, offering customers a comprehensive product portfolio including Prescription Medications, OTC Medications and Pharmacy-Related BPC Products.

The combination of the Company with the Europa Apotheek Group will create a larger company than DocMorris, the next largest competitor, by revenue in Continental Europe (EU), geographic footprint and active users as of 1H 2017. We believe that the growth of the Company and the Europa Apotheek Group combined was higher than that of DocMorris for the past 2.5 years. In particular, in 1H 2017 the Company and the Europa Apotheek Group combined grew year on year at 36% vs. 17% for DocMorris during the same period.

12.2.4 Extending customer coverage to the whole family

The Company focuses on providing OTC Medications and Pharmacy-Related BPC Products medication to a wide range of consumers, while Europa Apotheek mainly focuses on providing Prescription Medications and patient care to chronically ill and often senior patients. Therefore, there is significant complementarity in the customer base of the two companies: 51% of Europa Apotheek's active customers are 66 and older, while 71% of the Company's customers are 65 and younger. Our acquisition of the Shop Apotheke Group is therefore expected to extend the Company's coverage significantly across the different age groups, turning it into a one-stop-shop for the entire family.

12.2.5 Generate meaningful cost synergies

While the rationale underlying the Acquisition is focused on market leadership as opposed to purely creating synergies, we expect to benefit from attractive synergy upside potential with regards to costs, in particular with respect to marketing.

Significant financial benefits are expected in a number of areas as a result of combining the two businesses and focusing on serving both Prescription Medications and OTC Medications customers. The principal sources of these financial benefits are expected to be cost synergies arising through a common brand strategy with further efficiencies arising from lowered combined administrative expenses: Synergies from branding are expected to amount to between €2.0 and €2.5 million per annum on a run rate basis from 2019 onwards. In 2018, we expect to generate €0.1 million of synergies from harmonizing administration costs. We do not envision any immediate savings in 2017.

12.2.6 Smooth integration process

Given the joint heritage and close cooperation on operations between the Europa Apotheek Group and the Company, the integration process is expected to be very smooth.

Prior to September 2015, the Company and the Europa Apotheek Group were part of the same group of companies. In September 2015, the Company was carved out of Europa Apotheek Group due to legal uncertainties around the bonus ban. However, there continued to be a number of existing service agreements between Europa Apotheek and the Company, as described in the following subsection. These service agreements will remain in force and effect in the near future.

12.3 Service Agreements with Europa Apotheek

In connection with the demerger of our Group from the Europa Apotheek Group, companies of the Group entered into a number of service and other agreements with companies of the Europa Apotheek Group, which have all been terminated as a result of our acquisition of the Europa Apotheek Group, but impacted our results of operations historically, in particular during the years ended 31 December 2015 and 31 December 2016, as well as the six-month period ended 30 June 2017. For more detailed information about such impacts, please see Section 9 "*Management's Discussion and Analysis of Financial Condition and Results of Operations*". These agreements will remain in force and effect upon the completion of the acquisition of the Europa Apotheek Business in order to meet applicable legal and tax requirements.

12.3.1 Wholesale Agent Agreement

With effect from 1 October 2015, EuroService Venlo B.V. entered into a Wholesale Agent agreement with Europa Apotheek Venlo B.V. for a fixed term until 30 September 2020 (the "**Wholesale Agent Agreement**"). After the fixed term, the Wholesale Agent Agreement remains in force unless it is terminated with six months' written notice by either party. Under the Wholesale Agent Agreement, EuroService Venlo B.V., a licensed Dutch pharmacy which holds a Dutch wholesaler license, serves as an exclusive wholesale agent for Europa Apotheek Venlo B.V., ordering pharmaceutical products based on purchase orders supplied by Europa Apotheek Venlo B.V. and processing customers' orders. The agreement was concluded at arms' length terms. Pursuant to the Wholesale Agent Agreement, Europa Apotheek Venlo B.V. deposited €3 million (interest-free) with EuroService Venlo B.V. on 30 September 2015 to finance the purchasing activities of pre-ordered stock of EuroService Venlo B.V. which needs to be paid back completely when the Wholesale Agent Agreement ends.

12.3.2 Other Service Agreements

We entered into four additional service agreements with companies of the Europa Apotheek Group, as set forth in the table below (collectively, the "**Service Agreements**"). The Service Agreements had a term of two (IT Services Agreement, Marketing Services Agreement, Finance, Accounting and Control Agreement) to five (Pharmaceutical Service Agreement) years commencing on 1 October 2015 and are thereafter automatically extended for subsequent one year periods, unless terminated by either party on three months' notice. Companies of the Shop Apotheke Group provide services to the respective company of the Europa Apotheek Group under the IT Services Agreement, the Marketing Services Agreement, and the Finance, Accounting and Control Agreement and receive services under the Pharmaceutical Services Agreement.

Agreement	Parties	Activity
IT Services Agreement	Shop-Apotheke Service B.V (provider) and Europa Apotheek Service Venlo B.V. (recipient)	IT services, including access to a working ERP System that supports all activities of mail-order business, access to an active webshop, access to any relevant software (e.g. MS Office, databases, SharePoint, email etc.) and an IT infrastructure, including hardware, access to internet, data safety and security Server and any supporting hard- or software-components
Marketing Services Agreement	Shop-Apotheke Service B.V. (provider) and Europa Apotheek Service Venlo B.V. (recipient)	Marketing services, comprising maintenance of webshops, product pictures, market researches, database analyses mailings and other services
Finance, Accounting and Control Agreement	Shop-Apotheke Service B.V. (provider) and Europa Apotheek Service Venlo B.V. (recipient)	Finance, accounting and internal control services as well as access to company specific data for controlling purposes
Pharmaceutical Services Agreement	Europa Apotheek Venlo B.V.(provider) and Shop-Apotheke B.V. (recipient) and *vice versa*	Pharmaceutical services, comprising scanning and recognition of all scripts and written orders, access to recommendation and counseling platform, access to a broader pharmaceutical call center, emergency system, access to pharmaceutical laboratory

13. Regulatory and Legal Environment

We are subject to the laws and regulations applicable to our business activities in the countries in which we operate. In addition to national laws and regulations, our business activities are affected by EU legislation. EU regulations *(EU-Verordnungen)* apply directly in all member states of the European Union. As a result, our business is subject to these rules in all EU member states. In contrast, EU directives *(EU-Richtlinien)* need to be implemented into national law, to become legally binding. Hence, regarding standards contained in EU directives that are applicable to our business, national implementing rules can differ slightly from one EU member state to another. To the extent governed by EU regulations or national laws that are based on EU directives, the regulatory environment in most EU member states and the member states of the European Economic Area ("**EEA**") is similar to the regulatory framework in Germany.

The regulatory requirements applicable to our business activities are subject to change, as new requirements are continuously adopted at the national, European and international level. If we fail to comply with any of these laws and regulations, we may be subject to civil liability, administrative orders, fines, or even criminal sanctions.

Basically, our business is regulated both with respect to the medicinal and pharmaceutical aspect of the products we deliver and to the e-commerce aspect. The following provides a brief overview of the main important regulations that are applicable to our business operations.

13.1 Regulatory Framework for Mail-order Trade of Medicinal Products

13.1.1 European Framework

To remove disparities between legal provisions of the EU member states relating to the production, distribution and use of medications, and the consequences that such provisions may have on the European market, several EU directives were implemented with the aim of harmonizing national provisions relating to the production, distribution and use of medications. The directives and the framework that they introduce are also intended to safeguard public health across the EU. In relation to medications distributed by mail after receipt of an order on an online platform, the European regulatory framework distinguishes between prescription-only and OTC Medications.

The EU Directive on the Community Code Relating to Medicinal Products for Human Use (2001/83/EC) ("**Medicinal Products Directive**"), recognizes national legislation of the EU member states to prohibit sales of prescription-only medications to the public by means of information society services (so-called sale at a distance to the public, i.e., sales that are made via mail-order or online sales). However, the Medicinal Products Directive does not — beneath the restrictions set forth in its Article 85c — stipulate any additional restrictions on mail-order sales of OTC Medications and, as a consequence, such sales are in principle permitted under European law based on the principle of the freedom of movement of goods.

In 2003, the European Court of Justice ("**ECJ**") in case: C-322/01 held that there is no legal basis for an absolute prohibition on mail-order sales of OTC Medications, and that it is within the powers of the relevant EU member states to determine whether or not to permit sales of prescription-only medications through online pharmacies if justified on one of the grounds enumerated in Article 36 of the TFEU.

In 2009, the ECJ (in cases: C-171/07, C-172/07 and C-531/06) ruled that EU member states could, in order to protect public health, require pharmacies to be owned and operated exclusively by pharmacists.

With effect from 1 July 2015, the EU Commission introduced a common logo for online pharmacies, which reflects compliance with certain technical requirements, to ensure the authenticity of medicines sold online (Implementing Regulation 699/2014 under the Falsified Medicinal Products Directive 2011/62/EU) and which is duly displayed on all of our websites. Use of the common logo indicates that an online pharmacy is authorized to conduct mail-order sales of medications under the national law of the country in which the pharmacy is based.

In 2016, the ECJ decided that the fixed prices set out in the German Drug Price Ordinance in its current version were not applicable to (mail-order) pharmacies from other EU countries. The ECJ held that Article 34 TFEU must be interpreted as meaning that national legislation, such as that at issue in the main proceedings, which provides for a system of fixed prices for the sale by pharmacies of prescription-only medicinal products for human use, constitutes a measure having equivalent effect to a quantitative restriction on imports. Such legislation has a greater impact on the sale of prescription-only medicinal products by pharmacies established in other EU member states than on the sale of the same medicinal products by pharmacies established within the national territory (ECJ, decision of 19 October 2016, C-148/15, recital 27).

In general, advertisements related to online or mail-order sales of OTC Medications must comply with rules regarding pharmaceutical advertising set forth in the Medicinal Products Directive as well as the rules of the Unfair Commercial Practices Directive (Directive 2005/29/EC of 11 May 2005).

With regard to medicinal products for veterinary use, the EU Directive on the Community code relating to veterinary medicinal products (2001/82/EC) generally enables the EU member states to take all measures necessary. However, the European Commission has initiated a legislature process with the Proposal for a regulation of the European Parliament and of the Council on veterinary medicinal products of 10 September 2014. The proposal provides a detailed regulation on retail of veterinary medicinal products at a distance. The European Parliament has adopted its position to the proposal on 10 March 2016 permitting the online sale of veterinary medicinal products except of antimicrobials. The Council that has an equal vote in that procedure has still not adopted its position so far (2014/0257 (COD)).

The European market of medical devices is still regulated by the Directive of 14 June 1993 concerning medical devices (93/42/EEC). In general, EU member states shall not create any obstacle to the placing on the market or the putting into service within their territory of devices bearing the CE marking as the European wide regulative instrument. There are no specific rules for distance sales of medical devices in this Directive. However, Regulation (EU) 2017/745 of the European Parliament and of the Council of 5 April 2017 on medical devices, amending Directive 2001/83/EC, Regulation (EC) No 178/2002 and Regulation (EC) No 1223/2009 and repealing Council Directives 90/385/EEC and 93/42/EEC ("**Medical Devices Regulation**") has come into force on 25 May 2017 and will be **applicable from 26 May 2020**. Article 6 of the Medical Devices Regulation contains specific rules concerning distance sales, among other things, allowing an EU member state to require a provider of information society services as defined in point (b) of Article 1(1) of Directive (EU) 2015/1535 to cease its activity, on grounds of protection of public health.

Although many directives and regulations exist on EU level, our business activities are not entirely regulated by EU legislation, and there is, to some extent, room for national rules which may differ among the relevant EU member states and, therefore, may cause additional costs and expenses.

13.1.2 The Netherlands

Since the 1990s, the Netherlands allow mail-order trade with both OTC medicinal products and prescription-only medicinal products.

The pharmacist who is in charge of the management of a Netherlands-based pharmacy, the *gevestigde apotheker*, has to be registered in the register of established pharmacists (*Apotheekregister van gevestigd apothekers* – "**Apotheekregister**") held by the Dutch Healthcare Inspectorate ("**IGJ**"). Only those pharmacists who have been registered as a pharmacist in the so-called "BIG-register" can apply for registration in the Apotheekregister. This BIG-register is held by the Minister of Health, Welfare and Sports ("**MoH**"). The registration of a pharmacist in the Apotheekregister will be refused if his/her registration in the BIG-register has been suspended or if the pharmacist is already included in the register for another pharmacy. If the registration is granted, not only the name of the *gevestigde apotheker* but also the pharmacy's address (i.e., the address of the legal entity that conducts the pharmacy business) is included in the Apotheekregister. The Netherlands have not imposed any restrictions as to the ownership of pharmacies by legal entities and, therefore, legal entities can operate pharmacies in the Netherlands provided that they employ a pharmacist who is registered as *gevestigde apotheker* in the Apotheekregister.

Netherlands-based pharmacies and pharmacists are subject to supervision by the Dutch competent authorities, in particular the IGJ and the MoH. This supervision covers all procedures and operations carried out in the course of operating the pharmacy and selling medicinal products, including the sale of medicinal products by mail order or the Internet and advertising.

Pharmacists are allowed to supply all types of medicinal products, including prescription-only medications (to the extent a marketing authorization has been issued by the competent authorities in accordance with Medicinal Products Directive or Regulation (EC) No. 726/2004) and OTC Medications.

The pharmacy or the legal entity that conducts the pharmacy business is considered a health care provider within the meaning of the Quality Complaints and Disputes Healthcare Act (*Wet kwaliteit, klachten en geschillen zorg*). Under this act care providers are obliged to provide good care, which norm has been further explained in multiple industry guidelines. These guidelines, among other things, cover obligations in the field of medical treatment contracts, pharmaceutical care- and services provision, evaluation and aftercare, policy and organization, the pharmacy team, research and development, location and facilities, goods and services of third parties and documentation. Other important aspects are medication assessment (*medicatiebeoordeling*), medication monitoring (*medicatiebewaking*) and medication assistance (*medicatiebegeleiding*).

In addition to the requirements described above, pharmacies must comply with many other rules and regulations in relation to operating a pharmacy as for instance laid down in the Medical Treatment Contracts Act (*Wet op de geneeskundige behandelingsovereenkomst*), the Medicines Act (*Geneesmiddelenwet*), the Medicines Act Decree (*Besluit Geneesmiddelenwet*) and the Medicines Act Regulations (*Regeling Geneesmiddelenwet*). In addition, depending on the types of products the pharmacy sells it must also comply with product-related rules as well as advertising rules.

Before the commencement of any online sales of medicinal products, the person/entity offering such sales must notify the MoH in order to get listed on the website https://www.aanbieders-medicijnen.nl/ and must use the obligatory common logo on its website.

Netherlands-based pharmacies must comply with Dutch legal requirements concerning the provision of pharmaceutical care, in particular concerning the compliance with the duty to provide good care (the country of origin principle). However, in supervising Netherlands-based border pharmacies the IGJ will allow non-conformities with the standard and not apply enforcement of the (partial) non-compliance with the Dutch standard, if

(i) the border pharmacy concerned supplies exclusively to patients in another EU member state;

(ii) on the point of non-conformity with the Dutch standard, the border pharmacy complies with the legislation and regulations of the EU member state in which the patient concerned is living; and

(iii) the border pharmacy provides the IGJ with a written declaration regarding the applicable legislation and regulations from the competent authority of the country in which the patient is living.

If the border pharmacy is unable to demonstrate compliance with "good care" in the country in which the patient is living by means of the written declaration from the competent authority in that country, the Dutch standard will apply and the IGJ will enforce this standard.

Furthermore, twice a year the MoH sets maximum prices for prescription-only medicines in accordance with the Medicines Prices Act (*Wet geneesmiddelenprijzen*; "**WGP**"). The maximum price is based on an average list price of comparable medications in Belgium, Germany, France and the United Kingdom. The WGP does not apply to OTC Medications. Consequently, prices of OTC Medications can be freely determined by pharmacies and margins are not fixed.

13.1.3 Germany

Since 2004, the German Pharmaceuticals Act (*Arzneimittelgesetz*) and the German Pharmacy Act (*Apothekengesetz*) allow mail-order sales (*Versandhandel*), i.e., including online sales, of both prescription-only and OTC Medications, subject to receipt of specific regulatory permissions. Unlike the relevant EU directives, the German Pharmacy Act does not distinguish between mail-order sales of prescription-only medications and OTC Medications. The online sale of pharmacy only medicinal products for veterinary use is only allowed when explicitly admitted: Most importantly, online sale is allowed for medicated feeding stuffs and for medications to be exclusively administered to non-food-producing animals and for non-prescription medications to many pet animals.

Pharmacies based in Germany can sell medications via mail-order only if they operate a Brick-and-Mortar Pharmacy. Such a pharmacy can be operated by a pharmacist only (i.e., not by a legal entity), who needs to hold a license for this purpose (the so-called *Fremdbesitzverbot*). For online sales, a specific regulatory permission is required in addition to the license to operate a physical retail pharmacy. The permission is granted by the respective competent regulatory authority upon request, subject to the operating pharmacist providing written assurance that she/he will comply with certain requirements, for instance relating to quality assurance and shipment.

Under the German Pharmacy Act (*Apothekengesetz*) and Ordinance on the operation of pharmacies (*Apothekenbetriebsordnung*) it is required that any online order pharmacy supplies all prescription-only and OTC Medications, to the extent that such medications may be lawfully ordered in Germany and are available in the German market.

Online pharmacies located in the EU/EEA can sell medications cross-border via online sales to customers located in Germany without having a physical establishment in Germany and, consequently, without holding a German license to operate a physical pharmacy. However, a German license may be required if pharmaceutically relevant activities (such as the pharmaceutical advice to customers via a call center) are carried out in Germany.

Online pharmacies located in the EU/EEA must comply with a number of regulatory requirements. Such pharmacies must either have the permission to sell medications via online sales pursuant to the laws of the EU

member state in which they are based or hold a permit pursuant to the German Pharmacy Act. If a pharmacy holds a permit under the laws of another EU member state, that EU member state must have established safety standards for mail-order sales of medications comparable to the standards that apply in Germany. The German Federal Ministry of Health (*Bundesgesundheitsministerium*) compiles a so-called list of countries (*Länderliste*) of those EU member states that have established comparable safety standards, which is published and periodically updated in the Official Gazette of the Federal Republic of Germany (*Bundesanzeiger*). Online sales of medications into Germany are currently (as announced on 5 July 2011 in the Official Gazette) explicitly approved for pharmacies in the following countries:

- Iceland (excluding medicinal products for veterinary use);
- The Netherlands, if the pharmacy operates at the same time a physical local retail pharmacy in the Netherlands, like Shop Apotheke Europe N.V. (excluding medicinal products for veterinary use);
- Sweden, only for prescription medications (excluding medicinal products for veterinary use);
- Czech Republic, only for OTC Medications (including medicinal products for human use and for veterinary use); and
- the United Kingdom (including medicinal products for human use and for veterinary use).

However, pharmacies in other EU member states, even if located in an EU member state not listed in the list of countries (*Länderliste*), may be legally permitted to ship medicinal products to consumers located in Germany, as well. It has not yet been comprehensively clarified by the courts to which extent the list of countries is final. However, a pharmacy located in an EU member state not included in the list may in this case sell medications to German customers if the relevant pharmacy has warranted that it will apply safety standards for online sales of medications comparable to the German standards and holds a German permit for online sales of medications. It may also be considered to be sufficient if the pharmacy is able to prove that the respective EU member state has implemented safety standards for online sales of medications comparable to the standards that apply in Germany. The Netherlands are not listed in the list of countries with regard to the category of medicinal products for veterinary use. By request of a competent German authority, a Dutch pharmacy selling this category of products to Germany has to prove that the Netherlands has implemented safety standards for online sales of medications comparable to the standards that apply in Germany.

Only (human or veterinary) medications specifically authorized or registered in Germany (or EU-wide) and medications exempt from such authorization and registration procedures may be shipped to customers in Germany.

Medications must be shipped also cross-border in accordance with various requirements, including the following:

- the implementation of a quality management system in accordance with the German Pharmacy Act;
- shipping within two days after receipt of an order;
- second attempt delivery free of charge;
- the implementation of a tracking system for all shipments;
- cargo insurance; and
- the establishment of a system for adverse event reporting.

In Germany, the price for prescription-only medications is specifically regulated under the German Drug Price Ordinance (*Arzneimittelpreisverordnung*), with the effect that the final price for customers is the same for each product in every German pharmacy. This is achieved by regulating the margins of wholesale distributors and pharmacies. All surcharges, payments and discounts charged to or paid by pharmacies and wholesalers are fixed or set within a narrow price band. To prove the need of an adjustment of the remuneration provided in the German Drug Price Ordinance, the competent German Federal Ministry for Economic Affairs and Energy assigned a consulting firm to assess this question. Their report is expected to be submitted in mid-November 2017. The German Federal Ministry for Economic Affairs and Energy will decide afterwards if and to which extent modifications of the German Drug Price Ordinance will be necessary. The German Drug Price Ordinance does not apply to OTC Medications. Consequently, prices of OTC Medications can be freely determined by pharmacies and margins are not fixed.

In October 2012 the German Pharmaceuticals Act has been amended and now stipulates that price fixing applies to medications sold by online pharmacies located in another EU member state to German end consumers. In 2014, the German Federal Court of Justice (*Bundesgerichtshof*, "**BHG**") confirmed that the German Drug

Price Ordinance also applies to foreign online pharmacies that send prescription medications to customers in Germany. This decision is based on a decision dated 22 August 2012 in which the German Joint Senate of the Supreme Federal Courts (*Gemeinsamer Senat der obersten Gerichtshöfe des Bundes*) held the view that such price-fixing is justified for the protection of public health under Article 36 of the TFEU. In 2013, the European Commission raised concerns on the compatibility of the German mandatory price rules for non-German online pharmacies on the basis that such rules would restrict substantially the market access of imported prescription-only medications and would eliminate a substantial competitive benefit for non-German online pharmacies and initiated preparations for infringement proceedings against Germany. Furthermore, in March 2015, a German court (OLG Düsseldorf) raised doubts as to whether the application of the German mandatory price regime to mail-order pharmacies based outside of Germany is compatible with European law and has referred questions on the compatibility to the ECJ. On 19 October 2016, the ECJ decided that the German Drug Price Ordinance in its current version was not applicable to (mail-order) pharmacies from other EU countries. According to the ECJ, the application of these rules to (mail-order) pharmacies from other EU countries constitutes a measure having equivalent effect to a quantitative restriction on imports not compliant with Article 34 TFEU, since it has greater impact on the sale by pharmacies established in other EU member states than within the national territory. The German provision was neither justified on grounds of the protection of health according to Article 36 TFEU, as Germany has not proven evidence of the appropriateness of these grounds. Consequently, prices for prescription-only medications can in principle be freely determined by EU-foreign pharmacies when delivering to Germany via mail order, at least if no other applicable (German) regulation legally provides deviating rules. The Federal Court of Justice (*BGH*) however sees in a judgment from 24 November 2016 an obligation of all national courts to continuously assess if the assumption of the ECJ in its judgment of 19 October 2016 – that there is no sufficient legitimation for the application of German Drug Price Ordinance to mail-order pharmacies from other EU member states – is still valid. The BGH has referred the proceeding to the Higher Regional Court (*OLG*) Cologne that has to assess this question.

The means and manner of advertising medications in Germany, irrespective whether undertaken outside or within Germany (or, for instance, on a website), need to comply with the requirements of the HWG and the UWG. The question if the above-mentioned judgment of the ECJ from 19 October 2016 also refers to HWG provisions is currently disputed in German jurisprudence. The Regional Court of Munich argued that the ECJ had not decided about the accordance of a bonus with the HWG, since the HWG aims to prevent the customer to get influenced by promotions not justified to the purchase of goods, whereas the German Drug Price Ordinance (*Arzneimittelpreisverordnung*) has the purpose to guarantee uniform prices, a bonus could still not be compliant with section 7 HWG (LG Munich I, 16 March 2017, 17 HK O 20723/14 and 17 HK O 22516/14). The Regional Court of Frankfurt (LG Frankfurt, 5 April 2017, 3-08 O 77/15) decided the inverse: Provisions of section 7 of the HWG must be interpreted according to European law and do not apply to EU-foreign pharmacies in so far as prescription medicines are affected. There is another matter in dispute regarding the impact of the decision of ECJ from 19 October 2016 to German competition provisions: It is argued that at least bonuses granted on co-payments (payments that are not reimbursed by the patient´s social health insurer) that are not equal or higher than the concrete co-payment were not compliant with the regulations of the UWG.

Besides, it is to date not clear how the German legislator will react to the decision of ECJ from 19 October 2016 stipulating that section 78 para 1 sentence 4 of the German Medicines Act (*Arzneimittelgesetz*) is not compliant with Articles 34 and 36 of the TFEU. Initially, and in response to the judgment of the ECJ on 19 October 2016, the German Federal Ministry of Health provided a draft legislative proposal on the prohibition of the sale by mail order of Prescription Medications on 17 February 2017. After not having achieved a coalition´s majority, the proposal was not further pursued in the current legislative period. However, there is a risk that a proposal to prohibit mail order for Prescription Medications will be tabled again after the recent elections that took place on 24 September 2017. If such a change in the regulatory environment were to materialize resulting in a Prescription Medications-ban, such change could have an adverse effect on the value of the Company and the Europa Apotheek Group. Also, alternative measures that were already discussed at parliamentary level (a bonus cap for Prescription Medications and a system of maximum prices for Prescription Medications) could have an adverse effect on the business of the Company and the Europa Apotheek Group.

13.1.4 Austria

The Austrian Medicines Act (*Arzneimittelgesetz)* permits online trade only with human OTC Medications. Thus, online trade with prescription-only medications and veterinary medication is not permissible at all in Austria.

The Medicines Act and the Act relating to the Importation of Medicinal Products (*Arzneiwareneinfuhrgesetz 2010*) ("**Medicines Importation Act**") permit the cross-border shipment of OTC Medications by an online pharmacy located in another EU member state if such pharmacy can sell medications

via mail order or online sales under its respective national law. Furthermore, the Medicines Importation Act stipulates that OTC Medications sold online must be used by the customer for own purposes (*persönlicher Bedarf*) and restricts the quantity on the internet sale of OTC Medications sold online, to three packages of the same product per order. If one customer orders more than three products of the same kind, the pharmacy is required to investigate why a higher number of the same product is needed and whether a higher number of products would be appropriate in the individual case.

Further the online sale of OTC Medications is subject to the following requirements:

- it relates to human medication;
- the OTC Medication is approved in Austria and in the state of origin;
- the OTC Medication is available in Austria and in the state of origin as an OTC Medication;
- not more than three packages of the same OTC Medication may be delivered to one customer per order, unless the pharmacy has clarified with the customer why a higher amount is needed and considers it justified that a higher amount will be delivered;
- a trace and track system is implemented; and
- a transportation insurance exists.

With respect to transportation, the shipped medications must be delivered to the respective customer personally, in accordance with the following requirements:

- the labeling of the goods and on the used packaging material must not be lost during the transport;
- the outer packing material shall not contain an indication that medication is delivered;
- the goods are not allowed be to contaminated by other products or packaging material or any other material coming into contact with the goods;
- sufficient measures must be taken with respect to a potential damage, theft, or the leaking of such medications;
- the medications are not allowed to be in an unreasonable way exposed to heat, cold, high humidity or any other "negative influence" on the medications;
- the medications must be protected from weather influence;
- the medications are not allowed to be delivered to third parties other than the addressee of such medications, except the customer has appointed a third person to take over the goods, provided that this third person is already named in the order;
- any medications being returned must be destroyed.

Furthermore, the online pharmacy is obliged to provide any and all information being required by Directive 2011/83/EU on Consumer Rights to its customers in German language.

In Austria, the pharmacy price for OTC Medications is regulated by the Price Act (*Preisgesetz)* according to which the price shall not exceed the EU average price because this is considered to be an economically justified price. Most online pharmacies set their prices in accordance with the prices listed in the official pharmacy price list (*Warenverzeichnis*), issued by the Austrian Pharmacy Publishing House or below. For OTC Medications these are maximum prices which are not allowed to be exceeded. Strictly speaking, the price rules do not apply to foreign companies, except where the product price is reimbursed by the health insurance fund. In practice, all online pharmacies sell their products below the prices listed in the *Warenvereichnis*.

Austria prohibits to a certain extent the ownership of a pharmacy by any other person than a pharmacist, e.g., a legal entity, but legal entities can to a certain percentage be shareholders in such a pharmacy. The pharmacist must in any case hold 25% of the shares and must be able to substantially influence the conduct of the business, in particular with respect to which products are needed for the supply of the Austrian market with medicinal products. A further condition is that over a time period of 10 years the pharmacist must increase his/her shareholding by exceeding 50%. As a result, in case of new pharmacies or when an established pharmacy is taken over by a new pharmacist, there is the possibility that a legal entity can become a shareholder up to a certain percentage.

OTC Medications can be advertised to consumers except for those products being reimbursed by health insurance funds. Certain restrictions apply concerning the permissible content of such OTC advertisement. As the online sale of prescription-only products is prohibited, any advertisement encouraging consumers to purchase prescription-only products via the internet is consequently also prohibited by the Medicines Act.

13.1.5 France

The online sale of medications for human use to the public is allowed in France since 2 January 2013. The French Governmental Act of 19 December 2012 and its enforcement decree of 31 December 2012 allow the online sale of:

- OTC Medications as to which marketing authorization has been granted in France; and
- OTC Medications (non-prescription medications).

Online pharmacies based in another EU member state may ship the OTC Medications mentioned above into France.

Generally, EU foreign online pharmacies must have a permission to ship medications to customers in France in accordance with the laws of their home EU member states. In virtue of the applicable EU Law, foreign online pharmacies must notify the competent authority of the EU member state in which they are established of at least the following: (i) name or corporate name and permanent address of the place of activity from where those medications are distributed; (ii) the starting date of the activity of offering medications on the internet and (iii) the web address used for that purpose and all relevant information necessary to identify that website.

Besides, the website shall include some compulsory information (i.e. the contact of the national competent authority for medications, etc.) and the EU common logo.

Furthermore, local law regulates the conditions of shipment of the medications ordered from online pharmacies. French law contains provisions with respect to the shipment conditions of the ordered medication:

- the shipment must be made in a sealed package (that is to say an opaque package closed in a way that allows the recipient to be absolutely sure that the package has not been opened by a third person);
- the package must bear the name and the address of the customer; and
- the medication must be shipped to the customer's address and delivered directly to the customer; it cannot be stored by a third person.

The price for OTC Medications is subject to regulation if the product is reimbursed by health insurances, in which case, a maximum price is fixed. French law does not specify whether such a maximum price also applies to online foreign pharmacies. The ECJ decision of 19 October 2016 regarding the application of German price fixing regime to foreign mail-order pharmacies and its compatibility with European law (see Section 13.1.3 "*Germany*") will have an impact on this issue. In France, the pharmacy price for OTC Medications not reimbursed by health insurances can be freely determined by the pharmacists.

In France, advertising in relation to medications that can be reimbursed by health insurances and in relation to prescription medications is prohibited. Advertising of other medications requires the approval of the French Agency for the Safety of Health Products (*Agence nationale de sécurité du médicament et des produits de santé*), but, due to uncertainties with respect to the interpretation of the law (due to unclear drafting and no court decisions), it is not certain whether this requirement of prior approval is applicable only to the manufacturers or also to pharmacists. The advertising of medications shall include compulsory statements, such as the name of the medication, information necessary for correct use, an express legible invitation to read carefully the instructions, etc. On the other hand, some mentions are strictly forbidden (for instance, any mention that would give the impression that a medical consultation is unnecessary, that suggests that the medication is foodstuff, cosmetic or other consumer product, etc.).

In addition, French Law contains specific rules limiting the possibility of engaging in advertising for a pharmacy (i.e. the advertising shall comply with professional dignity, etc.). On 6 September 2016, the French *Ordre National des Pharmaciens* (official professional association of the Pharmacists in France) communicated to the French Health Ministry proposals aiming at modifying those regulatory provisions. Consequently, the regulatory framework may be modified soon.

On 28 November 2016, two decrees concerning online pharmacies were adopted. They entered into force two months later. The *Decree on the technical rules applicable to electronic commerce websites trading medicinal products referred to in Article L. 5125-39 of the Public Health Code* establishes a number of rules regarding the dispensing of medications at a distance, including:

- The general presentation of the website: in particular, a specific tab for sales of medications and an icon enabling the user to print out their exchanges with pharmacists must be inserted; subcontracting Internet sales activity and hyperlinks to the websites of pharmaceutical undertakings are prohibited; discussion forums and other public chat rooms are prohibited;

- The presentation of products online: in particular, posting any information sheets about the medications on the website, other than the summary of product characteristics and patient information leaflet is prohibited;
- The protection of health data: in particular: the hosting of personal health data shall only be hosted by hosts authorized by the Health Ministry; and
- The restrictions in terms of advertising: in particular, search engine indexing or price comparisons in return for payment is prohibited.

The *Decree on best practices in the dispensing of medicinal products in retail pharmacies, cooperative pharmacies and emergency pharmacies for the mining industry, as mentioned in Article L. 5121-5 of the Public Health Code* specifies certain additional rules applicable to the online medications selling, including:

- The establishment of an online questionnaire to be answered by the patient before the first order;
- The establishment of fixed maximum quantities of medications that can be sold in one order;
- The adjustment of the pharmacy team according to the increase of turnover of the pharmacy due to the online activity; and
- The premises of the pharmacy shall be contiguous, and by exception, the storage rooms can be in the immediate proximity.

It is not clear whether such decrees apply to online pharmacies based in EU Member States other than France, such as the Company. The scope of the two discussed decrees is actually unclear: it is provided that they apply to pharmacists responsible for retail pharmacies, cooperative pharmacies and emergency pharmacies for the mining industry, without any restriction.

Nevertheless, in the scope of consultations concerning the drafts of the two decrees in 2016, the French Competition Authority was of the opinion that foreign websites based in other EU Member States will not be subject to those two decrees (*Avis n° 16-A-09 du 26 avril 2016 relatif à deux projets d'arrêtés concernant le commerce électronique de médicaments, point 88*).

In its decision dated 11 July 2017 in the proceeding involving the Company (see Section 3.3.11), the French court of first instance did not answer the question of the applicability of the decrees to the Company. It considered those decrees were not applicable to the case because they were not entered into force at the time of the discussed facts.

In France, the pharmacy may be owned only by one or more pharmacists.

13.1.6 Belgium

The Belgian regulatory regime governing online trade of medications is very similar to the respective regulatory regime in France, to which description we refer (see Section 13.1.5 "*France*"), unless provided otherwise in this Section. In Belgium, the online sale of OTC Medications to the public is allowed already since 21 January 2009 whereas the online sale of prescription medications is prohibited.

With respect to cross-border shipment conditions for online pharmacies located in another EU member state, the Belgian rules stipulate that:

- the medication must be shipped under the responsibility of the pharmacist;
- the packaging must be prepared in, and the shipment made from, the brick-and-mortar pharmacy;
- the pharmacist must ensure that the medication is shipped in accordance with the pharmaceutical officinal good practices;
- the shipment must be made in a sealed package;
- the package must bear the name and the address of the customer; and
- medications have to be shipped within two days after receipt of the order.

Any advertising of medications has to be notified to the competent Belgian authority (Federal Agency for Medicines and Health Products). The advertising of medications shall include compulsory mentions (the name of the medication, the information necessary for correct use, an express legible invitation to read carefully the instructions, etc.). On the opposite, some mentions are strictly forbidden (i.e. a mention which would give the impression that a medical consultation is unnecessary; mention which would suggest that the medication is foodstuff, cosmetic or other consumer product, etc.).

The Ministry of Public Health published on 16 March 2017 a multi-year framework governing the relationship between patients and pharmacists. A few issues that may affect online medications selling activity are mentioned as issues to be discussed within the next few years such as:

- the home delivery of reimbursable medications and
- the storage of medications in premises other than the premises of a brick-and-mortar pharmacy open to the public.

Accordingly, the regulations regarding those two issues may be modified within the next few months or years.

Besides, Belgian Law contains specific rules limiting the possibility to make advertising for a pharmacy (i.e. the advertising shall comply with professional dignity, etc.).

In Belgium, there are no restrictions as to the ownership of a pharmacy by a non-pharmacist or a legal entity. However, a moratorium is in effect until 2019 which restricts the opening of new pharmacies due to the relatively high number of pharmacies per capita.

13.1.7 Spain

Online pharmacies located in other EU member states are generally allowed to sell OTC Medications cross border to Spanish patients in accordance with the European rules (see Section 13.1.1 "*European Framework*"). However, the online trade with prescription medications is forbidden. For the purposes of selling OTC Medications, foreign online pharmacies need to be licensed in their home country but do not require an additional license in Spain. OTC Medications shipped to Spanish customers in Spain must (i) have a Spanish market authorization and (ii) be packaged and labeled in Spanish. In the event of a re-labeling, only a person licensed as manufacturer is allowed to effect such re-labeling.

Spanish pharmacies can sell medicinal products online or via mail-order but only if they operate at the same time a brick-and-mortar pharmacy. Such brick-and-mortar pharmacy can be operated by a pharmacist only (i.e., not by a legal entity), who needs to hold a license. Third party ownership and pharmacy chains are not allowed in Spain. For online sales, no additional specific permission is required but the Brick-and-Mortar Pharmacies must make prior notice to the regional authorities of its domicile.

The supply of OTC Medications to the customer in Spain must comply with certain quality and safety standards to prevent that the supplied product does not suffer any alterations. In the event that the product is delivered by a third party which will take care of the transport (carrier), the pharmacy and the carrier must enter into an agreement whereby the responsibilities of each of the parties are specified and an obligation to comply with the relevant personal data protection requirements is implemented.

As for the dispensing, the pharmacy website must request certain information from the customer to verify that the customer will make a good use of the product and the pharmacists must provide the relevant information that he/she considers being useful to the customer. The website of the online pharmacy or its offering must provide for a possibility to interact between the pharmacist and the customer by way of which they may exchange information regarding the product.

In Spain, prices for OTC Medications are freely determinable meaning that the pharmacist may buy the product from his supplier at a free price and that the pharmacy may also resell it at a free price but is, however, restricted in promoting discounts which shall not exceed 10% of the original price.

13.1.8 Italy

Italy has not introduced specific regulations regarding the cross-border online trade by online pharmacies located in other EU member states. As a consequence, the general principles of the European legal framework (see Section 13.1.1 "*European Framework*") apply and foreign online pharmacies intending to sell their products cross-border in Italy do not need to obtain an additional Italian authorization.

The only statutory requirement that foreign online pharmacies must mandatorily abide by is that only non-prescription medications may be sold online to customers in Italy. Guidelines issued by the MoH - Circular Note dated 26 January 2016 and Circular Note 10 May 2016 – indicate that the regulatory authority interprets the online business as a complementary business of the physical retail business operated by Brick-and-Mortar Pharmacies. Italian Brick-and-Mortar Pharmacies or para-pharmacy intending to commence an online business, must obtain a separate authorization by the regional authority where the pharmacy/para-pharmacy is located. Once the authorization is granted by the competent regional authority, the pharmacy/para-pharmacy must request permission to use the common logo (see Section 13.1.1 "*European Framework*") from the Ministry of Health (*Ministero della Salute*).

In Italy, until recently, only pharmacists were allowed to own and operate pharmacies, either as individuals who needed to comply with certain eligibility requirements, partnerships of pharmacists or limited liability cooperative companies between pharmacists. On 4 August 2017 a landmark law – n. 124/2017, the annual competition Act – changed the legal framework and introduced for the first time the possibility for company entities to own pharmacies, up to the maximum of 20% of the pharmacies in each region (Italy is divided into 21 regions). Shareholders cannot be operators active in the field of medical profession, manufacturing of pharmaceutical products or scientific information. A legal entity, owner of a pharmacy, shall pursue as sole institutional purpose – reflected in its bylaws - the activity of conducting and operating the pharmacy. A qualified pharmacist shall be appointed as director of the pharmacy. The company's bylaws as well as the company shareholding must be notified to the local competent authorities. When a pharmacy is authorized for the first time, it cannot be sold before a period of three years.

In 2016, Guidelines issued by the MoH (Circular notes dated 26 January 2016 and 10 May 2016) provided guidance on certain practical aspects of an online pharmacy:

- it is confirmed that prices for non-prescription medications can be freely determined by the pharmacy and discounts are allowed while other forms of promotional practices, such as fidelity cards, are strictly forbidden. However, the price applied online must be exactly the same price applied in a Brick-and-Mortar Pharmacy;
- pharmacies cannot outsource the storage and shipping activities to third parties, let alone wholesalers. It is essential that the pharmacist running the online business materially handles the products since the pharmacist has some mandatory responsibilities which cannot be delegated: in particular, the MoH mentions inspection of the quality of the package (integrity, absence of evident defects, correct storage conditions) and verification that the products shipped are in fact those ordered;
- The online business can only be operated through the authorized website: different tools such as marketplace, app for smartphone or tablets or intermediary website are strictly forbidden. It is strictly forbidden to display the logo on the website pages related to non-medicinal products.

13.2 Data Protection and Cybersecurity

Data protection law regulates the legal framework for collecting and otherwise processing personal data. For example, data protection law stipulates under what circumstances and in what manner personal data may be processed. It further governs the rights of the data subject as well as organizational measures such as appointment of a data protection officer and technical measures such as implementing data encryption. Data protection laws further specify consequences of privacy right infringement, including administrative fines, disgorgement of profits, cease and desist injunctions or civil liability in case of data protection violations.

At present, data protection is governed by both European and national legislation. At an EU level, it is currently regulated by Directive 95/46/EC of the European Parliament and of the Council ("**EU Data Protection Directive**") and – specifically with respect to electronic communication – by Directive 2002/58/EC of the European Parliament and of the Council ("**Directive on Privacy and Electronic Communications**").

Most of our Group companies are established in the Netherlands and particularly all our servers are situated there. As a consequence, Dutch data protection law is applicable for most of the data processing conducted by us. In the Netherlands, data protection is governed by the Dutch "**Data Protection Act**" (*Wet bescherming persoonsgegevens*), which includes a general obligation for data controllers to notify the Data Protection Authority of data security breaches, and authorizes the Dutch Data Protection Authority (*Autoriteit Persoonsgegevens*) to, among other things, impose direct fines for violations of the Dutch Data Protection Act. As personal data of our clients is also processed by us in Germany (for instance by RedTecLab GmbH in Düsseldorf) German data protection law can be applicable, too. German data protection law is mainly governed by the German "**Federal Data Protection Act**" (*Bundesdatenschutzgesetz*) and the German "**Telemedia Act**" (*Telemediengesetz*) which also include rules regarding the notification of Data Protection Authorities in case of data security breaches or imposing fines.

For our online platform especially regulations concerning the use of web analysis are relevant. Web analysis technologies (e.g. processing of cookies or tracking records like e.g. Google Analytics) process personal data in order to enable the operator of a website to personalize its offers and marketing to better match the customer's interests. Most web analysis tools anonymize collected data, but the use of such tools is nonetheless regulated by data privacy laws. For example, the use of cookies is regulated by the Directive on Privacy and Electronic Communications that provides for an opt-in regime pursuant to which the use of cookies requires an informed consent of the website user.

Furthermore, we collect and otherwise process personal health data as justified by applicable data privacy law provisions, in particular based on data subject consent to our privacy policy. We ensure high standards of data security by applying various different security measures, e.g. SSL encryption. Personal health data are only used on a strictly purpose-related basis. These data are only transferred within the European Union and in accordance with data processing agreements. With regard to prescription data, German law does not permit submitting prescriptions in electronic form yet. Therefore, prescriptions are sent via mail to us and are then scanned by us. The scanned digital versions of the prescriptions and the access for the competent employees to these data is limited to the extent necessary in order to adequately process these prescriptions. Furthermore, we take different organizational measures that allow access only to a limited number of employees. There are defined rules assigning access rights only to a limited number of employees.

The EU Data Protection Directive will be repealed with effect from 25 May 2018 and replaced by the Regulation (EU) 2016/679 of the European Parliament and of the Council ("**General Data Protection Regulation**") since an EU regulation supersedes congruent national data privacy laws as it will be binding in its entirety and be directly applicable in each EU member state. However, national data privacy laws remain in force to the extent their scope of application is not regulated by the General Data Protection Regulation. The General Data Protection Regulation was adopted by the European Parliament on 14 April 2016 and published in the Official Journal of the European Union on 4 May 2016. It is primarily intended to harmonize data protection law in the EU, to improve data protection enforcement and to strengthen the internal market. Nevertheless, it contains a number of so called opening clauses that will allow EU member states to create specific national laws relating to individual data processing activities or requirements, such as the protection of employee data, for instance. The General Data Protection Regulation will significantly change the current data protection laws. It particularly stipulates strict requirements regarding the processing of special categories of personal data, such as data concerning health, on transparency rules and on the duties to prepare documentation and to furnish proof of compliance with the requirements of the General Data Protection Regulation (see Article 9 GDPR). Besides, it brings along fines of up to 4% of the total worldwide group turnover of the preceding financial year or up to €20 million (whichever is higher), considerable civil claims for immaterial damages (i.e. for infringements of privacy rights), rules for data protection class actions and a general burden of proof for companies.

On 27 April 2017, the German Parliament passed an new Federal Data Protection Act, which harmonizes applicable German law with the provisions of the EU General Data Protection Regulation. It will come into force as of 25 May 2018, the same day as the General Data Protection Regulation, and will completely replace the existing German Federal Data Protection Act.

The Directive on Privacy and Electronic Communications is scheduled to be repealed with effect from 25 May 2018 as well and replaced by a Regulation concerning the respect for private life and the protection of personal data in electronic communications ("**e-Privacy Regulation**"). The European Commission issued a first draft of the Regulation on 10 January 2017 which contains specific provisions on cookies, online marketing, and the use of content and metadata. A vote on the draft report in Parliament is expected in autumn 2017. According to the EU Council it is not likely that the e-Privacy Regulation will enter into force on the target date.

13.3 Consumer Protection

Online retailers who offer their goods and services to consumers must comply with consumer protection laws. The following directives regulate the consumer protection in the EU:

- the Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts;
- the Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees ("Directive on Consumer Sales and Guarantees");
- the Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market;
- the Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector ("**Directive on Privacy and Electronic Communications**") – this will be replaced by the e-Privacy Regulation (see Section 13.2 above);
- the Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market ("**Unfair Commercial Practices Directive**");

- the Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights (the "**Directive on Consumer Rights**") which replaced the Directive 97/7/EC of the European Parliament and of the Council of 20 May 1997 on the protection of consumers in respect of distance contracts with effect as of 13 June 2014.

The aforementioned EU directives on consumer protection and the national laws that implement these directives impose extensive duties and responsibilities on online retailers. For example online purchases are distance contracts which are subject to specific consumer protection. Pursuant to the Directive on Consumer Rights, with effect from 13 June 2014, consumers have the (informal) statutory right to withdraw from a distance contract within 14 days after receipt of goods (or within a period of twelve months and 14 days after receipt of goods if the consumer has not been properly informed about its statutory right of withdrawal).

Online retailers must also comply with formalized and extensive information requirements (e.g., they have to provide their customers with detailed information about the products, the price and the payment details, their return policy and the customers' withdrawal right). Failure to comply with these information requirements may give rise to civil liability, administrative orders (including injunctive relief) or fines and may in some cases result in an extension of warranty periods or even in the invalidity of the affected customer contracts. Online retailers have to implement these requirements in the design and structure of their online shops, in their ordering and payment process and in their delivery systems.

Apart from the special pharmaceutical advertising rules (see Section 13.1 "*Regulatory Framework for Mail-order Trade of Medicinal Products*"), advertising is additionally regulated: an advertisement must not be misleading, constitute an unreasonable nuisance or make use of harassment, coercion or undue influence.

Due to changes in legislation, online retailers have to adapt their shop design on an on-going basis. For example, as a result of the Directive on Consumer Rights, under German law the online retailer has to implement a "button solution" pursuant to which a binding purchase can only be completed by clicking on a button that is explicitly labeled "buy now" (or similar) and which can be found in the immediate proximity of a summary of certain key information relating to the purchase. Failure to comply with these information requirements may give rise to civil liability, administrative orders (including injunctive relief) or fines and may in some cases result in an extension of warranty periods or even in the invalidity of the affected customer contracts.

Furthermore, in December 2015, the European Commission proposed a directive on contracts for online and other distance sales of goods (online sale of goods directive) which is still under review. Negotiations with the European Parliament are expected to take place in autumn 2017. This directive would partly replace the existing Directive on Consumer Sales and Guarantees with regard to distance sales (both online and offline). If adopted, such directive would fully harmonize and increase the level of consumer protection in most EU member states (except for two EU member states where the level would remain the same). The implementation of the directive is expected to have a beneficial impact on the business of online retailers operating in several EU member states which would largely not have to adapt their contract terms to the individual EU member states' national laws.

13.4 Product safety and product liability

We are subject to certain national and international requirements on product safety. For example, under the Directive 2001/95/EC of 3 December 2001, as last amended by Regulation No. 596/2009/EC of 18 June 2009, on general product safety (the "**Directive on Product Safety**") manufacturers must put on the market products which comply with the general safety requirement. In addition, they must provide consumers with the necessary information in order to assess a product's inherent threat, particularly when this is not directly obvious and they must take the necessary measures to avoid such threats (e.g., withdraw products from the market, inform customers, recall products which have already been supplied to customers, etc.). In this context it is important to mention that under the Directive on Product Safety – just like under most other European and/or national legislation on product safety – an importer (i.e., in most cases also a retailer) of a product that was produced in a country outside of the EEA qualifies as the manufacturer of the product. According to the Directive on Product Safety, distributors are obliged to supply products that comply with the general safety requirement, to monitor the safety of products on the market and to provide the necessary documents ensuring that the products can be traced. If the manufacturers or the distributors discover that a product is dangerous, they must notify the competent authorities and, if necessary, cooperate with them. A draft regulation intended to replace Directive 2001/95/EC and imposing additional obligations on manufacturers (e.g., regarding documentation) and closing gaps in market surveillance is discussed within the European legislative process. Since the current draft of the regulation provides for an exclusion of medical products for human and veterinary from its scope of application, it is expected not to have any impact on the sale of OTC Medications. The legislative procedure is still ongoing.

For example, in Germany, our biggest market we are subject to the German Product Safety Act (*Gesetz über die Bereitstellung von Produkten auf dem Markt* (*Produktsicherheitsgesetz – ProdSG*)) and the regulations and ordinances by which Directive on Product Safety and various specific product-related European Directives have been implemented. Pursuant to the German Product Safety Act, a product may be introduced to the market, if the intended or foreseeable use is not hazardous to safety or health of persons or other legally protected interests. If a manufacturer of a consumer product knows or, based on information available to him or his experience, should know that this consumer product poses a risk to the security or health of persons, he must notify the competent authorities and, if necessary, cooperate with them. Under certain circumstances, the product may have to be recalled. Unsafe products may be listed in an EU-wide publicly accessible database. Moreover, violation of the requirements of European and/or national law may be sanctioned with a fine and in severe cases with a criminal sanction.

Moreover, we are subject to legislation on product liability in the jurisdictions in which we sell products. In addition to general civil law rules like the tort law, most jurisdictions established rules on product liability according to which the manufacturer of a product can be held liable for any damages or losses this product causes due to any defects. In many countries, this liability is given in relation to any person suffering damage or loss or any property damage because of the defective product, regardless whether there is a contractual relationship between the manufacturer and this person and irrespective of negligence or fault. In particular all EU member states were required to implement rules on product liability claims following the EU Directive 85/374/ECC of 25 July 1985, as amended by Directive 1999/34/EC of 10 May 1999, on product liability claims (the "**Product Liability Directive**"). Under the Product Liability Directive, which generally applies to all movables marketed in the EEA, the producer (including the manufacturer and the importer into the EEA and, if neither manufacturer nor importer can be identified, the retailer) is liable for damage caused by a defective product irrespective of fault. It covers injury caused by death or personal injuries and, in case the damage is above €500, damage to an item of property intended for private use or consumption. The liability is generally unlimited, but the EU member states are allowed to establish a limit under national laws high enough to ensure that the consumers are adequately protected and not ranging below €70 million. The EU member states may grant additional rights to injured parties.

14. Shareholder Information

14.1 Existing Shareholders

The following table sets forth the legal name of each shareholder that, based on information available to the Company, directly or indirectly holds an interest of more than 3% in the Company's share capital as of the date of this Prospectus or is expected to directly or indirectly hold an interest of more than 3% in the Company immediately following the Capital Increase:

	Immediately prior to the Capital Increase, as of the date of this Prospectus		Expected following the Capital Increase	
Existing Shareholders	**Number of Shares**	**Percent**	**Number of Shares**	**Percent**
MK Beleggingsmaatschappij Venlo B.V.[(1)(2)]	1,189,016	13.11	1,868,915	15.55
FIL Ltd[(3)]	585,060	6.45	585,060	4.87
DHV Verwaltungsgesellschaft mbH[(1)(4)]	501,342	5.53	947,396	7.88
Christoph Laubmann	475,763	5.25	767,879	6.39
T Rowe Price International Ltd	462,776	5.10	462,776	3.85
Capital Research and Management Company	450,214	4.96	450,214	3.75
UBS[(5)]	445,028	4.91	445,028	3.70
Carve Capital AB	350,000	3.86	350,000	2.91
Michael Köhler[(2)(6)]	249,686	2.75	414,919	3.45
Jan Pyttel[(7)]	285,907	3.15	463,184	3.85
Other shareholders[(8)]	4,075,086	44.93	5,265,085	43.80
Total	**9,069,878**	**100**	**12,020,456**	**100**

(1) The registered address of MK Beleggingsmaatschappij Venlo B.V. is Kaldenkerkerweg 6B, 5913 AD Venlo, the Netherlands. The registered address of DHV Verwaltungsgesellschaft mbH is Panoramaweg 5a, 41334 Nettetal, Germany.

(2) MK Beleggingsmaatschappij Venlo B.V. is a company of which 55.9% is held by our member of the Managing Board, Michael Köhler. In aggregate, 16.66% of the Shares can be attributed to Mr. Köhler directly and through MK Beleggingsmaatschappij Venlo B.V. and another company through which he indirectly owns 72,000 shares, Koehler Invest N.V., as of the date of this Prospectus and 19.60% is expected to be able to be so attributed following the Capital Increase.

(3) Held indirectly through Fil Investments International and FIL Pension Management.

(4) Controlling shareholder with a shareholding of 100% in DHV Verwaltungsgesellschaft mbH is Dr. Robert Hess.

(5) Aggregated interest held indirectly through UBS Asset Management (Deutschland) GmbH, UBS Asset Management (UK) Limited, UBS Asset Management (France) SA, UBS Fund Management (Luxembourg) S.A.,UBS Fund Management (Switzerland) AG and UBS Third Party Management Company S.A.

(6) Member of our Managing Board.

(7) Supervisory board chairman.

(8) None of the shareholders included in this table under "Other shareholders" individually holds 3% or more in the share capital of the Company as of the date of this Prospectus, nor is any such shareholder expected to hold 3% or more following the Capital Increase.

15. General Information on the Company and the Group

15.1 Incorporation

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

15.2 Commercial Name and Registered Office

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

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

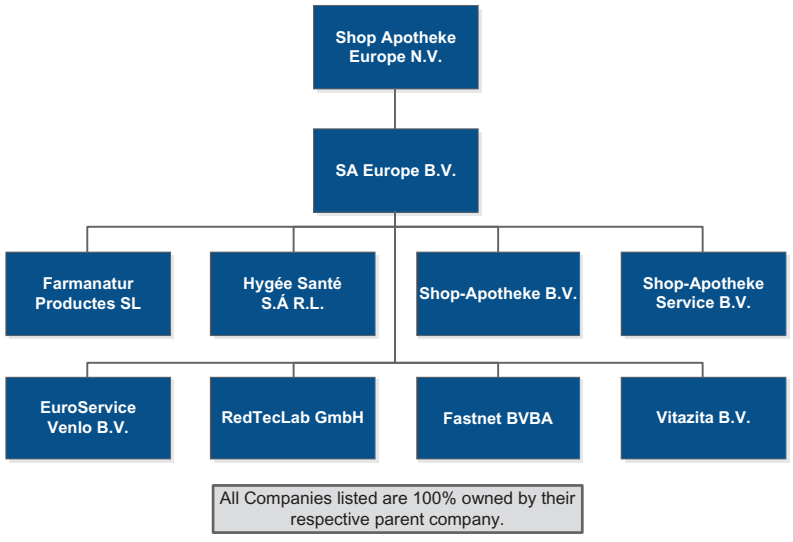
15.3 Fiscal Year

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

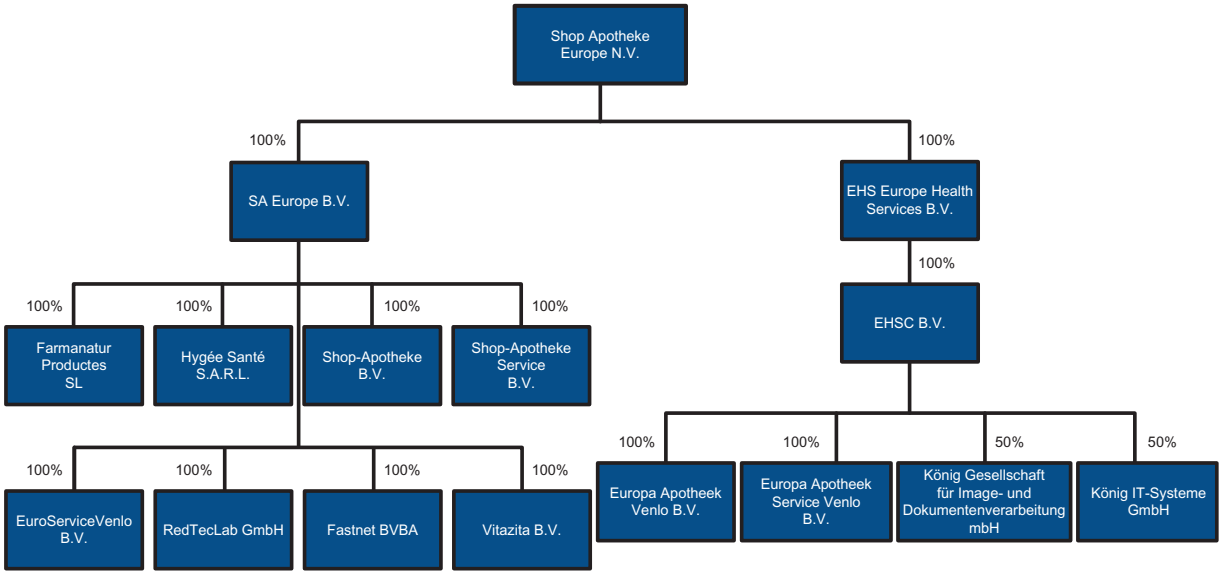
15.4 Group Structure

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

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



Effective on or about 8 November 2017, however, the Group is also expected to include the Europa Apotheek Group. For further details regarding the Europa Apotheek Group and the Acquisition, please see Section 15.5 "*Acquisition of the Europa Apotheek Group*" below. The following chart provides an overview structure of our Group including its direct and indirect subsidiaries after giving effect to the completion of the Acquisition:



15.5 Acquisition of the Europa Apotheek Group

On 25 September 2017 we announced the Acquisition of the Europa Apotheek Group. The Acquisition is expected to be completed on or about 8 November 2017 by way of issuance of the New Shares to the shareholders of EHS under the obligation to pay up the New Shares by way of contribution of all EHS shares to the Company. As a result of the Acquisition, the Europa Apotheek Business is expected to be part of our Group as of on or about 8 November 2017.

In September 2015, prior to our initial public offering, the Company was carved out from the Europa Apotheek Group following the Reorganization. On 19 October 2016, the Court of Justice of the European Union passed a judgment that was significant for cross-border (intra-European) mail order, prescription-only medicinal products. The Acquisition offers us an opportunity to expand our customer base in the prescription medications market significantly and quickly. As such the Acquisition is a strategic opportunity for us and therefore we and our shareholders have decided to acquire the Europa Apotheek Group, which mainly focuses on Prescription Medications but, to a lesser extent, also offers OTC Medications, Pharmacy-Related BPC Products and certain cosmetics online.

The terms and conditions of the Acquisition include an agreed share exchange ratio of 1 share in the share capital of EHS in exchange for 2.724 (rounded) New Shares, valuing EHS at approximately €126 million based on the three-month volume-adjusted average price of the Company's listed shares of €42.85 as of 22 September 2017. The Managing Board and the Supervisory Board on the one hand, and only the Supervisory Board on the other hand, each received a fairness opinion from two internationally renowned investment banks to the effect that as of the date of the opinion the exchange ratio was fair, from a financial point of view, to the Company. At completion of the Acquisition on or about 8 November 2017, a total of 2,950,578 New Shares will be issued at par to the shareholders of EHS in proportion to the aggregate amount of their shares in the share capital of EHS.

Under the share contribution agreements entered into by the Company and each EA Shareholder in connection with the Acquisition (the "**Acquisition Agreements**"), the shareholders of EHS provided the Company with customary representations and warranties relating to, among other things, the Europa Apotheek Group's share capital and constitution, title to the relevant equity interests in the Europa Apotheek Group, authority of the parties to enter into the Acquisition Agreements, the Europa Apotheek Group's accounts, assets and liabilities and tax matters. For a more detailed summary of the Acquisition Agreements, including key terms, please see Section 18.1.2.

The Company did not require any external debt to fund the Acquisition, refinance the existing debt of the Europa Apotheek Group or pay for related transaction costs and expenses. Shareholder approval at the EGM of the Company was a condition to completion of the Acquisition. The Acquisition was not subject to the advice of any works council of the Company or the Group or of the Europa Apotheek Group.

A shareholder decision on the Acquisition was required as the Acquisition was considered to be a decision of the Managing Board that qualified as an important change in the identity or character of the Company pursuant to the provisions of Section 2:107a paragraph 1 of the Dutch Civil Code (*Burgerlijk Wetboek*, the "**DCC**"), and more specifically subparagraph (c) of Section 2:107a paragraph 1, as the total consideration in connection with the Acquisition amounted to at least one third of the value of the assets of the Company according to its consolidated balance sheet and explanatory notes set out in the Company's annual accounts for the financial year 2016.

We convened and held the EGM on 6 November 2017 for the purpose of, among other things, facilitating a shareholder decision on the Acquisition and the issuance of the New Shares. The agenda for the EGM with the explanatory notes thereto and a shareholders circular providing our shareholders with further information regarding the Acquisition, were made available *inter alia* on the Company's website on 25 September 2017. At the EGM, the General Meeting voted in favor of the proposals to, among other things, approve the Acquisition and the issuance of the New Shares to the shareholders of EHS.

In the shareholders circular it was disclosed, among other things, that the Company and EHS substantially had the same shareholders, including all members of the Managing Board and two of the four members of the Supervisory Board. These persons continued to be substantial shareholders of the Company after completion of the Acquisition and as of the date of this Prospectus. As all members of the Managing Board held shares in both EHS and the Company, the Managing Board members notified the Supervisory Board of the potential conflict of interest between the members of the Managing Board and the Company in relation to the Acquisition. Subsequently, the Supervisory Board determined that:

(i) the members of the Managing Board had a conflict of interest in relation to entering into the Acquisition including inter alia the entering into and approval of the terms of the Acquisition Agreements in particular in respect of the valuations, the issue price of the New Shares and the number of New Shares to be issued; and

(ii) since all members of the Managing Board had a conflict of interest in respect of the Acquisition, the Supervisory Board would decide on the Acquisition and the members of the Managing Board would not participate in the deliberations and voting in respect of Acquisition.

As two members of the Supervisory Board, namely Jan Pyttel and Frank Köhler, held shares in both EHS and the Company, Jan Pyttel and Frank Köhler notified each other member of the Supervisory Board of their potential conflict of interest with the Company in relation to the Acquisition.

Subsequently, the Supervisory Board determined that:

(i) each of Jan Pyttel and Frank Köhler had a conflict of interest in relation to the approval of the Acquisition including *inter alia* the entering into and approval of the terms of the Acquisition Agreements, in particular in respect of the valuations, the issue price of the New Shares and the number of New Shares to be issued; and

(ii) since Jan Pyttel and Frank Köhler had a conflict of interest in respect of the Acquisition, Jérôme Cochet and Björn Söder would decide on the Acquisition and that Jan Pyttel and Frank Köhler would not participate in the deliberations and voting in respect of the Acquisition.

For further details on conflicts of interest see Section 17.10 "*Board Conflicts of Interest*" and Section 17.11 "*Potential Conflicts of Interest and Other Information*".

15.6 Significant Subsidiaries

The following table provides an overview of the Company's significant subsidiaries directly or indirectly held by the Company as of the date of this Prospectus. The figures presented are unaudited and extracted from internal IFRS reporting.

Name and country of incorporation or residence	Field of activity	Interest held by the Company and corresponding voting power	Issued capital
SA Europe B.V. , The Netherlands	Holding	100%	100,000[1]
Shop Apotheke B.V. , The Netherlands	Pharmacy	100%	100,000
Shop Apotheke Service B.V. , The Netherlands	Service Company	100%	100,000
EuroService Venlo B.V. , The Netherlands	Pharmaceutical wholesaler	100%	100,000

15.7 Auditors and Changes in Auditor

In the annual general meeting of the Company in 2015, the Company appointed Deloitte Accountants B.V. as the auditor to audit the Company's combined annual accounts for the years ended 31 December 2015, 31 December 2014, 31 December 2013 and consolidated annual accounts for the year ended 31 December 2016. In the annual general meeting held 16 May 2017, the Company appointed BDO Audit & Assurance B.V. as the auditor to audit the Company's annual accounts for the year ended 31 December 2017.

16. Description of the Company's Share Capital and Corporate Governance

16.1 General

The Company is a public company with limited liability (*naamloze vennootschap*) under the laws of the Netherlands. The Company was incorporated in the Netherlands as a result of a demerger by a notarial deed as a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under Dutch law taking effect on 30 September 2015. On 23 September 2016, the Company was converted to a public company with limited liability (*naamloze vennootschap*) and the Articles of Association were amended pursuant to a notarial deed of conversion and amendment in accordance with a resolution of the General Meeting. The legal and commercial name of the Company is "Shop Apotheke Europe N.V.".

The Company's corporate seat (*statutaire zetel*) is in Venlo, the Netherlands, and its registered business address at Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands. The Company is registered with the Trade Register under number 63986981, and its telephone number is + 31 77 8 50 5900.

The Shares are subject to, and have been created under, the laws of the Netherlands.

16.2 Summary of Key Provisions of the Articles of Association

Set out below is an overview of the Company's share capital, a brief summary of certain provisions of the Articles of Association as well as a description of the Company's compliance with the Dutch Corporate Governance Code (the "**Code**") and certain significant provisions of Dutch corporate law.

This summary does not purport to give a complete overview and should be read in conjunction with the Articles of Association, together with relevant provisions of applicable Dutch law, and does not constitute legal advice regarding these matters and should not be considered as such.

16.3 Corporate Objects

Pursuant to article 3 of the Articles of Association, the Company's corporate objects are:

- to participate in, to conduct the management of and to finance other companies and business enterprises, of any nature whatsoever;
- to acquire, conduct the management of, administer, hold, operate, encumber and dispose of operating assets and other assets;
- to take up loans and to grant loans and to enter into any kind of financial transactions, including but not limited to issue bonds, promissory notes or other securities;
- to trade currencies, securities and assets and to enter in to any kind of derivative and hedging transactions;
- to grant guarantees and to bind the Company and encumber the assets of the Company as security for obligations of group companies and third parties;
- to render services and give other support to legal persons and group companies;
- to develop and trade patent, trademarks, licenses, know-how and other industrial property rights;
- to perform any and all activity of industrial, financial or commercial nature; and
- to perform any and all activities which are incidental to or which may be conducive to any of the foregoing.

16.4 Share Capital

The Articles of Association provide for an authorized share capital of the Company equal to €500,000, divided into 25,000,000 Shares with a nominal value of €0.02 each.

As of the date of this Prospectus, the Company's issued share capital comprises 9,069,878 Shares with a nominal value of €0.02 each. Please see Section 14 "*Shareholder Information — 14.1 Current Shareholders*" for a table setting forth the shareholders that directly or indirectly hold and interest in the Company's share capital as of the date of this Prospectus.

After the initial public offering of the Company in October 2016, the Company's issued share capital was increased to 9,069,878 Shares, which is the number of Shares comprising the Company's issued share capital as of the date of this Prospectus. On 25 September 2017 the Managing Board resolved to issue 1,813,975 New

Shares in connection with the Acquisition, which issue will become effective upon the execution of the relevant notarial deeds of transfer of the shares in EHS to the Company. In the EGM held on 6 November 2017, the General Meeting approved the issuance of 1,136,603 New Shares in connection with the Acquisition, which issue will also become effective upon the execution of the relevant notarial deeds of transfer of the shares in EHS to the Company. As a result of the Capital Increase, the Company's issued share capital will be increased from 9,069,878 Shares with a nominal value of €0.02 each to 12,020,456 Shares with a nominal value of €0.02 each. The Supervisory Board approved the issue of the New Shares on 25 September 2017.

As of the date of this Prospectus, no Shares are held by the Company and all issued Shares are fully paid up and are subject to, and have been created under, the laws of the Netherlands.

16.4.1 Form and Trading of Shares

All Shares are in bearer form (*aandelen aan toonder*). The Shares are and will be represented by one or more global share certificates (the "**Global Share Certificates**"), which will be held in custody with Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany ("**Clearstream**") for safe-keeping for and on behalf of the parties entitled to the Shares represented by the Global Share Certificates. Clearstream will be irrevocably assigned with the administration of the Global Share Certificates. The holders of the Shares hold interests in these securities in accordance with the respective rules and procedures of Clearstream.

16.4.2 Issue of Shares and Granting of Rights to Subscribe for Shares

Under the Articles of Association, new Shares, or rights to subscribe for new Shares, may only be issued or granted pursuant to a resolution of the General Meeting upon a proposal of the Managing Board, which proposal is subject to the prior approval of the Supervisory Board.

The Articles of Association provide that the General Meeting may delegate the authority to issue Shares, or grant rights to subscribe for Shares, to the Managing Board, which resolution is subject to the prior approval of the Supervisory Board. Pursuant to Dutch law, the period of delegation may not exceed five years. Such authority may be renewed by a resolution of the General Meeting for a subsequent period of up to five years, respectively. If not otherwise determined in the resolution, such authority is irrevocable. In the resolution authorizing the Managing Board, the price and further terms of issue must be determined.

In the EGM held on 6 November 2017, the General Meeting resolved to designate the Managing Board for a period of five years as from the date of the EGM (up to and including 5 November 2022), or until such date on which the General Meeting revokes or again extends the authorization, if earlier, as the corporate body authorized to issue shares and grant rights to acquire shares, subject to the prior approval of the Supervisory Board, up to a maximum of 20% of the total number of issued shares outstanding immediately after the issuance of the New Shares. This authorization was granted by the General Meeting to the Managing Board with the explicit reservation that the General Meeting reserves its right to resolve on any issuance of Shares and grant rights to acquire Shares at any time, including during the period that the Managing Board is also authorized to do so.

See "19. *Taxation*" for a discussion of certain aspects of taxation of the issuance of the Shares.

16.4.3 Pre-emptive Rights

Under Dutch law and the Articles of Association, each shareholder has a pre-emptive right in proportion to the aggregate nominal value of its shareholding upon the issue of new Shares (or the granting of rights to subscribe for Shares). Exceptions to this pre-emptive right include the issue of new Shares (or the granting of rights to subscribe for Shares): (i) against payment in kind (contribution other than in cash), (ii) to employees of the Company or another member of its Group and (iii) to persons exercising a previously-granted right to subscribe for Shares.

Upon a proposal of the Managing Board, subject to the prior approval of the Supervisory Board, the General Meeting may resolve to limit or exclude the pre-emptive rights. The respective resolution requires a majority of at least two-thirds of the votes cast, if less than half of the Company's issued share capital is represented at the General Meeting. The General Meeting may, subject to the prior approval of the Supervisory Board, also designate the Managing Board to resolve on the limitation or exclusion of the pre-emptive rights. Pursuant to Dutch law, this designation may be granted to the Managing Board for a specified period of time not exceeding five years and only if the Managing Board has also been designated or is simultaneously designated the authority to resolve to issue new Shares.

In the EGM held on 6 November 2017, the General Meeting resolved to designate the Managing Board for a period of five years as from the date of the EGM (up to and including 5 November 2022), or until such date

on which the General Meeting revokes or again extends the authorization, if earlier, as the corporate body authorised to restrict and exclude the pre-emptive rights accruing to shareholders upon the issuance of Shares or the granting of rights to acquire Shares, subject to the prior approval of the Supervisory Board. This authorization was granted by the General Meeting to the Managing Board with the explicit reservation that the General Meeting reserves its right to resolve on any restriction and exclusion of pre-emptive rights accruing to shareholders in respect of the issue of Shares or the granting of rights to acquire Shares at any time, including during the period that the Managing Board is also authorized to do so.

16.4.4 Acquisition of Shares in the Company's Capital

The Company may acquire its own fully paid up Shares at any time for no consideration (*om niet*). The Company may acquire fully paid up Shares in its share capital against consideration (*anders dan om niet*), subject to authorization of the General Meeting and approval of the Supervisory Board and due observance of certain provisions of Dutch law and the Articles of Association and if (i) its shareholders' equity less the payment required to make the acquisition, does not fall below the sum of the aggregate of the nominal value of the paid in and called up share capital plus the reserves required to be maintained by Dutch law or by the Articles of Association, (ii) the Company and its subsidiaries would thereafter not hold Shares or hold a pledge over the Shares with an aggregate nominal value exceeding 50% of the Company's issued share capital and (iii) the Managing Board has been authorized thereto by the General Meeting.

The acquisition of Shares by the Company against consideration (*anders dan om niet*) further requires authorization by the General Meeting. Such authorization may be granted for a period not exceeding 18 months and shall specify the number of Shares, the manner in which Shares may be acquired and the price range within which Shares may be acquired. The authorization is not required for the acquisition of Shares for employees of the Company or another member of its Group under a scheme applicable to such employees as long as such Shares are quoted on the official list of a stock exchange. No voting rights may be exercised in respect of any Share owned by the Company or its subsidiary companies.

On 16 May 2017, the General Meeting resolved to designate the Managing Board as the competent body to repurchase Shares, with the prior approval of the Supervisory Board, on the stock exchange or otherwise, for a period of 18 months with effect as of 16 May 2017 (up to and including 15 January 2019). In its resolution, the General Meeting resolved to restrict the competency of the Managing Board as regards the repurchase of Shares up to a maximum of 10% of the total issued and outstanding share capital of the Company on 1 January 2017, provided that the Company will not hold more Shares in treasury than a maximum of 10% of the total issued and outstanding share capital of the Company at any given time. The repurchase can take place at a price between the nominal value of the Shares and the weighted average price on the Xetra trading venue at the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for five trading days prior to the day of purchase plus 10%.

See Section 19 "*Taxation*" for a discussion of certain aspects of taxation of a reduction of the share capital.

16.4.5 Reduction of share capital

Under the Articles of Association, upon a proposal from the Managing Board, subject to the prior approval by the Supervisory Board, the General Meeting may resolve to reduce the Company's issued and outstanding share capital by (i) cancelling the Shares, or (ii) amending the Articles of Association to reduce the nominal value of the Shares. Under Dutch law, the resolution to reduce the issued share capital of the Company must specifically state the Shares concerned and lay down rules for the implementation of the resolution. The resolution to cancel Shares may only concern Shares which are held by the Company and must be made *pro rata* on all Shares concerned. This *pro rata* requirement may be waived if all shareholders concerned so agree. A resolution to reduce the Company's share capital requires a majority of at least two-thirds of the votes cast, if less than half of the issued share capital is present or represented at the General Meeting.

16.4.6 Transfer of Shares

There are no restrictions on the transferability of the Shares under the Articles of Association.

All Shares are in bearer form (*aandelen aan toonder*). The Shares are and will be represented by one or more Global Share Certificates, which will be held in custody with Clearstream for safe-keeping for and on behalf of the parties entitled to the Shares represented by the Global Share Certificates. Clearstream will be irrevocably assigned with the administration of the Global Share Certificates.

16.5 Dividends and Other Distributions

The Company may only make distributions to the shareholders and other persons entitled to the distributable profits to the extent that its shareholders' equity (*eigen vermogen*) exceeds the aggregate of the issued capital and the reserves that should be maintained according to Dutch law.

The Company may, pursuant to a resolution of the General Meeting, only make a distribution of dividends to the shareholders after the adoption of the statutory annual accounts demonstrating that such distribution is legally permitted. The Managing Board is permitted however, subject to certain requirements and subject to prior approval of the Supervisory Board, to declare interim dividends. The Managing Board, subject to the prior approval of the Supervisory Board, may resolve to reserve the profits or a part of the profits.

Each of the Shares entitles its holder to equal ranking rights to dividends and other distributions.

Claims to dividends and other distributions not made within five years from the date that such dividends or distributions became payable will lapse and any such amounts will be considered to have been forfeited to the Company.

See Section 19 "*Taxation*" for a discussion of certain aspects of taxation of dividends on the Shares.

16.6 General Meeting

16.6.1 Annual General Meeting and Voting Rights

An annual General Meeting must be held within six months from the end of the preceding fiscal year of the Company. The purpose of the annual General Meeting is to discuss, among other things, the annual report, the adoption of the annual accounts, allocation of profits (including the proposal to distribute dividends), release of members of the Managing Board and members of the Supervisory Board from liability for their management and supervision, respectively, and other proposals brought up for discussion by the Managing Board or the Supervisory Board.

16.6.2 General Meeting and Place of Meetings

Other General Meetings will be held if requested by the Managing Board or the Supervisory Board or by the written request (stating the exact subjects to be discussed) of one or more shareholders representing in aggregate at least 10% of the issued share capital of the Company (taking into account the relevant provisions of Dutch law and the Articles of Association). General Meetings will be held (i) in the municipality where the Company has its corporate seat (i.e. Venlo), or (ii) in Amsterdam or Haarlemmermeer (Schiphol), the Netherlands, at the discretion of the person convening the meeting.

16.6.3 Convocation Notice and Agenda

General Meetings can be convened by the Managing Board or the Supervisory Board by a notice, specifying the subjects to be discussed, the place and the time of the meeting and the admission and participation procedure, issued at least 42 days before the date of the meeting.

All convocations, announcements, notifications and communications to shareholders have to be made in accordance with the relevant provisions of Dutch law and the convocation and other notices may also occur by means of sending an electronically transmitted legible and reproducible message to the address of those shareholders who have consented to this method of convocation.

Shareholders individually or jointly representing at least 3% of the issued share capital have the right to request the Company to place items on the agenda of the General Meeting. Requests must be made in writing, substantiated or including a proposal for a resolution, and received by the Company at least 60 days before the day of the meeting.

16.6.4 Admission and Registration

Each shareholder entitled to vote, and each holder of registered depositary receipts of Shares and those persons to whom, as a result of a right of usufruct or a pledge on a Share, the right to vote on the Shares accrues, shall be authorized to attend the General Meeting, to address the General Meeting and to exercise his or her voting rights. The Managing Board shall set a registration date on the 28th day prior to the date of the General Meeting so as to establish which shareholders are entitled to attend and vote in the General Meeting. Only holders of the Shares at such registration date are entitled to attend and vote in the General Meeting, regardless of who would have been entitled to attend the General Meeting if no registration date would apply. The convocation notice for the meeting shall state the registration date and the manner in which the persons entitled to attend the General Meeting may register and exercise their rights.

Those entitled to attend a General Meeting may be represented at a General Meeting by a proxy authorized in writing. Members of the Managing Board and Supervisory Board may attend a General Meeting. In these General Meetings, they have an advisory role.

16.6.5 Voting Rights

Each Share confers the right on the holder to cast one vote at a General Meeting. Shareholders may vote by proxy. Resolutions are passed by a simple majority of the votes cast, unless Dutch law or the Articles of Association prescribe a larger majority (such as a resolution to reduce the issued share capital or a resolution to restrict or exclude pre-emptive rights, which requires at least two-thirds of the votes cast, in a meeting if less than half of the issued share capital is present or represented).

16.7 Amendment of the Articles of Association

The General Meeting may resolve to amend the Articles of Association, upon a proposal of the Managing Board, which requires the prior approval of the Supervisory Board. A resolution by the General Meeting to amend the Articles of Association requires a simple majority of the votes cast.

A resolution of the General Meeting to amend the Articles of Association which has not been taken upon a proposal of the Managing Board and with the prior approval of the Supervisory Board, shall require a two-thirds majority of the votes cast representing more than 50% of the issued share capital.

16.8 Dutch Corporate Governance Code

The Code, as amended, became effective on 1 January 2009 and finds its statutory base in Book 2 of the DCC. The Code contains both principles and best practice provisions that regulate relations between the managing board, the supervisory board, the shareholders (i.e. the general meeting) and audit and financial reporting.

The Code applies to each public company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its corporate seat in the Netherlands and whose shares are listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere. The Code is based on a "comply or explain" principle. Accordingly, companies are required to disclose in their annual reports whether or not they are complying with the provisions of the Code that are addressed to the managing board or the supervisory board of the company. If a company deviates from a provision, the reason for such deviation must be properly explained in its annual report.

The Code applies to the Company and the Company acknowledges the importance of good corporate governance and agrees with the principles of the Code and has taken and will take further steps it considers appropriate to implement the Code. The Company has reviewed the Code and supports the best practice provisions thereof. Therefore, except in the case of any future deviation, subject to explanation thereof at the relevant time, the Company intends to comply with the relevant best practice provisions of the Code.

A revised Code was published on 8 December 2016 and was laid down in statute on 7 September 2017. As from 2018, Dutch public companies will be required to disclose in their annual reports whether or not they complied with the provisions of the revised Code in the financial year 2017. The Company will therefore report in its annual report for the financial year 2017, which will be published in 2018, on its compliance with the revised Code during the financial year 2017.

16.9 Annual Accounts

The Company must publish its annual accounts within four months after the end of each financial year and its half-yearly reports within three months after the end of the first six months of each financial year. Although there is no longer an obligation under Dutch law to publish interim management statements or quarterly financial statements, the Company still intends, on a voluntary basis, to prepare and publish selected financial information for investor relation purposes. Within five calendar days after adoption of the Company's annual accounts, the Company must submit its adopted annual accounts to the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, the "**AFM**"). Both the annual accounts and the half-yearly reports of the Company are required to be made available to the public during a period of at least 10 years.

The fiscal year of the Company coincides with the calendar year. The Managing Board prepares the Company's annual accounts, which must include a management report, and makes these available for inspection at the Company's business address. All Managing Directors and Supervisory Directors sign the annual accounts and if a member does not so sign, the reason for this must be stated.

At the annual General Meeting, the General Meeting may adopt the annual accounts. In such annual General Meeting the discharge of liability of the Managing Directors in respect of their management and the

Supervisory Directors in respect of their supervision thereon during the relevant fiscal year, insofar as this appears from the annual accounts, shall also be discussed and resolved upon. The annual accounts, the management report and the independent auditor's report are made generally available at the office of the Company to the shareholders for review, and published on our website, as from the day of the notice convening the annual General Meeting.

16.10 Dissolution and Liquidation

The General Meeting may resolve to dissolve the Company. In the event of dissolution, the Company's business will be liquidated in accordance with Dutch law and the Articles of Association and the liquidation shall be arranged by members of the Managing Board under supervision of the Supervisory Board. During liquidation, the provisions of the Articles of Association will remain in force as far as possible.

The balance of the Company's remaining equity after payment of debts and liquidation costs will be distributed to the shareholders in proportion to the nominal amount of the Shares held by each of them.

After completion of the liquidation, the books, papers and other data material of the Company shall be kept for the term as stipulated by Dutch law by the person designated for this purpose by the liquidators.

16.11 Obligations of Shareholders to Make a Public Offer and Squeeze-out Proceedings

Holders of the Shares may be subject to notification obligations under the DFSA. Shareholders are advised to consult with their own legal advisers to determine whether the disclosure obligations apply to them.

16.11.1 Public Offer

Pursuant to Section 5:70 of the DFSA, and in accordance with the European Directive 2004/25/EC (the "**Takeover Directive**"), any (legal) person who, alone or acting in concert with others, directly or indirectly obtains control of a Dutch public company with limited liability whose shares or depositary receipts for shares are listed on a regulated market is required to make a public offer for all shares and/or depositary receipts for shares of that Dutch company. Such control is deemed present if such person is able to exercise, alone or acting in concert with others, at least 30% of the voting rights in the general meeting of shareholders of that Dutch company. It is not allowed to make a public offer, whether or not obliged or voluntarily, for the shares of that Dutch company unless an offer memorandum which has been approved by the AFM has been published.

As the Shares are expected to be admitted to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the Dutch public takeover rules contained in the DFSA and the related Decree on Public Offers (*Besluit openbare biedingen Wft*) will only apply in relation to certain matters, including those as further set out in Section 5:70 of the DFSA with respect to acquiring predominant control, Section 2 of the Decree on Public Offers (*Besluit openbare biedingen Wft*) with respect to information that must be provided to the Company's shareholders and employees as well as in relation to certain corporate law matters, including the convening of a shareholders meeting in the event of a public offer and Sections 2:92a and 2:359c of the DCC with respect to initiating squeeze-out proceedings.

The German Takeover Act (*Wertpapiererwerbs- und Übernahmegsetz, WpÜG*) will apply to the matters relating to the offer consideration, the bid procedure, the contents of the offer document and the procedure of the bid. The German Regulation on the Applicability of the Takeover Code (*WpÜG-Anwendbarkeitsverordnung*) specifies the applicable provisions in more detail.

16.11.2 Squeeze-out

Pursuant to Section 2:92a of the DCC, a shareholder who, for his/her own account, holds at least 95% of the issued share capital of the Company may institute proceedings against the other shareholders jointly for the transfer of their Shares to him/her. The proceedings are held before the Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*, the "**Enterprise Chamber**") and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority shareholders and will determine the price to be paid for the Shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the Shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the Shares must give written notice of the date and place of payment and the price to the holders of the Shares to be acquired whose addresses are known to him or her. Unless the addresses of all of them are known to him or her, he or she must also publish the same in a Dutch daily newspaper with a national circulation.

In addition, pursuant to Section 2:359c of the DCC, the offeror under a public offer is also entitled to start a squeeze-out procedure if, following the public offer, the offeror holds at least 95% of the issued share capital of the Company and representing 95% of the total voting rights. The claim of a takeover squeeze-out must be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the public offer. The Enterprise Chamber may grant the claim for a takeover squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received by way of voluntary offer.

Section 2:359d of the DCC entitles those minority shareholders that have not previously tendered their shares under a public offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. In regard to price, the same procedure as for takeover squeeze-out proceedings initiated by an offeror applies. This claim must also be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the public offer.

16.12 Obligations of Shareholders, Members of the Managing Board and the Supervisory Board to Disclose Holdings

16.12.1 Shareholders

Shareholders may be subject to notification obligations under the DFSA. Pursuant to Chapter 5.3 of the DFSA, any person who, directly or indirectly, acquires or disposes of an actual or potential capital interest and/or voting rights in the Company must immediately give notice to the AFM of such acquisition or disposal if, as a result of such acquisition or disposal, the percentage of capital interest and/or voting rights held by such person reaches, exceeds or falls below one of the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%. In addition, any person whose capital interest and/or voting rights reaches, exceeds or falls below one of the abovementioned thresholds due to a change in the Company's outstanding share capital or in the votes that can be cast on the Shares, as notified to the AFM by the Company, should notify the AFM no later than on the fourth trading day after the AFM has published the Company's notification of the change in Company's outstanding share capital or in the votes that can be cast on the Shares. Furthermore, any person whose capital interest or voting rights reaches, exceeds or falls below one of the abovementioned thresholds due to a change in the composition of his/her capital interest or voting rights as a result of (i) exercising any option or other right to acquire shares or exchanging shares in depositary receipts for shares and/or (ii) exercising any right to acquire voting rights, should notify the AFM no later than the fourth trading day after the date on which that person became aware, or should have become aware, of reaching, exceeding or falling below the abovementioned thresholds.

Each person holding an interest in the Company's share capital or voting rights of 3% or more at the time of admission of the Shares to trading on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) must immediately notify the AFM.

For the purpose of calculating the percentage of capital interest and/or voting rights, the following interests must, among others, be taken into account: (i) shares and/or voting rights directly held (or acquired or disposed of) by any person, (ii) shares and/or voting rights held (or acquired or disposed of) by such person's controlled entities, (iii) voting rights held (or acquired or disposed of) by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement, (iv) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights in consideration for a payment and (v) shares and/or voting rights which such person, or any controlled entity or third party referred to above, may acquire pursuant to any option or other right to acquire shares and/or the attached voting rights.

Special rules apply to the attribution of shares and/or voting rights which are part of the property of a partnership or other form of joint ownership. A holder of a pledge or right of usufruct in respect of shares can also be subject to notification obligations, if such person has, or can acquire, the right to vote on the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger notification obligations as if the pledgee or beneficial owner were the legal holder of the shares and/or voting rights.

Furthermore, when calculating the percentage of capital interest, a person is also considered to be in possession of shares if (i) such person holds a financial instrument the value of which is (in part) determined by the value of the shares or any distributions associated therewith and which does not entitle such person to acquire any shares, (ii) such person may, or may be obliged to, purchase shares on the basis of an option, or (iii) such person has concluded another contract whereby such person acquires an economic interest comparable to that of holding a share.

Under the DFSA, the Company is required to file a report with the AFM promptly after the date of listing the Shares setting out our issued and outstanding share capital and voting rights. Thereafter, we are required to notify the AFM promptly of any change of 1% or more in our issued and outstanding share capital or voting rights since the previous notification. The AFM must be notified of other changes in the Company's issued and outstanding share capital or voting rights within eight days after the end of the quarter in which the change occurred. The AFM will publish all the Company's notifications of our issued and outstanding share capital and voting rights in a public register.

16.12.2 Short Positions

Each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company must report it to the AFM. Each subsequent increase of this position by 0.1% above 0.2% will also have to be reported. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located. There is also an obligation to notify the AFM of gross short positions. The notification thresholds are the same as the ones that apply in respect of the notification of actual or potential capital interests and/or voting rights, as described above.

16.12.3 Members of the Managing Board and the Supervisory Board

Pursuant to the DFSA, any member of the Managing Board (each a "**Managing Director**") and Supervisory Board (each a "**Supervisory Director**") must notify the AFM by means of a standard form of all Shares and voting rights in the Company held by him/her at the time of admission of the Shares to listing on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and thereafter of any change in his/her holding of shares and voting rights in the Company. For further details see Section 16.13 "*Market Abuse Regime*".

16.12.4 Non-compliance

Non-compliance with the notification obligations under the DFSA could lead to criminal fines, administrative fines, imprisonment or other sanctions. In addition, non-compliance with some of the notification obligations under the DFSA may lead to civil sanctions, including suspension of the voting rights relating to the Shares held by the offender for a period of not more than three years, voiding of a resolution adopted by the General Meeting in certain circumstances and ordering the person violating the disclosure obligations to refrain, during a period of up to five years, from acquiring the Shares and/or voting rights in the Shares.

16.12.5 Public registry

The AFM does not issue separate public announcements of these notifications. It does, however, keep a public register of all notifications under the DFSA on its website (www.afm.nl). Third parties can request to be notified automatically by email of changes to the public register in relation to a particular company's shares or a particular notifying party.

16.12.6 Identity of Shareholders

With effect from 9 June 2017, pursuant to Section 3a I-II Directive 2007/36/EC, the member states of the European Union need to ensure (as from the time that the Directive is implemented in applicable national law) that a listed company has the right to identify its shareholders and that, on the request of that company, any intermediary communicates to the company the name and contact details of, and certain other information regarding, the company's shareholders. Once this Directive is implemented in applicable national law, the Company will have the right to request that Clearstream and other relevant intermediaries provide the Company with certain information on the identity of its shareholders. No information will be given on shareholders with an interest of less than 0.5% of the issued and outstanding share capital of the Company unless the national law implementing the Directive prescribes a lower percentage.

16.13 Market Abuse Regime

16.13.1 Reporting of Insider Transactions

Market Abuse Regulation (Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, the "**MAR**") provides for specific rules on market abuse, such as the

prohibition on insider dealing, unlawful disclosure of inside information, tipping and market manipulation. The MAR is supplemented by the Market Abuse Directive (Directive (EU) No. 2014/57 of the European Parliament and of the Council of 16 April 2014 on criminal sanctions for market abuse (together with the MAR the "**EU Market Abuse Rules**")). The EU Market Abuse Rules apply as of 3 July 2016. The EU Market Abuse Rules have been implemented in the DFSA and various other Dutch laws. The Company is subject to the EU Market Abuse Rules.

Pursuant to the MAR, no natural or legal person is permitted to:

(a) engage or attempt to engage in insider dealing in financial instruments listed on a regulated market or for which a listing has been requested, such as the Shares,

(b) recommend that another person engage in insider dealing or induce another person to engage in insider dealing, or

(c) unlawfully disclose inside information relating to the Shares or the Company.

Furthermore, no person may engage in or attempt to engage in market manipulation.

If the Company has inside information directly concerning the Company, it is required, as a general rule, to disclose immediately such information to the public. Inside information is knowledge of concrete information directly or indirectly relating to the issuer or the trade in its securities which has not yet been made public and publication of which could significantly affect the market price of the issuer's securities. The Company must without delay publish the inside information on its website and keep it available on the website for at least five years. In addition, the Company must issue a press release which contains a statement identifying that the information in the announcement is inside information. Under the MAR, the Company is permitted, on its own responsibility, to delay disclosure of inside information if certain conditions are satisfied. If the Company delays disclosure of inside information, it must notify the AFM that disclosure was delayed promptly after the delayed inside information has been publicly disclosed. The Company must provide the AFM with a written explanation justifying the delay only if the AFM requests this.

The MAR may restrict the Company's ability to buy back Shares. In certain circumstances, the Company's investors can also be subject to the EU Market Abuse Rules. Pursuant to the MAR members of the Managing Board or of the Supervisory Board, or any other senior executive of the Company who has regular access to inside information relating directly or indirectly to the Company and has the power to take managerial decisions affecting the future developments and business prospects of the Company (the "**PDMRs**") must notify the AFM of all transactions conducted for their own account relating to the Shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto.

In addition, persons closely associated with a PDMR must also notify the AFM of any transactions conducted for their own account relating to the Shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto. The foregoing obligation applies to the following categories of persons: (i) the spouse or a partner considered to be equivalent to a spouse in accordance with national law, (ii) a dependent child in accordance with national law, (iii) other relatives who have shared the same household for at least one year on the date of the transaction concerned and (iv) any legal person, trust or partnership, the managerial responsibilities of which are discharged by a PDMR or a person closely associated with a PDMR or which is set up for the benefit of a PDMR or a person closely associated with a PDMR or the economic interests of which are substantially equivalent of a PDMR or a person closely associated with a PDMR.

PDMRs and persons closely associated with a PDMR must make the notifications on managers' transactions to the AFM promptly and no later than three business days after the date of the transaction. Notifications on managers' transactions are only required to be made on any subsequent transaction once a total amount of €5,000 has been reached within one calendar year. The AFM will publish the notified transaction in a register.

Furthermore, a PDMR is not permitted to (directly or indirectly) conduct any transactions on its own account or for the account of a third party, relating to Shares or debt instruments of the Company or other financial instruments linked thereto, during a closed period of 30 calendar days before the announcement of an half-yearly report or an annual report of the Company.

The Company will maintain a list of persons working for the Company who could have access to inside information in accordance with the MAR and will regularly update such insider list. The Company will take all reasonable steps to ensure that any person on the insider list acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to insider dealing and unlawful disclosure of inside information. The Company has adopted an internal code of conduct relating to the possession of insider

information and on managers' transactions. The Company's internal code of conduct is available on Company's website.

16.13.2 Non-compliance with market abuse rules

In accordance with the MAR, under certain circumstances, each of the AFM and the BaFin has the power to take appropriate administrative sanctions, such as fines, in relation to possible infringements.

Non-compliance with the market abuse rules set out above could also constitute an economic offense and/or a crime (*misdrijf*) and could lead to the imposition of administrative fines by the AFM or the BaFin, as the case may be. The public prosecutor could press criminal charges resulting in fines or imprisonment. If criminal charges are pressed, it is no longer allowed to impose administrative penalties and *vice versa*.

The AFM and the BaFin must in principle also publish any decision imposing an administrative sanction or measure in relation to an infringement of the MAR.

16.14 Transparency Directive

The Company is a public company with limited liability (*naamloze vennootschap*) incorporated and existing under the laws of the Netherlands with its Shares listed on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The Netherlands is the home member state of the Company for the purposes of Directive 2004/109/EC (as amended by Directive 2013/50/EU, the "**Transparency Directive**") as a consequence of which the Company will be subject to certain on-going transparency and disclosure obligations under the DFSA and the Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*, the "**FRSA**").

16.15 Dutch Financial Reporting Supervision Act

The FRSA applies to financial years starting from 1 January 2006. On the basis of the FRSA, the AFM supervises the application of financial reporting standards by, among others, companies whose corporate seat (*statutaire zetel*) is in the Netherlands and whose securities are listed on a regulated Dutch or foreign stock exchange. Pursuant to the FRSA, the AFM has with regard to the Company's annual accounts and half-yearly reports an independent right to (i) request an explanation from the Company regarding its application of the applicable financial reporting standards and (ii) recommend to the Company making available further explanations. If the Company does not comply with such a request or recommendation, the AFM may request that the Enterprise Chamber orders the Company to (i) provide an explanation of the way it has applied the applicable financial reporting standards to the Company's financial reports, or (ii) prepare its financial reports in accordance with the Enterprise Chamber's instructions.

17. Managing Board, Supervisory Board and Employees

This Section summarizes certain information concerning the Managing Board and the Supervisory Board. Among other things, it briefly summarizes, but does not purport to give a complete overview and should be read in conjunction with, and is qualified in its entirety by reference to, the Articles of Association, the Managing Board Rules (as defined below) and the Supervisory Board Rules (as defined below), in conjunction with the relevant provisions under Dutch corporate law.

17.1 Management structure

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

At the date of this Prospectus, the provisions in the DCC that are referred to as the "large Dutch company regime" (*structuurregime*) do not apply to the Company.

17.2 Managing Board

17.2.1 Powers, Responsibilities and Function

The Managing Board is responsible for the management of the Company's operations, as well as the operations of the Group, subject to the supervision of the Supervisory Board. The Managing Board's responsibilities include, among other things, the day-to-day management of the Company's operations.

The Managing Board may perform all acts necessary or useful for achieving the Company's objectives, with the exception of those acts that are prohibited by law or by the Articles of Association. In performing its duties, the Managing Board is required to be guided by the interests of the Company and the Group, taking into consideration the interests of the Company's stakeholders (which include but are not limited to its customers, its employees and the shareholders) as well as the corporate social responsibility issues that are relevant to the business. The Managing Board is required to keep the Supervisory Board informed, consult with the Supervisory Board on important matters and submit certain important decisions to the Supervisory Board and/or the General Meeting for prior approval, as more fully described below (see Section 17.2.4 "Board Meetings and Decision Making"). The absence of such approval, however, does not affect the authority of the Managing Board or its members to represent the Company.

Subject to certain statutory exceptions, the Managing Board as a whole is authorized to represent the Company. Additionally, any two members of the Managing Board are jointly authorized to represent the Company. Subject to the approval of the Supervisory Board, the Managing Directors may determine which duties in particular will concern each Managing Director. Pursuant to the Articles of Association, the Managing Board is authorized to appoint authorized representatives (*procuratiehouders*) who are authorized to represent the Company within the limits of the specific delegated powers provided to them in the authorization.

17.2.2 Managing Board Rules

Pursuant to the Articles of Association, the Managing Board has adopted a set of rules of procedure that regulate internal matters concerning its functioning and internal organization (the "**Managing Board Rules**"). The Managing Board Rules may be amended from time to time by resolution of the Managing Board and are subject to the prior approval of the Supervisory Board. The Managing Board Rules are available on the Company's website.

Certain resolutions of the Managing Board identified in the Articles of Association and the Managing Board Rules and the Supervisory Board Rules (as defined below) require the approval of the Supervisory Board. Furthermore, the Managing Board requires the approval of the General Meeting for resolutions having an important impact on the identity or nature of the Company or its business. See Section *17.2.4* "*Board Meetings and Decision Making*".

17.2.3 Composition, Appointment, Dismissal and Suspension

The Articles of Association provide that the Supervisory Board determines the number of Managing Directors. As of the date of this Prospectus, the Managing Board consists of five members, Michael Köhler (CEO), Stephan Weber (CMO and Deputy CEO), Dr. Ulrich Wandel (CFO), Theresa Holler (COO) and Marc Fischer (CTO).

The General Meeting appoints the Managing Directors. When a Managing Director is to be appointed, the Supervisory Board shall make a non-binding nomination. The nomination must be included in the notice of the General Meeting at which the appointment will be considered. If no nomination has been made, this must be stated in the notice.

In the event the Supervisory Board has made a nomination, the resolution of the General Meeting to appoint the nominee shall be adopted by an absolute majority of the votes cast. If the Supervisory Board has not made a nomination, a resolution of the General Meeting to appoint a person as Managing Director shall require an absolute majority of the votes cast representing more than one-third of the issued share capital.

The General Meeting may at any time suspend and dismiss a member of the Managing Board. The Supervisory Board may at all times suspend a Managing Director. The General Meeting may only adopt a resolution to suspend or dismiss a Managing Director by absolute majority of the votes cast representing at least one-third of the issued share capital. Such majority does not apply if the dismissal or suspension has been proposed by the Supervisory Board. If either the General Meeting or the Supervisory Board has suspended a Managing Director, the General Meeting is required within three months after the suspension has taken effect to resolve either to dismiss such member, or to terminate or continue the suspension, failing which the suspension shall cease. A resolution to continue the suspension may be adopted only once and in such event the suspension may be continued for a maximum period of three months commencing on the day that the General Meeting has adopted the resolution to continue the suspension. If the General Meeting has not decided to terminate or to continue the suspension within the required period, the suspension shall cease.

A Managing Director shall be appointed for a maximum period of four years. The Supervisory Board has adopted a rotation schedule for the Managing Directors which is available on the Company's website. A retiring Managing Director can be re-appointed immediately for a term of not more than four years at a time.

17.2.4 Board Meetings and Decision Making

Pursuant to the Articles of Association, the Managing Board can adopt resolutions with an absolute majority of votes cast. In the event of a tie vote, the decision shall be referred to the Supervisory Board. Resolutions can also be adopted in writing without holding a meeting by conference call or video conference, provided all Managing Directors entitled to vote have expressed themselves in writing or through electronic means of communication.

Pursuant to the DCC and the Articles of Association, resolutions of the Managing Board in respect of an important impact on the identity or nature of the Company or its business are subject to the approval of the General Meeting, which in any event include:

- the transfer of the Company's business or substantially all of its business to a third party;
- the entry into or termination of a long-term cooperation by the Company or any of its subsidiaries with another legal entity or as general partner with full liability in a limited partnership or general partnership, if such cooperation or the termination thereof is of far-reaching significance to the Company; and
- the acquisition or disposal by the Company or by any of its subsidiaries of a participation in the capital of another company, the value of which equals at least 33% of the sum of the assets shown in the Company's, including its subsidiaries', consolidated balance sheet with explanatory notes thereto according to the most recently adopted consolidated annual accounts of the Company.

Resolutions of the Managing Board identified in the Supervisory Board Rules (as defined below) or notified to the Managing Board by the Supervisory Board from time to time on the basis of the relevant provisions in the Articles of Association, require the prior approval of the Supervisory Board. See Section 17.3 "*Supervisory Board"* and Section 17.3.5 *"Board Meetings and Decision Making*" below for a description of the Supervisory Board's decision-making process.

The lack of approval referred to in the two paragraphs above does not affect the authority of the Managing Board or the Managing Directors to represent the Company.

17.2.5 Managing Directors

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

Name	Date of birth	First appointed	Appointed until	Position	Other memberships in administrative, management or supervisory bodies or as partners in partnerships within the previous five years
Michael Köhler	28 Dec. 1962	2016	General Meeting 2019	Chief Executive Officer (CEO)	• Managing director of Koehler Invest N.V. • Managing director of MK Beleggingsmaatschappij B.V. • Managing director of EHS (2012-2016) • Managing director of EHSC B.V. (previously named GHK Beleggingsmaatschappij B.V.) (2001-2016) • Managing director of Europa Apotheek Venlo B.V. (2001-2016) • Managing director of Europa Apotheek Service Venlo B.V. (2007-2016)
Stephan Weber	20 Jan. 1979	2016	General Meeting 2019	Chief Marketing & Sales Officer (CMO); and Deputy Chief Executive Officer	• Managing director of swinvest GmbH • CMO of EHS (2012-2015)
Dr. Ulrich Wandel	12 Dec. 1964	2016	General Meeting 2019	Chief Financial Officer (CFO)	• Managing director of WANDEL Consultants GmbH • Managing director of Reinhold Technik GmbH & Co. KG • Trustee of the Dr. Wandel Foundation • CFO of EHS (2012-2015) • CFO of Medco International B.V. (2011-2013) • CFO of Medco International GmbH (2011-2013) • CFO of EHSC B.V. (previously named GHK Beleggingsmaatschappij B.V.) (2011-2012)
Theresa Holler	20 March 1973	2016	General Meeting 2019	Chief Operating Officer (COO)	• COO of EHS (2012-2015)
Marc Fischer	17 Dec. 1975	2016	General Meeting 2019	Chief Technical Officer (CTO)	• Managing director of MAFI Invest GmbH (2012-2017) • CEO of RedTecLab GmbH

The Company's registered business address (Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands, see Section 15 "*General Information on the Company and the Group — 15.1 Incorporation*") serves as the business address for all members of the Managing Board.

Michael Köhler (our CEO) was born in Pforzheim, Germany, in 1962. He studied commerce and technics at the University of Stuttgart and successfully completed his studies with a diploma in 1992. After his

studies, Michael Köhler started his career in the pharmaceutical industry and held various managing positions responsible for controlling, finance and finally for sales within Hoechst AG, Hoechst Marion Roussel and Aventis. In particular, he has been deeply involved in the acquisition of Roussel Uclaf and Marion Merrell Dow and the global restructuring into Hoechst Marion Roussel. From 2001 to 2016, Michael Köhler served as managing director for GHK Beleggingsmaatschappij B.V. and its successor company EHSC B.V. He is one of the founders of Europa Apotheek Venlo B.V. where he also served as managing director from 2001 to 2016. In this capacity, he was responsible for the acquisition, reorganization and integration of shop-apotheke.com in 2010 and of RedTecLab GmbH in 2013. Following the management buy-out in 2012, he served as managing director for EHS until 2016.

Stephan Weber (our CMO and deputy CEO) was born in Cologne, Germany, in 1979. Stephan Weber studied pharmacy at the University of Bonn and successfully completed his second state exam in pharmacy in 2005. He is one of the founders of the shop-apotheke.com website and has managed the shop-apotheke.com business from 2001 to 2010 where he was responsible for marketing, sales, business development, finance and logistics. After the acquisition of the shop-apotheke.com business by Europa Apotheek Venlo B.V. in 2010, he continued serving as manager of shop-apotheke.com with overall responsibility for the business unit shop-apotheke.com. Following the management buy-out in 2012, he became Chief Marketing & Sales Officer (CMO) of EHS, and stayed in this position until 2015.

Dr. Ulrich Wandel (our CFO) was born in Frickenhausen (Württemberg), Germany, in 1964. Ulrich Wandel received a bachelor's degree (BA) in business administration from the University of Stuttgart, a master degree in business administration (MBA) from the University of Oregon, USA, where he also became Fulbright alumnus, and a PhD from the University of Göttingen. After his studies, Ulrich Wandel started his career as consultant for Droege Group, an independent consulting and investment firm located in Düsseldorf, and was an assistant to the board of Fresenius AG, Bad Homburg. Afterwards he worked as head of R&D Controlling for Hoechst AG Pharma and as Chief Financial Officer for Hoechst Marion Roussel S.A., Athens. In 2002, he founded WANDEL Consultants GmbH which worked on projects for Europa Apotheek Venlo B.V. and Medco International B.V. between 2008 and 2012, during which he also worked on the acquisition of the shop-apotheke.com business in 2010 by Europa Apotheek Venlo B.V. From 2011 to 2013 Ulrich Wandel served as Chief Financial Officer (CFO) of Medco International B.V., Medco International GmbH and GHK Beleggingsmaatschappij B.V. and of EHS from 2012 to 2015. In 2012 he participated in the management buy-out of the Europa Apotheek Group.

Theresa Holler (our COO) was born in Osnabrück, Germany, in 1973. Theresa Holler studied pharmacy at the University of Mainz. After her studies she started her career in 2000 at the mail-order pharmacy 0800docmorris where she was part of the management team building up the operational business. In parallel, she earned her Master of Science degree (MSE) in consumer health care at Charité, Berlin. In 2002, Theresa Holler became head of operation of Europa Apotheek Venlo B.V. with increasing responsibility for up to 250 employees (including employees of the shop-apotheke.com business after the acquisition by Medco). Since 2008, Theresa Holler has been registered as gevestigt Apotheker of Europa Apotheek Venlo B.V. Following the management buy-out in 2012, she became Chief Operating Officer (COO) of EHS, Europa Apotheek Venlo B.V. and Europa Apotheek Service Venlo B.V. from 2012 to 2015.

Marc Fischer (our CTO) was born in Brugg, Switzerland, in 1975. Marc Fischer completed a professional education in electronics at the JB Jost Brugg AG, Switzerland, from 1993 to 1997. Afterwards, he started his career working as an IT-system engineer for Credit Suisse AG in Dübendorf, Switzerland. In 2001 he became IT branch office manager at ALSO iT-Services AG in Dübendorf, Switzerland. In parallel, Marc Fischer studied at the IBZ Schools for Technics, Computer Science and Economy (IBZ Schulen für Technik Informatik Wirtschaft) in Brugg, Switzerland, from 1998 to 2002 and received a diploma in Information Technology (IT) in 2002. He further worked as IT branch office manager for Bechtle IT Systemhaus in Dübendorf, Switzerland, from 2003 to 2004. Marc Fischer is one of the founders of the shop-apotheke.com website and served as manager of shop-apotheke.com from 2003 to 2010. In 2005, Marc Fischer received a diploma in Business Management from the Graduate School of Business Administration in Zürich, Switzerland. After the acquisition of the shop-apotheke.com business by Europa Apotheek Venlo B.V. in 2010, he continued serving as manager of shop-apotheke.com until the management buy-out of EHS in 2012.

17.3 Supervisory Board

17.3.1 Powers, Responsibilities and Function

The Supervisory Board supervises the conduct and policy of the Managing Board and the general course of affairs of the Company and the enterprise connected therewith. The Supervisory Board may also, on its own

initiative, provide advice to the Managing Board and may request any information from the Managing Board that it deems appropriate. In performing their duties, the Supervisory Directors are required to be guided by the interests of the Company and the enterprise connected therewith and to take into account the relevant interests of all those involved in the Company (including the Company's shareholders), as well as the corporate social responsibility issues that are relevant to the Company's business. The Supervisory Board is responsible for the quality of its own performance. The Supervisory Board may, at the Company's expense, seek advice which it deems desirable for the correct performance of its duties. The Supervisory Directors are generally not authorized to represent the Company in dealing with third parties. The Supervisory Board is collectively responsible for carrying out its duties.

17.3.2 Supervisory Board Rules

Pursuant to the Articles of Association, the Supervisory Board has adopted rules of procedure concerning the division of its duties and its working method, its decision-making process and the relationship with the Managing Board and the General Meeting (the "**Supervisory Board Rules**"). The Supervisory Board Rules may be amended from time to time by resolution of the Supervisory Board to that effect. The Supervisory Board Rules are available on the Company's website.

17.3.3 Composition, Appointment, Dismissal and Suspension

The Articles of Association provide that the number of Supervisory Directors will be determined by the General Meeting and will consist of four members. Only natural persons (not legal entities) may be appointed as Supervisory Directors. However, the following persons cannot be appointed as Supervisory Directors: (i) persons employed by the Company or a dependent company (*afhankelijke maatschappij*) of the Company and (ii) Managing Directors and persons employed by an employee organization that is regularly involved in the determination of the employment conditions of the persons referred to under (i).

The General Meeting appoints the Supervisory Directors. When a Supervisory Director is to be appointed, the Supervisory Board shall make a non-binding nomination, which nomination must specify the reasons for the nomination. The nomination must be included in the notice of the General Meeting at which the appointment will be considered. If no nomination has been made, this must be stated in the notice.

In the event the Supervisory Board has made a nomination, the resolution of the General Meeting to appoint the nominee shall be adopted by an absolute majority of the votes cast. If the Supervisory Board has not made a nomination, a resolution of the General Meeting to appoint a person as Supervisory Director shall require an absolute majority of the votes cast representing more than one-third of the issued share capital.

The Supervisory Board has prepared a profile (*profielschets*) of its size and composition, which takes into account the character of the Company's business, its activities and the desired expertise and background of the Supervisory Directors. Each modification of the profile will be discussed with the General Meeting. With each appointment of a Supervisory Director, the profile must be taken into account.

The Supervisory Board appoints a chairperson and a vice-chairperson from among its members, and a secretary whether or not from its members.

The General Meeting may suspend and dismiss a Supervisory Director at all times. A Supervisory Director may be suspended and dismissed by the General Meeting only on the basis of a resolution passed by an absolute majority of the votes cast representing at least one-third of the issued share capital. Such majority does not apply if the dismissal or suspension has been proposed by the Supervisory Board.

If the General Meeting has suspended a Supervisory Director, the General Meeting is required within three months after the suspension has taken effect to resolve either to dismiss such member, or to terminate or continue the suspension, failing which the suspension shall cease. A resolution to continue the suspension may be adopted only once and in such event the suspension may be continued for a maximum period of three months commencing on the day that the General Meeting has adopted the resolution to continue the suspension. If the General Meeting has not decided to terminate or to continue the suspension within the required period, the suspension shall cease.

17.3.4 Term of appointment

Supervisory Directors are in principle appointed for a term of four years and unless such member resigns earlier, his or her appointment shall end on the day after the day of the first annual General Meeting to be held four years after his or her appointment. A Supervisory Director may be reappointed for a term of not more than four years at a time, with due observance of the provision in the previous sentence and the Code. The Supervisory Board retires periodically in accordance with a rotation schedule adopted by the Supervisory Directors.

17.3.5 Board Meetings and Decision Making

Pursuant the Articles of Association, a meeting of the Supervisory Board shall take place whenever a Supervisory Director requests for a meeting. The Managing Directors will attend the meetings of the Supervisory Board, unless the Supervisory Board resolves otherwise. Resolutions of the Supervisory Board must be adopted by an absolute majority of the votes cast.

The Supervisory Board may also adopt resolutions without holding a meeting, provided that all Supervisory Directors entitled to vote have agreed in writing or through electronic means of communication to the proposal concerned.

17.3.6 Supervisory Directors

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

Name	Date of birth	First appointed	Appointed until	Position	Other memberships in administrative, management or supervisory bodies or as partners in partnerships within the previous five years
Jan Pyttel ……	4. Oct. 1965	2016	General Meeting 2019	Chairman	• Director of Iberia Industry Capital Group SA • Director of MOGEP Ltd. • Director of BELUKHA Ltd.
Dr. Björn Söder ……	12. Nov. 1972	2016	General Meeting 2019	Vice-Chairman	• Member of the Supervisory Board of Pflegezeit AG (2012-2017) • Managing director of Parklane Capital Beteiligungsberatung GmbH • Managing director of Parklane Capital Verwaltungsgesellschaft mbH • Managing director of Mail Response Services GmbH (2004-2015)
Frank Köhler ……	9. May 1964	2016	General Meeting 2019	Member	• Managing director of FK Beteiligungs GmbH • Managing director of Humiecki & Graef GmbH
Jérôme Cochet …….	13 May 1978	2016	General Meeting 2019	Member	• Managing director of Vinel UG (limited liability) • Managing director of Monte Cevedale UG (limited liability) • Managing director of Zalando Media Solutions GmbH • Managing director of Zalando SAS (2011-2013)

The Company's registered business address (Dirk Hartogweg 14, 5928 LV Venlo, the Netherlands, see Section 15 "*General Information on the Company and the Group—15.1 Incorporation*") serves as the business address for all Supervisory Directors.

Jan Pyttel, the chairman of our Supervisory Board, was born in Neuenbürg, Germany, in 1965. Mr. Pyttel graduated from the University of Mannheim in 1991 and holds a degree in business-administration (*Diplom-Kaufmann*). He has worked in mergers and acquisitions with leading investment banks such as UBS, Lazard and Salomon Smith Barney, from 1994 to 1999. Later, he moved to the private equity sector where he was Co-founder of Bavaria Industries Group AG in 2003, a German private equity firm, and served as its board member until 2007. He worked as a private investor and co-founded Iberia Industry Capital Group SA, an industrial holding firm focused on acquiring businesses in special situations, where he serves as managing director since 2013. Since 2015, Mr. Pyttel also serves as managing director of MOGEP Ltd. and BELUKHA Ltd. He serves as chairman of the Supervisory Board since September 2016.

Dr. Björn Söder, the vice-chairman of our Supervisory Board, was born in Hamburg, Germany, in 1972. Dr. Söder started his studies at the Distance Learning University of Hagen while working at merchant bank M.M.Warburg & Co. in Hamburg from 1991 to 1993. He graduated in economics at the University of Würzburg in 1996, where he subsequently received a PhD in economics. He worked for McKinsey & Company with a

focus on corporate finance and consumer goods from 1998 to 2000. Prior to becoming vice-chairman of our Supervisory Board, he founded several companies in the online field (e.g. getgo.de, a leading ticket portal in Germany sold to CTS Eventim AG), before he founded his own consulting company Parklane Capital Beteiligungsberatung GmbH, as well as his own investment company, Parklane Capital Verwaltungsgesellschaft mbH, in 2004. Dr. Söder serves as managing director for both companies. Between 2012 and May 2017, he was also member of the supervisory board of Pflegezeit AG. Dr. Söder has been serving as vice-chairman of the Supervisory Board since September 2016.

Frank Köhler, member of our Supervisory Board, was born in Pforzheim, Germany, in 1964. Mr. Köhler graduated from the University in Stuttgart in 1996 with a degree in technical economics (*techn. Diplom-Kaufmann*). After his studies, he worked in different management positions in merchandising such as Loriot Design GmbH. In 2000, he joined Aroma Company, a distributor of high-end beauty and perfume products. In 2005, he became co-owner and director of the company, renamed Aroma Company Köhler, Frank und Weckesser, Frank GbR. Mr. Köhler expanded this business and founded Aroma Beauty and co-founded Aroma Company GmbH in the following years. Both companies are developers of perfume brands and distributors of high-end beauty and perfume products to leading perfumeries and life-style shops throughout Europe. Since 2017 he has also served as managing director of the perfume brand Humiecki & Graef GmbH. Mr. Köhler is an expert for branding and marketing in the luxury sector. He has been a member of the Supervisory Board since the establishment of Shop Apotheke Europe N.V. in 2016.

Jérôme Cochet, member of our Supervisory Board, was born in Hannover, Germany, in 1978. Mr. Cochet studied business administration at the University of Bayreuth and at the ESCP-EAP Business School in Paris, Oxford and Berlin and graduated in 2003 with a diploma in business administration (Diplom-Kaufmann), Master of Science and Diplôme de Grande Ecole. In 2007, he also completed his MBA at the Institut Européen d'Administration des Affaires (INSEAD). He started his career in 2004 as senior corporate auditor at Bombardier, Inc. where he remained until 2006. From 2007 to 2011, he worked for McKinsey & Company, where he served as engagement manager since 2010. In 2011, Mr. Cochet joined Zalando SE, where he first served as country manager France, took the position of chief international officer in 2012 and became senior vice president sales and company officer with statutory authority (*Prokurist*) in 2013. From 2011 to 2013, Mr. Cochet served as managing director for Zalando SAS. He has also been serving as managing director for Zalando Media Solutions GmbH since 2015. Mr. Cochet has been a member of the Supervisory Board since September 2016.

17.4 Maximum Number of Positions of Supervisory Directors

Since 1 January 2013, restrictions apply with respect to the overall number of board positions that a supervisory director of a so-called "large company" may hold.

A company is a "large company" pursuant to Section 2:397 of the DCC if it meets two or three of these criteria on two consecutive balance dates:

(i) the value of its assets according to its balance sheet together with explanatory notes, on the basis of the purchase price or manufacturing costs exceeds, exceeds €20 million;

(ii) its net revenue in the applicable book year exceeds €40 million; and

(iii) its average number of employees in the applicable book year is 250 or more.

Dutch public companies, private companies with limited liability and foundations meeting such criteria will be referred to as "**Large Companies**" and each a "**Large Company**".

A person cannot be appointed as a managing director or an executive director of a Large Company if (i) he/she already holds a supervisory position at more than two other Large Companies, or (ii) he/she is the chairman of the supervisory board or of a one-tier board (i.e., a board consisting of both executive and non-executive directors) of another Large Company.

Also, a person cannot be appointed as a supervisory director or a non-executive director of a Large Company if he/she already holds a supervisory position or a non-executive position at five or more other Large Companies, whereby the position of chairman of the supervisory board or chairman of the one-tier board of another Large Company, is counted twice.

Appointments to positions within the same group count as one appointment when determining the maximum number of supervisory positions. The maximum number of supervisory positions does not apply to appointments which took place before 1 January 2013, but will apply to reappointments of board members.

At the date of this Prospectus, the Company exceeds two of the three thresholds set out in Section 2:397 of the DCC as of the date of this Prospectus and therefore qualifies as a Large Company. All Managing Directors and Supervisory Directors will therefore comply with these rules.

17.5 Diversity

Until 1 January 2016, Dutch law required Large Companies (see Section 17.4. "*Maximum Number of Positions of Supervisory Directors*" for an explanation for this term) to pursue a policy of having at least 30% of the seats on both the managing board and the supervisory board held by men and at least 30% of the seats on the managing board and the supervisory board held by women, each to the extent these seats are held by natural persons. Under Dutch law, this was referred to as a well-balanced allocation of seats. This allocation of seats needed to be taken into account in connection with:

(i) the appointment, or nomination for the appointment, of members of the managing board and the supervisory board;

(ii) drafting the criteria for the size and composition of the managing board and the supervisory board, as well as the designation, appointment, recommendation and nomination for appointment of members of the supervisory board; and

(iii) drafting the criteria for members of the supervisory board.

If such a large Dutch company did not comply with the gender diversity rules, it was required to explain in its management report:

(a) why the seats were not allocated in a well-balanced manner;

(b) how it had attempted to achieve a well-balanced allocation; and

(c) how it aimed to achieve a well-balanced allocation in the future.

This rule was a temporary measure and automatically ceased to have effect on 1 January 2016. However, the Dutch Parliament adopted a legislative proposal by the responsible Dutch Minister to reinstate this rule effective as per 13 April 2017, extending its application until 1 January 2020.

At the date of this Prospectus, the Company exceeds two of the three thresholds set out in Section 2:397 of the DCC and therefore qualifies as a Large Company.

The Company currently does not meet these gender diversity targets. The Company will explain in its annual management report for the fiscal year ending in 2017: (a) why the seats are not allocated in a well-balanced manner as aforesaid, (b) how the Company has attempted to achieve a well-balanced allocation and (c) how the Company aims to achieve a well-balanced allocation in the future.

17.6 Remuneration of the Managing Board

The remuneration of the individual members of the Managing Board has been established in accordance with the Managing Board remuneration policy for the financial year 2017 as adopted by the General Meeting, on the proposal of the Supervisory Board, on 16 May 2017. The remuneration policy for the Managing Board is available on the Company's website.

The remuneration policy aims to attract, retain and reward highly qualified executives with the required background, skills and experience. It further aims to align the interests of the Company, its shareholders and its other stakeholders in the medium and long-term to deliver sustainable performance in line with the Company's strategy.

The remuneration policy comprises the following fixed and variable components:

- fixed compensation – annual base salary;
- long-term incentive – stock option plan, based on stock price development; and
- other benefits, if applicable.

As of the date of this Prospectus, the Company does not have an incentive plan for remuneration in the form of Shares or rights to subscribe for Shares for members of the Managing Board or employees of the Group in a senior management position within the Group. But it is foreseen to establish such incentive plan in the future.

Remuneration components

Fixed compensation – annual base salary

The annual base salary of the members of the Managing Board is a fixed compensation and is set by the Supervisory Board taking into account a variety of factors. The base salary will be evaluated periodically taking into account the Company's and individual performance, experience, capability and marketability of the Managing Board as well as general market developments.

Other benefits

Members of the Managing Board do not receive any contribution towards pension or similar retirement benefits. Other benefits, such as a company car and holiday allowances, may be determined by the Supervisory Board.

Adjustments to variable remuneration

As of the date of this Prospectus, there is no variable remuneration in place for the Managing Board.

Pursuant to Dutch law, the variable remuneration of members of the Managing Board, if any, may be adjusted and members of the Managing Board may be obliged to repay their variable remuneration (or part thereof) to the Company if certain circumstances apply. Pursuant to Dutch law, the Supervisory Board may furthermore adjust the variable remuneration of the members of the Managing Board (if any, and to the extent subject to reaching certain targets and the occurring of certain events) to an appropriate level if payment of the variable remuneration were to be unacceptable according to the criteria of reasonableness and fairness.

Remuneration of the Managing Board

The total remuneration received by the members of the Managing Board (in their capacity of members of the managing board of Shop-Apotheke Service B.V.) for the year ended 31 December 2016 amounted to €713,358.

17.7 Supervisory Board Remuneration

The General Meeting shall determine the remuneration of the members of the Supervisory Board. The Supervisory Board will submit a proposal to the General Meeting in respect thereof. The remuneration of the Supervisory Board cannot be dependent on the Company's results.

None of the members of the Supervisory Board may receive Shares or options for Shares as part of their remuneration. None of the members of the Supervisory Board may hold Shares, options for Shares or similar securities other than as a long-term investment.

Remuneration of the Supervisory Board

The chairman of the Supervisory Board receives an annual retainer of €30,000 and all other members each receive €20,000 annually for their services as of the date of their appointment. In addition we fund the insurance premium for the directors and officers ("**D&O**") insurance we have taken out for the members of our Supervisory Board. If members of our Supervisory Board have incurred extraordinary travel expenses when performing their services for the Company, the Company will reimburse such extraordinary travel expenses to them.

Pensions for the Supervisory Board

As of the date of this Prospectus, there are no amounts reserved or accrued by the Company or its subsidiaries to provide pension, benefit, retirement or similar benefits for members of the Supervisory Board.

17.8 Shareholding Information

The number of Shares in the capital of the Company beneficially owned by the Managing Directors and the Supervisory Directors as of the date of this Prospectus, and expected to be owned immediately following the Capital Increase, is set forth in the table below.

	Immediately prior to the Capital Increase, as of the date of this Prospectus		Expected following the Capital Increase	
Existing Shareholders	**Number of Shares**	**Percent**	**Number of Shares**	**Percent**
MK Beleggingsmaatschappij Venlo B.V.[(1)(2)]	1,189,016	13.11	1,868,915	15.55
Michael Köhler[(1)(4)]	249,686	2.75	414,919	3.45
Jan Pyttel[(3)]	285,907	3.15	463,184	3.85
Frank Köhler[(3)]	201,594	2.22	300,886	2.50
Dr. Ulrich Wandel[(2)]	179,020	1.97	290,021	2.41
Theresa Holler[(2)]	175,387	1.93	265,615	2.21
Stephan Weber[(2)]	171,873	1.89	245,759	2.04
Marc Fischer[(2)]	166,382	1.83	245,715	2.04
Dr. Björn Söder[(3)]	29,505	0.33	29,505	0.25

(1) MK Beleggingsmaatschappij Venlo B.V. is a company of which 55.9% is held by our Managing Director, Michael Köhler. In aggregate, 16.66% of the Shares can be attributed to Mr. Köhler directly and through MK Beleggingsmaatschappij Venlo B.V. and another company through which he indirectly owns 72,000 shares, Koehler Invest N.V., as of the date of this Prospectus and 19.60% is expected to be able to be so attributed following the Capital Increase.
(2) Managing Director.
(3) Member of our Supervisory Board/held by a member of our Supervisory Board.

None of the current Managing Directors or Supervisory Directors holds any options on Shares, nor did any Managing Director or Supervisory Director hold options on Shares in the year ended 31 December 2016.

17.9 Employment, Service and Severance Agreements

Michael Köhler, Stephan Weber, Marc Fischer and Dr. Ulrich Wandel have service agreements with Shop Apotheke Service B.V. Theresa Holler has a service agreement with Shop Apotheke B.V. All agreements were entered into for an indefinite term, subject to statutory termination rules. Each member of the Managing Board is subject to a non-compete obligation during the term of his/her service agreement and a period of one year after the termination of his/her service agreement.

The aggregate annual compensation of the current members of the Managing Board under their existing service agreements for the year ended 31 December 2016 amounted to €713,358 per annum including vacation benefits (*vakantietoeslag*) of 8% of the annual salary and fixed monthly payments to cover travel expenses.

The Supervisory Directors do not have an employment, service or severance contract with the Company.

17.10 Board Conflicts of Interest

Under Dutch law, a member of the Managing Board or the Supervisory Board who has a conflict of interest must abstain from participating in the deliberation and the decision-making process with respect to the relevant matter. If any such member was nevertheless involved in the decision-making process, then such decision may be nullified.

Pursuant to the Articles of Association, if all members of the Managing Board have a conflict of interest, the Supervisory Board will have the authority to decide on the matter. If all members of the Supervisory Board have a conflict of interest with the Company, the General Meeting will have the authority to decide on the matter.

A member of the Managing Board or the Supervisory Board who participates in a decision-making process while having a conflicting interest with respect to the relevant matter may under certain circumstances be held personally liable for any damage suffered by the company as a consequence of the decision.

As a general rule, agreements and transactions entered into by a company based on a decision of its board that are adopted with the participation of a board member who had a conflict of interest with respect to the matter cannot be annulled. However, under certain circumstances, a company may annul such an agreement or transaction if the counterparty misused the relevant conflict of interest.

17.11 Potential Conflicts of Interest and Other Information

The Company is aware of the fact that all of the members of its Managing Board hold Shares in the Company and that three Supervisory Directors, Jan Pyttel, Björn Söder and Frank Köhler, hold Shares in the Company. Furthermore, Stephan Weber (CMO) and Marc Fischer (CTO) are brothers-in-law and Michael Köhler (CEO) and Frank Köhler, a Supervisory Director, are brothers.

Prior to the Acquisition, the Company and EHS substantially had the same shareholders, including all members of the Managing Board and two of the four members of the Supervisory Board. As stated in the paragraph above, these persons continued to be substantial shareholders of the Company after completion of the Acquisition and as at the date of this Prospectus.

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

With the exception of the voluntary ongoing liquidation of Mail Response Services GmbH, Hamburg, Germany, in which Dr. Björn Söder is involved as liquidator of Mail Response Services GmbH, none of the Managing Directors or the Supervisory Directors (i) has been convicted of fraudulent offenses, (ii) has served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation, or (iii) has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including

designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer during the last five years.

The Company is not aware of any arrangement or understanding with controlling shareholders, suppliers, customers or others pursuant to which any Managing Director or Supervisory Director was selected as a member of such management or supervisory bodies of the Company. There are no service agreements between the Company or its subsidiaries, on the one hand, and one or more members of the Supervisory Board on the other hand, that provide for a severance payments or other benefits in the case of termination of the service agreement.

Apart from that, EuroService Venlo B.V. has 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 DHV Verwaltungsgesellschaft mbH (formerly known as Dr. Hess Verwaltungsgesellschaft mbH) which directly holds 5.53% of our Shares as of the date of this Prospectus. The agreement was entered into on commercial terms.

17.12 Liability of Members of the Managing Board and the Supervisory Board

Under Dutch law, the Managing Directors and the Supervisory Directors may be liable toward the Company for damages in the event of improper or negligent performance of their duties. They may be jointly and severally liable for damages toward the Company and toward third parties for infringement of the Articles of Association or of certain provisions of the DCC. In certain circumstances, they may also incur additional specific civil and criminal liabilities.

17.13 Insurance

The Managing Directors, the Supervisory Directors and certain other officers are insured under a liability insurance provided for by the Company against damages resulting from their conduct when acting in their capacities as directors or officers. See Section 11 "*Business – 11.14 Insurance"*.

17.14 Indemnification

Pursuant to the Articles of Association, and unless and to the extent Dutch law provides otherwise, the following will be reimbursed by the Company to current and former members of the Managing Board and the Supervisory Board: (i) the reasonable costs of conducting a defense against threatened, pending or completed claims or discovery procedures, whether civil, criminal, investigative or administrative, based on acts or failures to act in the exercise of their duties or any other duties currently or previously performed by them at the Company's request, (ii) any expenses, damages, amounts paid in settlement or fines payable by them as a result of an act or failure to act as referred to under (i) and (iii) the reasonable costs of appearing in other legal proceedings or investigations in which they are involved as current or former Managing Directors or Supervisory Directors, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf.

There shall, however, be no entitlement to reimbursement if and to the extent that: (i) a Dutch court has established in a final and conclusive decision that the act or failure of the persons concerned may be characterized as willful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise, or (ii) the costs or financial loss of the persons concerned are covered by an insurance and the insurer has paid out the costs or financial loss.

18. Certain Relationships and Related-party Transactions

In accordance with IAS 24, transactions with persons or companies which are, among other things, members of the same group as the Company or which are in control of or controlled by the Company must be disclosed, unless they are already included as consolidated companies in our Annual Financial Statements. Control exists if a shareholder owns more than one half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of our management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on our financial and operating policies, including close family members and intermediate entities. This includes the members of the Managing Board and Supervisory Board and close members of their families, as well as those entities over which the members of the Managing Board and Supervisory Board or their close family members are able to exercise a significant influence or in which they hold a significant share of voting rights.

Set forth below is a summary of such transactions with related parties for the years ended 31 December 2016, 2015 and 2014 as well as for the current year up to and including the date of this prospectus. Further information, including quantitative amounts, of related party transactions are contained in the notes to our Annual Financial Statements, which are included in Section 22 "Financial Information" of this prospectus beginning on page F-1. Business relationships among companies of the Group are not included.

18.1 Relationships with Certain Shareholders

18.1.1 Shareholder Loans

In the course of the Reorganization, 33 long term loan agreements with a large number of our shareholders with a total nominal value of €24,580,000 (the "**Shareholder Loans**") were transferred by way of legal demerger from EHS to Shop Apotheke Europe B.V. All agreements, entered into between November 2012 and March 2014 by EHS provide for an interest rate of 2.5% p.a. and all loans, including accumulated interest, are due for repayment on 31 December 2022. The Shareholder Loans were repaid in full with part of the proceeds from our initial public offering in October 2016. As a result of such payment, the difference in the nominal amount of the Shareholder Loans (€26,853 thousand, including accumulated interest, as at 30 June 2016) and the carrying value of the Shareholder Loans on our statement of financial position (€19,715 thousand as at 30 June 2016) was reflected as a loss on our statement of profit and loss of €5,354 thousand after reflecting the related deferred tax liability of €1,784 thousand.

18.1.2 Acquisition Agreements

The Company and each EA Shareholder entered into an Acquisition Agreement dated 25 September 2017 setting out the terms and conditions of the contribution in kind in respect of the Acquisition.

Under the Acquisition Agreements, completion of the Acquisition is subject to its approval by the EGM.

Furthermore, the following other (customary) conditions precedent are included in the Acquisition Agreements:

- no material adverse effect having occurred or is likely to occur with respect to the business operations or legal, tax, regulatory or financial position or results of operations of the Europa Apotheek Group's business;
- no material administrative or judicial action or proceeding having been instituted, or being threatened to be instituted, challenging (any part of) the Acquisition;
- no law having been enacted and no restraining governmental order or permanent injunction preventing completion of the Acquisition being in effect immediately prior to completion; and
- the parties having delivered certain closing deliverables, including certain ancillary documents.

The Acquisition Agreements provide that the consideration thereunder will not be subject to any adjustments.

Under the Acquisition Agreements, each EA Shareholder provided the Company with customary representations and warranties relating to, among other things, the Europa Apotheek Group's share capital and constitution, title to the relevant equity interests in the Europa Apotheek Group, authority of the parties to enter into the agreements, the Europa Apotheek Group's accounts, assets and liabilities and tax matters.

Completion of the Acquisition will take place on the fifth business day after the day on which the last of the conditions under the Acquisition Agreements has been satisfied or, to the extent permitted by applicable law,

duly waived in accordance with the terms of the Acquisition Agreements (the "**Completion Date**"). At completion, a Dutch civil law notary (*notaris*) will execute notarial deeds of transfer of the shares in EHS to effect the contribution and transfer of the shares in EHS from the EA Shareholders to the Company against issuance of the New Shares by the Company to the EA Shareholders.

Completion of the Acquisition is expected to take place on or about 8 November 2017. Once known, the Completion Date will be publicly announced by the Company as soon as possible.

The Acquisition Agreements also include customary undertakings applicable to the conduct of the Europa Apotheek Group in the period between signing the Acquisition Agreements and the Completion Date.

Such undertakings can be summarized as follows:

- the Europa Apotheek Group must carry on its business activities as a going concern in the ordinary course, consistent with past practice; and
- the Europa Apotheek Group must preserve its present business organizations, lines of business and relationships with customers, suppliers and other third parties, consistent with past practice.

18.1.3 Keep-Well Letters

In connection with their potential liability *vis-à-vis* the Company for a breach of a representation or warranty or any other claims under the applicable Acquisition Agreements, the EA Shareholders that are corporate entities, namely MK Beleggingsmaatschappij Venlo B.V. and DHV Verwaltungsgesellschaft mbH, have signed keep-well letters dated 25 September 2017 addressed to the Company. In these keep-well letters, each such EA Shareholder undertakes that it will maintain on its balance sheet a minimum amount of net equity or capital equal to 25% of the consideration it will receive under the Acquisition Agreements for up to 18 months following the completion of the Acquisition.

18.1.4 Consulting Agreement with Mrs. Ponet and Mr. Fastré

As part of the acquisition of the Farmaline Business and in order to ensure the success and the prosperity of the Future Farmaline Business, Mrs. Ponet and Mr. Fastré entered (through their subsidiaries Online Services SARL and Fastgoed BVBA) into corresponding consulting agreements with SA Europe B.V., see Section 11 "*Business – 11.12 Material Contracts – 11.12.1 Acquisition of the Farmaline Business*".

18.2 Relationships with Managing Board and Supervisory Board

For an overview of the compensation and shareholding, as applicable, of the members of the Managing Board and the Supervisory Board, see Section 17 "*Managing Board, Supervisory Board and employees*", Section 17.6 "*Remuneration of the Managing Board"* and Section 17.8 *"Shareholding Information*", as well as the notes to our Annual Financial Statements.

19. Taxation

19.1 The Netherlands

19.1.1 General

The following summary outlines certain principal Dutch tax consequences of the acquisition, holding, redemption and disposal of Shares, but does not purport to be a comprehensive description of all Dutch tax considerations that may be relevant. For purposes of Dutch tax law, a holder of Shares may include an individual or entity who does not have the legal title of these Shares, but to whom nevertheless the Shares or the income thereof is attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Shares or the income thereof.

This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of the acquisition, holding, redemption and disposal of Shares.

This summary is based on tax legislation, published case law, treaties, regulations and published policy, in each case as in force as of the date of this Prospectus, and it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Dutch corporate and individual income tax consequences for:

(a) investment institutions (*fiscale beleggingsinstellingen*);

(b) pension funds, exempt investment institutions (*vrijgestelde beleggingsinstellingen*) or other Dutch tax resident entities that are not subject to or exempt from Dutch corporate income tax;

(c) corporate holders of Shares which qualify for the participation exemption (*deelnemingsvrijstelling*) or would qualify for the participation exemption had the corporate holders of Shares been resident in The Netherlands. Generally speaking, a shareholding is considered to qualify as a participation for the participation exemption if it represents an interest of 5% or more of the nominal paid-up share capital and certain other conditions are met;

(d) holders of Shares holding a substantial interest (*aanmerkelijk belang*) or deemed substantial interest (f*ictief aanmerkelijk belang*) in the Company and holders of Shares of whom a certain related person holds a substantial interest in the Company. Generally speaking, a substantial interest in the Company arises if a person, alone or, where such person is an individual, together with his or her partner (statutory defined term), directly or indirectly, holds or is deemed to hold (i) an interest of 5% or more of the total issued capital of the Company or of 5% or more of the issued capital of a certain class of shares of the Company, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit participating certificates (*winstbewijzen*) that relate to 5% or more of either the annual profit or the liquidation proceeds of the Company;

(e) persons to whom the Shares and the income from the Shares are attributed based on the separated private assets (*afgezonderd particulier vermogen*) provisions of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) and the Dutch Gift and Inheritance Tax Act 1956 (*Successiewet* 1956);

(f) entities which are a resident of Aruba, Curacao or Sint Maarten that have an enterprise which is carried on through a permanent establishment or a permanent representative on Bonaire, Sint Eustatius or Saba and the Shares are attributable to such permanent establishment or permanent representative;

(g) holders of Shares which are not considered the beneficial owner (*uiteindelijk gerechtigde*) of these Shares or the benefits derived from or realized in respect of these Shares; and

(h) individuals to whom Shares or the income therefrom are attributable to employment activities which are taxed as employment income in The Netherlands.

Where in this Section 19.1 "*The Netherlands*" reference is made to "The Netherlands" or "Dutch", it only refers to the part of the Kingdom of The Netherlands that is situated in Europe and the legislation applicable in that part of the Kingdom of the Netherlands.

19.1.2 Withholding Tax

The Company is required to withhold Dutch dividend withholding tax at a rate of 15% in respect of dividends paid on the Shares. Generally, the Dutch dividend withholding tax will not be borne by the Issuer, but

will be withheld for the account of relevant shareholders from the gross dividends paid on the Shares. According to the Dutch Dividend Tax Act 1965 (*Wet op de dividendbelasting 1965*), dividend withholding tax is levied on proceeds from, among other things, shares, which include:

(i) direct or indirect distributions of profit, regardless of their name or form;

(ii) liquidation proceeds, proceeds on redemption of the Shares and, as a rule, the consideration for the repurchase of the Shares by the Company in excess of its average paid-in capital recognized for Dutch dividend tax purposes, unless a particular exemption applies;

(iii) the nominal value of Shares issued to a holder of the Shares or an increase of the nominal value of the Shares, insofar as the (increase in the) nominal value of the Shares is not funded out of the Company's paid-in capital as recognized for Dutch dividend tax purposes; and

(iv) partial repayments of paid-in capital recognized for Dutch dividend tax purposes, if and to the extent there are qualifying profits (*zuivere winst*), unless the general meeting of the shareholders of the Company has resolved in advance to make such repayment through a reduction of the nominal value of the Shares of the Company and provided that the nominal value of the Shares concerned has been reduced by an equal amount by way of an amendment of the Articles of Association and the paid-in capital is recognized as capital for Dutch dividend tax purposes. The term "**qualifying profits**" includes anticipated profits that have yet to be realized.

Residents of The Netherlands

If a holder of Shares is a resident or deemed to be a resident of The Netherlands for Dutch corporate or individual income tax purposes, Dutch dividend tax which is withheld with respect to proceeds from the Shares will generally be creditable for Dutch corporate income tax or Dutch income tax purposes.

Non-residents of The Netherlands

If a holder of Shares is a resident of a country other than The Netherlands and if a treaty for the avoidance of double taxation with respect to taxes on income is in effect between The Netherlands and that country, and such holder is a resident for the purposes of such treaty, such holder may, depending on the terms of that particular treaty, qualify for full or partial relief at source or for a refund in whole or in part of Dutch dividend tax.

A refund of Dutch dividend tax is available to entities resident in another EU member state, Norway, Iceland, or Liechtenstein provided (i) these entities are not subject to corporate income tax there and (ii) these entities would not be subject to Dutch corporate income tax, if these entities would be tax resident in The Netherlands for Dutch corporate income tax purposes and (iii) these entities are not comparable to investment institutions (*fiscale beleggingsinstellingen*) or exempt investment institutions (*vrijgestelde beleggingsinstellingen*). Furthermore, a similar refund of Dutch dividend tax may be available to entities resident in other countries, under the additional condition that (i) the Shares are considered portfolio investments and (ii) The Netherlands can exchange information with this other country in line with the international standards for the exchange of information. A (partial) refund of Dutch dividend withholding tax may under circumstances also be available based on principles resulting from EU law.

Under the Dutch domestic anti-dividend stripping rules, a recipient of dividends distributed on a Share will not be entitled to an exemption from, reduction, refund, or credit of Dutch dividend tax if the recipient is not considered to be the beneficial owner of such proceeds. The recipient will not be considered the beneficial owner of these proceeds, if, in connection with such proceeds, the recipient has paid a consideration as part of a series of transactions in respect of which it is likely:

(i) that the proceeds have in whole or in part accumulated, directly or indirectly, to a person or legal entity that would:

  (a) as opposed to the recipient paying the consideration, not be entitled to an exemption from dividend tax; or

  (b) in comparison to the recipient paying the consideration, to a lesser extent be entitled to a reduction or refund of dividend tax; and

(ii) that such person or legal entity has, directly or indirectly, retained or acquired an interest in shares, profit-sharing certificates or loans, comparable to the interest it had in similar instruments prior to the series of transactions being initiated.

19.1.3 Taxes on income and capital gains

Residents of The Netherlands

If a holder of Shares is a resident of The Netherlands or deemed to be a resident of The Netherlands for Dutch corporate income tax purposes and is fully subject to Dutch corporate income tax or is only subject to Dutch corporate income tax in respect of an enterprise to which the Shares are attributable, income derived from the Shares and gains realized upon the redemption or disposal of the Shares are generally taxable in The Netherlands (in 2017: at a rate of 25%; the first €200,000 of profit are taxed at a rate of 20%).

If an individual is a resident of The Netherlands or deemed to be a resident of The Netherlands for Dutch individual income tax purposes, income derived from the Shares and gains realized upon the redemption, or disposal of the Shares are taxable at the progressive rates (in 2016: at up to a maximum rate of 52%) under the Dutch Income Tax Act 2001, if:

(i) the individual is an entrepreneur (*ondernemer*) and has an enterprise to which the Shares are attributable or the individual has, other than as a shareholder, a co-entitlement to the net worth of an enterprise (*medegerechtigde*), to which enterprise the Shares are attributable; or

(ii) such income or gains qualify as income from miscellaneous activities (*resultaat uit overige werkzaamheden*), which includes activities with respect to the Shares that exceed regular, active portfolio management (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) above applies, an individual that holds the Shares must determine taxable income with regard to the Shares on the basis of a deemed return on income from savings and investments (*sparen en beleggen*), rather than on the basis of income actually received or gains actually realized. This deemed return on income from savings and investments is fixed at a percentage of the individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (1 January), insofar as the individual's yield basis exceeds a certain threshold (*heffingvrij vermogen*). The individual holder's yield basis is determined annually as the fair market value of certain qualifying assets held by the individual less the fair market value of certain qualifying liabilities on 1 January. The fair market value of the Shares will be included as an asset in the individual's yield basis. For the tax year 2017, the average deemed income derived from savings and investments will amount to 2.871% of the individual's yield basis up to €75,000, 4.6% of the individual in the holder's yield basis exceeding €75,000 up to and including €975,000 and 5.39% of the individual holder's yield basis in excess of €975,000. The percentages to determine the deemed income will be reassessed every year. The deemed income derived from savings and investments is taxed at a rate of 30%.

Non-residents of The Netherlands

If a person is not a resident of The Netherlands nor is deemed to be a resident of The Netherlands for Dutch corporate or individual income tax purposes, such person is not liable to Dutch income tax in respect of income derived from the Shares and gains realized upon the redemption or disposal of the Shares, unless:

(i) the person is not an individual and such person (1) has an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which permanent establishment or a permanent representative the Shares are attributable, or (2) is (other than by way of securities) entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in The Netherlands and to which enterprise the Shares are attributable.

This income is subject to Dutch corporate income tax at up to a maximum rate of 25% (in 2017).

(ii) the person is an individual and such individual (1) has an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands to which permanent establishment or permanent representative the Shares are attributable, or (2) realizes income or gains with respect to the Shares that qualify as income from miscellaneous activities in The Netherlands which includes activities with respect to the Shares that exceed regular, active portfolio management, or (3) is other than by way of securities entitled to a share in the profits of an enterprise that is effectively managed in The Netherlands and to which enterprise the Shares are attributable.

Income derived from the Shares as specified under (1) and (2) by an individual is subject to individual income tax at progressive rates up to a maximum rate of 52% (in 2017). Income derived from a share in the profits of an enterprise as specified under (3) that is not already included under (1) or (2) will be taxed on the

basis of a deemed return on income from savings and investments (as described above under "Residents of the Netherlands"). The fair market value of the share in the profits of the enterprise (which includes the Shares) will be part of the individual's Dutch yield basis.

19.1.4 Gift and inheritance tax

Dutch gift or inheritance taxes will not be levied on the occasion of on the transfer of Shares by way of gift by, or on the death of, a holder of Shares unless:

(i) the holder of the Shares is, or is deemed to be, resident in The Netherlands for the purpose of the relevant provisions; or

(ii) the transfer is construed as an inheritance or gift made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands for the purpose of the relevant provisions.

For purposes of Dutch gift tax and inheritance tax, a gift of Shares made under a condition precedent is deemed to be made at the time the condition precedent is satisfied.

19.1.5 Value Added Tax

In general, no Dutch value added tax will arise in respect of payments in consideration for the issuance of the Shares, or in respect of a cash payment made under the Shares or in connection to a transfer of Shares.

19.1.6 Other Taxes and Duties

No registration tax, customs duty, transfer tax, stamp duty, capital tax or any other similar documentary tax or duty will be payable in The Netherlands by a holder in respect of or in connection with the subscription, issue, placement, allotment, delivery or transfer of Shares.

19.1.7 Residence

A holder of a Share will not be, or deemed to be, resident in The Netherlands or will not have, or deemed to have, a permanent establishment (*vaste inrichting*) in The Netherlands for Dutch tax purposes, by reason only of acquiring, holding or disposing of a Share.

19.2 Germany

The following Section contains a summary of key German taxation principles which generally are or can be relevant to the acquisition, holding or transfer of shares both by a shareholder (an individual, a partnership or corporation) that has a tax domicile in Germany (that is, whose place of residence, habitual abode, registered office or place of management is in Germany) and by a shareholder without a tax domicile in Germany. The summary does not purport to be an exhaustive or complete description of all potential tax aspects that could be relevant for shareholders. The information is based on the tax law in force in Germany as of the date of this Prospectus (and its interpretation by administrative directives and courts) as well as typical provisions of double taxation treaties that Germany has concluded with other countries. Tax legislation and the status of the treaties may change, possibly with retroactive or retrospective effect. Moreover, it cannot be ruled out that the German tax authorities or courts may consider an alternative interpretation of the tax law to be correct that differs from the one described in this Section.

This Section is no substitute for individual tax advice to a particular shareholder. Shareholders are therefore advised to consult their tax advisers regarding the tax implications of the acquisition, holding or transfer of shares and regarding the procedures to be followed to achieve a possible reimbursement of German withholding tax (*Kapitalertragsteuer*). Only such individual tax advice can adequately take the specific tax-relevant circumstances of individual shareholders into due account.

19.2.1 Taxation of the Shareholders

Income Tax Implications of the Holding, Disposal and Gratuitous Transfer of Shares

Shareholders may be subject to taxation in connection with the holding of shares ("*Taxation of Dividends*"), the disposal of shares ("*Taxation of Capital Gains*") and the gratuitous transfer of shares ("*Inheritance and Gift Tax*").

Taxation of dividends

Withholding Tax

Provided that the shares are kept by a German resident shareholder in custody with a German Dividend Paying Agent (as defined below), the dividends distributed by the Company are subject to a withholding tax (*Kapitalertragsteuer*) at a rate of 25% plus solidarity surcharge of 5.5% thereon (i.e., 26.375% in total plus church tax, if applicable). This, however, will not apply if and to the extent that dividend payments are funded from the capital contributions made to the Company which would form part of the Company's contribution account for tax purposes if it was a German company (*steuerliches Einlagekonto; § 27 Körperschaftsteuergesetz ("**KStG**")*) and if a respective confirmation in terms of § 27 (8) KStG can be provided (which should generally be possible in case of the Issuer as it is a tax resident within the European Union) in this case no withholding tax will be withheld. The assessment basis for the withholding tax is the dividend approved by the general meeting.

The withholding tax is withheld and passed on for the account of the shareholders by the domestic credit or financial services institution (*inländisches Kredit – oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises), by the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends (hereinafter in all cases, the "**German Dividend Paying Agent**"). The Company does not assume any responsibility for the withholding of taxes at source.

In general, the withholding tax must be withheld regardless of whether and to what extent the dividend is exempt from taxation at the level of the shareholder and whether the shareholder is domiciled in Germany or in a foreign country.

Taxation of Dividends of Shareholders with a Tax Domicile in Germany

Shares Held as Private Assets

Dividends distributed to shareholders being tax residents in Germany and holding shares as private (non-business) assets form part of their taxable capital investment income, which is subject to a special uniform income tax rate of 25% plus solidarity surcharge of 5.5% thereon (i.e., 26.375% in total plus church tax, if applicable). The private investor's income tax liability is in general settled by the withholding tax withheld by the German Dividend Paying Agent (flat-rate withholding tax - *Abgeltungsteuer*). Income-related expenses cannot be deducted from the shareholder's capital investment income (including dividends), except for an annual lump-sum deduction (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples and for partners in accordance with the registered partnership act (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly). However, the shareholder may request that his/her capital investment income (including dividends) along with his/her other taxable income be subject to progressive income tax rate (instead of the uniform tax rate for capital investment income) if this results in a lower tax burden. In this case the withholding tax will be credited against the progressive income tax and any excess amount will be refunded. In this case as well income-related expenses cannot be deducted from the capital investment income, except for the aforementioned annual lump-sum deduction.

Exceptions from the flat rate withholding tax apply upon application for shareholders who have a (direct or indirect) shareholding of at least 25% in the Company and for shareholders who have a (direct or indirect) shareholding of at least 1% in the Company and through professional work for the Company are able to exercise significant entrepreneurial influence on the business activities of the Company.

A legislative initiative in Germany which was aimed at abolishing the current system of the flat income tax regime for private investors has recently failed in the Federal Council (*Bundesrat*). However, political discussions regarding the abolition are still ongoing. While it is not yet clear if, when and to which extent the currently applicable withholding tax rules will be amended, it is likely that any such amendment may lead to a higher tax burden of private investors whose individual tax rate exceeds 25%.

With regard to church tax on dividends an automatic procedure for deducting church tax applies as of 1 January 2015 unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office.

If the withholding tax or, if applicable, the church tax on dividends is not withheld by a German Dividend Paying Agent, the shareholder is required to declare the dividends gains in his/her income tax return. The income tax and any applicable church tax on the dividends will then be collected by way of assessment.

As an exemption, dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*), provided that a respective confirmation in terms of § 27 (8)

KStG can be provided, and are paid to shareholders with a tax domicile in Germany whose shares are held as non-business assets, do – contrary to the above – not form part of the shareholder's taxable income. However, these dividend payments are deemed a disposal of shares and a capital gain deriving thereof is in principle taxable if the shareholder or, in the event of a gratuitous transfer, its legal predecessor, or, if the shares have been gratuitously transferred several times in succession, one of his legal predecessors at any point during the five years preceding the (deemed, as the case may be) disposal directly or indirectly held at least 1% of the share capital of the Company (a "**Qualified Holding**"). A capital gain generally arises if the dividend payment funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) exceeds the acquisition costs of the shares. In this case the taxation corresponds with the description in the Section "—Taxation of Capital Gains" made with regard to shareholders maintaining a Qualified Holding.

Shares Held as Business Assets

Dividends from shares held as business assets of a shareholder with a tax domicile in Germany are not subject to the flat-rate withholding tax. The taxation depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid by the German Dividend Paying Agent will be credited against the shareholder's income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or refunded in the amount of any excess.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) and are paid to shareholders with a tax domicile in Germany whose shares are held as business assets are generally fully tax-exempt in the hands of such shareholder. To the extent the dividend payments funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) exceed the acquisition costs of the shares, a taxable capital gain should occur. The taxation of such gain corresponds with the description in the Section "— Taxation of Capital Gains" made with regard to shareholders whose shares are held as business assets (however, as regards the application of the 95% exemption in case of a corporation this is not undisputed).

Corporations

Generally, dividends paid to a corporation with a tax domicile in Germany are subject to corporate income tax (and solidarity surcharge thereon) at a rate of 15.825%. However, the dividends are in general effectively 95% exempt from corporate income tax and the solidarity surcharge if the corporation holds a direct participation of at least 10% in the share capital of such corporation at the beginning of the calendar year. Participations of at least 10% acquired during a calendar year are deemed to have been acquired at the beginning of the calendar year. Participations which a shareholder holds through a partnership (including those that are co-entrepreneurships (*Mitunternehmerschaften*)) are attributable to the shareholder only on a *pro rata* basis at the ratio of the interest share of the shareholder in the assets of relevant partnership. 5% of the dividends are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge). However, business expenses actually incurred in direct relation to the dividends may be deducted. If the corporation holds a direct participation of less than 10% in the share capital of such corporation ("**Portfolio Participation**") at the beginning of the calendar year the dividend will be fully subject to corporate income tax as the before mentioned tax exemption will not apply.

Dividends (after deducting business expenses economically related to the dividends) are subject to trade tax in the full amount, unless the requirements of the trade tax participation exemption privilege are fulfilled. This is generally the case if the dividend receiving entity holds a stake of at least 10% in the share capital of the Company at the beginning of the assessment period. In case the requirements of the participation exemption are met, the dividends are not subject to trade tax; however, trade tax is levied on the amount considered to be a non-deductible business expenses (amounting to 5% of the dividend). Trade tax ranges from approximately 7% to 18.2% of the taxable trade profit depending on the municipal trade tax multiplier applied by the relevant municipal authority.

Sole Proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the dividends are subject to progressive income tax (plus the solidarity surcharge) at the individual tax rate of the shareholder, so-called partial income method (*Teileinkünfteverfahren*). Respectively, only 60% of the business expenses incurred in connection with the dividends are tax-deductible. If the shares belong to a domestic permanent establishment in Germany of a business operation of the shareholder, the dividend income (after deduction of business expenses) is not only subject to income tax but is also fully subject to trade tax, unless the prerequisites of the trade tax participation exemption privilege are fulfilled. In this latter case the net amount of dividends, i.e., after deducting directly related expenses, is exempt from trade tax. As a rule, trade tax

can be credited against the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method, depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Partnerships

The income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation for every partner depends on whether the partner is a corporation or an individual. If the partner is a corporation, the dividends contained in the profit share of the shareholder will be taxed in accordance with the principles applicable for corporations (see "— *Corporations*" above). If the partner is an individual, the taxation is in line with the principles described for sole proprietors (see "— *Sole Proprietors*" above). Upon application and subject to further conditions, an individual as a partner can have his/her personal income tax rate lowered for earnings not withdrawn from the partnership.

In addition, the dividends are generally subject to trade tax in the full amount at the partnership level if the shares are attributed to a German permanent establishment of the partnership. If a partner of the partnership is an individual, the portion of the trade tax paid by the partnership pertaining to his profit share will generally be credited, either in full or in part, against his/her personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer. Due to a lack of case law and administrative guidance, it is currently unclear how the rules for the taxation of dividends from Portfolio Participations (see "— *Corporations*" above) might impact the trade tax treatment at the level of the partnership. Shareholders are strongly recommended to consult their tax advisors. Under a literal reading of the law, if the partnership fulfills the prerequisites for the trade tax exemption privilege at the beginning of the relevant assessment period, the dividends (after the deduction of business expenses economically related thereto) should generally not be subject to trade tax. However, in this case, trade tax should be levied on 5% of the dividends to the extent they are attributable to the profit share of such corporate partners to whom at least 10% of the shares in the Company are attributable on a look-through basis, since such portion of the dividends should be deemed to be non-deductible business expenses. The remaining portion of the dividend income attributable to other than such specific corporate partners (which includes individual partners and should, under a literal reading of the law, also include corporate partners to whom, on a look-through basis, only Portfolio Participations are attributable) should not be subject to trade tax.

Taxation of Dividends of Shareholders without a Tax Domicile in Germany

Shareholders without a tax domicile in Germany, whose shares are attributable to a German permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed, are liable for tax in Germany on their dividend income. In this respect the provisions outlined above for shareholders with a tax domicile in Germany whose shares are held as business assets apply accordingly ("— *Taxation of Dividends of Shareholders with a Tax Domicile in Germany — Shares Held as Business Assets*"). The withholding tax (including the solidarity surcharge) withheld and passed on will be credited against the income or corporate income tax liability or refunded in the amount of any excess.

Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) are generally not taxable in Germany.

Taxation of Capital Gains

Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany

Shares Held as Private Assets

Gains on the disposal of shares held by a shareholder with a tax domicile in Germany as private assets are generally – regardless of the holding period – subject to a uniform tax rate on capital investment income in Germany (25% plus the solidarity surcharge of 5.5% thereon, i.e., 26.375% in total plus any church tax if applicable).

The taxable capital gain is computed as the difference between (a) the proceeds of the disposal and (b) the acquisition costs of the shares and the expenses related directly to the disposal. Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) reduce the original acquisition costs; if dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) exceed the acquisition costs, negative acquisition costs – which can increase a capital gain – can arise in case of shareholders, whose shares are held as non-business assets and do not qualify as Qualified Holding.

Only an annual lump-sum deduction of €801 (€1,602 for married couples and for partners in accordance with the registered partnership act (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly) may be deducted from the entire capital investments income. It is generally not possible to deduct income-related expenses in connection with capital gains, except for the expenses directly related to the disposal which can be deducted when calculating the capital gains. Losses on disposals of shares may only be offset against gains on the disposal of shares.

If the shares are held in custody or administered by a domestic credit institution, domestic financial services institution, domestic securities trading company or a domestic securities trading bank, including domestic branches of foreign credit institutions or financial service institutions, or if such an office executes the disposal of the shares and pays out or credits the capital gains (a "**German Paying Agent**"), the tax on the capital gains will in general be satisfied by the German Paying Agent withholding the withholding tax on investment income in the amount of 26.375% (including the solidarity surcharge) plus any church tax, if applicable, on the capital gain and transferring it to the tax authority for the account of the seller.

However, the shareholder can apply for his/her total capital investment income together with his other taxable income to be subject to progressive income tax rate as opposed to the uniform tax rate on investment income, if this results in a lower tax liability. In this case the withholding tax is credited against the progressive income tax and any resulting excess amount will be refunded; limitations on offsetting losses are applicable. Further, income-related expenses are non-deductible, except for the annual lump-sum deduction. Moreover, the limitations on offsetting losses are also applicable under the income tax assessment.

If the withholding tax or, if applicable, the church tax on capital gains is not withheld by a German Paying Agent, the shareholder is required to declare the capital gains in his/her income tax return. The income tax and any applicable church tax on the capital gains will then be collected by way of assessment.

Reference is made to the Section *"Taxation of Dividends of Shareholders with a Tax Domicile in Germany - Shares Held as Private Assets"* above regarding the potential abolition of the flat tax regime currently applicable on capital gains deriving from private assets.

With regard to church tax on dividends an automatic procedure for deducting church tax applies from 1 January 2015 unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal tax Office.

If the shareholder making the disposal – or, in case of a sale of shares acquired without consideration, its legal predecessor – held a direct or indirect stake of at least 1% in the Company's share capital at any time in the five years preceding the disposal, the partial income method applies to gains on the disposal of shares, which means that only 60% of the capital gains are subject to tax and only 60% of the losses on the disposal and expenses economically related thereto are tax deductible. Even though withholding tax is withheld by a German Paying Agent in the case of a Qualified Holding, this does not satisfy the tax liability of the shareholder. Consequently, a shareholder must declare his/her capital gains in his/her income tax returns. The withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the shareholder's income tax on his/her tax assessment (including the solidarity surcharge and any church tax if applicable) or refunded in the amount of any excess.

Shares Held as Business Assets

Gains on the sale of shares held as business assets of a shareholder with a tax domicile in Germany are not subject to uniform withholding tax. The taxation of the capital gains depends on whether the shareholder is a corporation, a sole proprietor or a partnership (co-entrepreneurship). Dividend payments that are funded from the Company's contribution account for tax purposes (*steuerliches Einlagekonto; § 27 KStG*) reduce the original acquisition costs. In case of disposal a higher taxable capital gain can arise herefrom. If the dividend payments exceed the shares' book value for tax purposes, a taxable capital gain can arise.

Corporations

If the shareholder is a corporation with a tax domicile in Germany, the gains on the disposal of shares are in general effectively 95% exempt from corporate income tax (including the solidarity surcharge) and trade tax, currently, regardless of the size of the participation and the holding period. 5% of the gains are treated as non-deductible business expenses and are therefore subject to corporate income tax (plus the solidarity surcharge) at a tax rate amounting to 15.825% and trade tax (depending on the municipal trade tax multiplier applied by the municipal authority, generally between approximately 7% and 18.2%). As a rule, losses on disposals and other profit reductions in connection with shares (e.g., from a write-down) cannot be deducted as business expenses. Currently, there are no specific rules for the taxation of gains arising from the disposal of

Portfolio Participations, but the German legislator has been contemplating the introduction of the full taxation of capital gains realized from a disposal of Portfolio Participations. It is currently not clear if, when and to which extent the currently applicable rules for the taxation of gains arising from the disposal of Portfolio Participations will be amended.

Sole Proprietors

If the shares are held as business assets by a sole proprietor with a tax domicile in Germany, only 60% of the gains on the disposal of the shares are subject to progressive income tax (plus the solidarity surcharge) at the individual tax rate of the shareholder, and, if applicable, church tax (partial-income method). Respectively only 60% of the losses in connection with the disposal of the shares are tax deductible. If the shares belong to a German permanent establishment of a business operation of the sole proprietor, 60% of the gains of the disposal of the shares are, in addition, subject to trade tax.

Trade tax can be credited toward the shareholder's personal income tax, either in full or in part, by means of a lump-sum tax credit method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Partnerships

The income or corporate income tax is not levied at the level of the partnership but at the level of the respective partner. The taxation depends on whether the partner is a corporation or an individual. If the partner is a corporation, the gains on the disposal of the shares as contained in the profit share of the partner will be taxed in accordance with the principles applicable for corporations (see "— *Corporations*" above). For capital gains in the profit share of a partner that is an individual, the principles outlined above for sole proprietors apply accordingly (partial-income method, see above under "— *Sole proprietors*"). Upon application and subject to further conditions, an individual as a partner can obtain a reduction of his/her personal income tax rate for earnings not withdrawn from the partnership.

In addition, gains on the disposal of shares are subject to trade tax at the level of the partnership, if the shares are attributed to a domestic permanent establishment of a business operation of the partnership: Generally, at 60% as far as they are attributable to the profit share of an individual as the partner of the partnership, and, currently, at 5% as far as they are attributable to the profit share of a corporation as the partner of the partnership. Losses on disposals and other profit reductions in connection with the shares are currently not considered for the purposes of trade tax if they are attributable to the profit share of a corporation, and are taken into account at 60% in the context of general limitations if they are attributable to the profit share of an individual.

If the partner of the partnership is an individual, the portion of the trade tax paid by the partnership attributable to his/her profit share will generally be credited, either in full or in part, against his/her personal income tax by means of a lump-sum method – depending on the level of the municipal trade tax multiplier and certain individual tax-relevant circumstances of the taxpayer.

Withholding Tax

In case of a German Paying Agent, the gains of the sale of shares held as business assets are in general subject to withholding tax in the same way as shares held as non-business assets by a shareholder (see the Section "*—Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany — Shares Held as Non-Business Assets*"). However, the German Paying Agent will not withhold the withholding tax, if (i) the shareholder is a corporation, association of persons or estate with a tax domicile in Germany, or (ii) the shares belong to the domestic business assets of a shareholder, and the shareholder declares so to the German Paying Agent using the designated official form and certain other requirements are met. If withholding tax is nonetheless withheld by a German Paying Agent, the withholding tax (including the solidarity surcharge and church tax, if applicable) withheld and paid will be credited against the income or corporate income tax liability (including the solidarity surcharge and church tax, if applicable) or will be refunded in the amount of any excess.

Taxation of Capital Gains of Shareholders without a Tax Domicile in Germany

Capital gains derived by shareholders with no tax domicile in Germany are only subject to German tax if the shares belong to a domestic permanent establishment or fixed place of business or are part of business assets for which a permanent representative in Germany has been appointed.

In the case, the above-mentioned provisions pertaining to shareholders with a tax domicile in Germany whose shares are business assets apply *mutatis mutandis* (see "— *Taxation of Capital Gains of Shareholders with a Tax Domicile in Germany — Shares Held as Business Assets*"). The German Paying Agent can refrain from

deducting the withholding tax if the shareholder declares to the German Paying Agent on an official form that the shares form part of domestic business assets and certain other requirements are met.

19.2.2 Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds

If financial institutions or financial services providers hold or sell shares that are allocable to their trading portfolio *(Handelsbestand)* within the meaning of the German Commercial Code *(Handelsgesetzbuch)*, they will neither be able to have 60% of their gains exempted from taxation nor be entitled to the effective 95% exemption from corporate income tax plus the solidarity surcharge and any applicable trade tax. Thus, dividend income and capital gains are fully taxable. The same applies to shares acquired by financial institutions in the meaning of the German Banking Act if credit institutions or financial services institutions hold, directly or indirectly, a participation of more than 50% in such financial company and if the shares have to be recorded in the current assets *(Umlaufvermögen)* of the financial company at the time of initial recording. Likewise, the tax exemption described earlier afforded to corporations for dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds.

However, an exemption to the foregoing, and thus a 95% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent-Subsidiary Directive applies.

19.2.3 Inheritance and Gift Tax

The transfer of shares to another person by way of gift or upon death is generally subject to German inheritance or gift tax if:

(ix) the place of residence, habitual abode, place of management or registered office of the decedent, the donor, the heir, the donee or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five continuous years outside of Germany without maintaining a place of residence in Germany, or

(x) independent of these individual circumstances, the decedent's or donor's shares belonged to business assets for which there had been a permanent establishment in Germany or a permanent representative had been appointed.

The small number of double taxation treaties in respect of inheritance and gift tax which Germany has concluded to date usually provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, as stated under (ii) above. Special provisions apply to certain German nationals living outside of Germany and to former German nationals. There is currently a parliamentary discussion in Germany about amendments to the current German Inheritance and Gift Tax Act (*Erbschafts- und Schenkungssteuergesetz*) following a decision by the German Federal Constitutional Court (*Bundesverfassungsgericht*) that certain provisions of this act are unconstitutional.

19.2.4 Other Taxes

No German capital transfer taxes, VAT, stamp duties or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares. However, an entrepreneur may opt to subject disposals of shares, which are in principle exempt from VAT, to VAT if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax is currently not levied in Germany.

The European Commission and certain EU Members States (including Germany) are currently intending to introduce a financial transactions tax (presumably on secondary market transactions involving at least one financial intermediary). It is currently uncertain when the proposed financial transactions tax will be enacted by the participating EU member states and when the financial transactions tax will enter into force with regard to dealings with the Shares.

19.3 Common Reporting Standard

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the Common Reporting Standard ("**CRS**").

As of 30 August 2017, 95 jurisdictions, including The Netherlands, signed the multilateral competent authority agreement, which is a multilateral framework agreement to automatically exchange financial and

personal information, with the subsequent bilateral exchanges coming into effect between those signatories that file the subsequent notifications. More than 40 jurisdictions have committed to a specific and ambitious timetable leading to the first automatic exchanges in 2017 (early adopters). Under CRS, financial institutions resident in a CRS country would be required to report, according to a due diligence standard, account balance or value, income from certain insurance products, sales proceeds from financial assets and other income generated with respect to assets held in the account or payments made with respect to the account. Reportable accounts include accounts held by individuals and entities (which include trusts and foundations) with tax residency in another CRS country. CRS includes a requirement to look through passive entities to report on the relevant controlling persons.

As of 1 January 2016, CRS and EU Council Directive 2014/107/EU have been implemented in Dutch law. Prospective holders of Shares are advised to seek their own professional advice in relation to the CRS and EU Council Directive 2014/107/EU.

20. Unaudited Pro-Forma Condensed Combined Financial Information for the Financial Year Ended 31 December 2016 and the Six-Month Period Ended 30 June 2017

The following pro-forma tables are provided solely for illustrative purposes. By virtue of their very limited nature, they only show a hypothetical situation and therefore do not reflect the current financial position of the Company or its current results. As they are based on assumptions and subject to elements of uncertainty, they are not representative in terms of what consolidated economic performance would have been like for the period ended 31 December 2016 and the period ended 30 June 2017 if the merger with EHS Europe Health Services B.V. had taken place as of 1 January 2016 and 30 June 2017, respectively, and are not indicative of how the assets and liabilities, financial position and results of operations of EHS Europe Health Services B.V. would have actually evolved upon completion of the merger. Capitalized terms defined in this Section solely have the meanings ascribed to them in this Section, and may differ from similar defined terms included in this Prospectus.

20.1 General Information, Basis of Preparation, and Methodology and Assumptions

On or about 8 November 2017, Shop Apotheke Europe NV (SAE NV or the Company) will have acquired all of the outstanding shares of EHS Europe Health Services BV (EHS BV) from its shareholders, pursuant to an agreement regarding the contribution of shares in EHS European Health Services BV dated 25 September 2017 (the "Agreement for the Contribution of Shares in EHS European Services B.V."). The value of the 2,950,578 ordinary shares issued as consideration paid for 100% of EHS BV's shares used by the Company and EHS BV shareholders at the time of entry into the share contribution agreements was based on a share price of EUR 42.85, the Company's weighted-average share price as of 22 September 2017, based on a (rounded) exchange ratio of 2.7 : 1. The following unaudited pro forma condensed financial statements, however, are based on the closing share price as of 30 October 2017, which was EUR 63.48. The following unaudited pro forma condensed combined financial information gives effect to the acquisition by the Company of all of the outstanding shares of EHS BV.

The unaudited pro forma condensed combined financial information gives effect to the acquisition as if it had been completed on 1 January 2016 for purposes of the statement of profit and loss and 30 June 2017 for purposes of the statement of financial position. SAE NV's historical consolidated financial information and that of EHS BV have been adjusted in the unaudited pro forma condensed combined financial information to give effect to events that are (1) directly attributable to the acquisition and (2) factually supportable. The unaudited pro forma adjustments are based upon currently available information and assumptions that SAE NV believes to be reasonable. The pro forma adjustments and related assumptions are described in the notes accompanying the unaudited pro forma condensed combined financial information below.

The pro forma financial information and the pro forma acquisition adjustments as described in Note 2 are preliminary and have been made solely for purposes of providing the unaudited pro forma condensed combined statement of profit and loss and statement of financial position. Differences between these preliminary estimates and the final acquisition accounting may occur and these differences could have a material impact on the pro forma financial information presented and the combined company's future results of operations and financial position. The actual results reported in future periods may differ significantly from that reflected in this pro forma financial information for a number of reasons, including but not limited to differences between the assumptions used to prepare this pro forma financial information and actual amounts, as well as cost savings from operating and expense efficiencies and potential income enhancements.

The unaudited pro forma condensed combined statements of profit and loss do not reflect any prospective income enhancements or operating synergies that the combined company may achieve as a result of the acquisition or the costs to integrate the operations or the costs necessary to achieve these income enhancements and operating synergies. In addition, the unaudited pro forma condensed combined statements of profit and loss do not give effect to the consummation of this offering. As a result, the pro forma information does not purport to be indicative of what the financial condition or results of operations would have been had the transactions been completed on the applicable dates of this pro forma financial information. The unaudited pro forma condensed combined statement of profit and loss and statement of financial position are for informational purposes only and do not purport to project the future financial condition and results of operations after giving effect to the transactions.

One should read this unaudited pro forma condensed combined financial information in conjunction with the accompanying notes and the Company's financial statements and those of EHS BV.

20.2 Historical Financial Information

The following unaudited pro forma condensed statement of financial position is derived from the Company's unaudited historical consolidated financial statements as at 30 June 2017, prepared in accordance

with International Accounting Standard 34: "Interim Financial Reporting" as adopted by the European Union, and the audited historical consolidated statement of financial position as at 30 June 2017, including the reviewed condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016, of EHS BV, prepared in accordance with Book 2 of the Dutch Civil Code.

The following unaudited pro forma condensed statements of profit and loss are derived from the Company's audited historical consolidated financial statements for the year ended 31 December 2016 prepared in accordance with IFRS as adopted by the European Union and its unaudited financial statements for the six-month period ended 30 June 2017, including the unaudited condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016, prepared in accordance with International Accounting Standard 34: "Interim Financial Reporting" as adopted by the European Union, and the historical consolidated financial statements for the year ended 31 December 2016 of EHS BV, prepared in accordance with Book 2 of the Dutch Civil Code, and its audited financial statements for the six-month period ended 30 June 2017, including the reviewed condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016, prepared in accordance with Book 2 of the Dutch Civil Code.

The historical financial statements of EHS BV have been prepared in accordance with Book 2 of the Dutch Civil Code. For the purpose of presenting the unaudited pro forma combined condensed financial information, these financial statements have been adjusted to conform to International Financial Reporting Standards as adopted by the European Union, as described in Note 4.

20.3 Unaudited Pro Forma Condensed Combined Statement of Profit and Loss for the six-month period ended 30 June 2017

Unaudited Pro Forma Condensed Combined Statement of Profit and Loss for the six-month period ended 30 June 2017 (in thousands of euro, except share and per share data)

	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)		SAE NV Pro Forma Combined
Continuing operations					
Revenue	126,707	80,029	- 234	e	206,502
Costs of sales	-99,490	-68,724	-		- 168,215
Gross profit	27,216	11,305	-234		38,287
Other income	1,323	1	-1,187	f	138
Selling and Distribution	- 31,389	-8,618	-2,963	b, d, e	-42,970
Administrative Expense	-4,245	-4,069	-45	b, e	-8,359
Result from operations	**-7,094**	**-1,381**	**-4,428**		**-12,904**
Finance income	71	0	30	g	101
Finance expense	-892	-93	-30	g	-1,015
Net finance costs	-821	-92	-		-913
Share of post-tax profits of equity accounted associates	-	48	-		48
Result before tax	**-7,915**	**-1,425**	**-4,428**		**-13,769**
Income tax expenses	-209	364	1,107	l	1,262
Net loss for the period from continuing operations	**-8,124**	**-1,061**	**-3,321**		**-12,506**
Basic and diluted loss per share	**-0.90**				**-1.04**
Weighted average shares outstanding:	**9,069,878**		**2,950,578**	h	**12,020,456**

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial information.

20.4 Unaudited Pro Forma Condensed Combined Statement of Profit and Loss for the year ended 31 December 2016

Unaudited Pro Forma Condensed Combined Statement of Profit and Loss for the year ended 31 December 2016 (in thousands of euro, except share and per share data)

	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)		SAE NV Pro Forma Combined
Continuing operations					
Revenue	177,391	141,409	-653	e	318,147
Costs of sales	- 141,109	-120,742	-		- 261,851
Gross profit	36,282	20,666	-653		56,296
Other income	2,204	31	-2,153	f	82
Selling and Distribution	- 41,036	-13,430	-5,845	b, d, e	-60,311
Administrative Expense	- 9,089	-6,809	-205	b, e	-16,103
Result from operations	**- 11,639**	**459**	**-8,857**		**-20,037**
Finance income	17	84	-64	g	37
Finance expense	- 9,338	-257	64	g	-9,531
Net finance costs	- 9,321	-173	-		-9,494
Share of post-tax profits of equity accounted associates	-	87	-		87
Result before tax	**- 20,960**	**372**	**-8,857**		**-29,444**
Income tax expenses	2,515	-79	2,214	l	4,650
Net loss/profit for the year from continuing operations	**- 18,445**	**294**	**-6,643**		**-24,794**
Basic and diluted loss per share	**-3.08**				**-2.77**
Weighted average shares outstanding:	**5,993,861**		**2,950,578**	h	**8,944,439**

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial information.

20.5 Unaudited Pro Forma Condensed Combined Statement of Financial Position as of 30 June 2017

Unaudited Pro Forma Condensed Combined Statement of Financial Position as at 30 June 2017 (in thousands of euro)

	SAE NV	EHS BV	Pro Forma Adjustments (see Note 3)	SAE NV Pro Forma Combined
Assets				
Non-current assets				
Property, plant and equipment	3,466	56	-	3,522
Intangible assets	23,336	566	188,783	212,686
Financial fixed assets	-	900	-	900
Deferred tax assets	-	2,093	-	2,093
	26,803	3,615	188,783	219,201
Current assets				
Inventories	14,546	-	4,766	19,312
Pre-ordered stock	4,766	-	-4,766	- 0
Trade and other receivables	12,275	9,616	-	21,891
Receivables from related parties	111	2,889	921	3,921
Receivables from participants	-	3,921	-3,921	-
Other current assets	2,554	1,388	-	3,942
Other financial assets	23,528	-	-	23,528
Cash and cash equivalents	29,507	688	-	30,195
	87,286	18,502	-3,000	102,788
Total Assets	**114,088**	**22,117**	**185,783**	**321,989**
Equity and Liabilities				
Shareholders' equity				
Shareholders' equity	85,121	16,778	166,625	268,525
Non-current liabilities				
Provisions	1,971	323	-	2,294
Deferred tax liability	-	-	18,259	18,259
Amounts due to EHS	3,000	-	-3,000	-
Other liabilities	411	-	-	411
	5,382	323	15,259	20,963
Current liabilities				
Trade and other payables	16,010	1,511	-	17,521
Current account facility banks	-	1,781	-	1,781
Other liabilities	7,575	1,724	3,900	13,199
	23,585	5,016	3,900	32,501
Total Equity and Liabilities	**114,088**	**22,117**	**185,783**	**321,989**

The accompanying notes are an integral part of these unaudited pro forma combined condensed financial information.

20.6 Notes to Unaudited Pro Forma Condensed Combined Financial Information

Note 1. Basis of preparation

The acquisition is accounted for in accordance with the acquisition method of accounting for business combinations with SAE NV as the acquiring entity. The unaudited pro forma condensed combined financial information is based on the historical consolidated financial statements of SAE NV and EHS BV after giving effect to the acquisition. In accordance with the acquisition method of accounting for business combinations, tangible and intangible assets acquired and liabilities assumed are required to be recorded at their respective fair market values as of the date of the acquisition, with any excess purchase price allocated to goodwill.

The fair values assigned to the intangible assets acquired in the transaction are based on management's estimates and assumptions. The estimated fair values of these assets acquired are considered preliminary. SAE NV believes that the information provides a reasonable basis for estimating the fair values of assets acquired;

however, the provisional measurements of fair value are subject to change. SAE NV expects to finalize the valuation of the intangible assets as soon as practicable, but not later than one year from the acquisition date.

Under the acquisition method, acquisition-related transaction costs (e.g. advisory, legal, valuation and other professional fees) are not included as consideration transferred.

These costs are not presented in the unaudited pro forma combined consolidated statement of profit and loss, but are part of the calculation of the "Reserves / accumulated losses" in the pro forma condensed combined statement of financial positions as at 30 June 2017. Total estimated acquisition-related transaction costs of the combined company are expected to amount to EUR 3.9 million of which EUR 3.7 million relates to SAE BV and EUR 0.2 million relates to EHS BV. No costs have been incurred in the period before 30 June 2017.

Note 2. Calculation of Estimated Consideration Transferred and Preliminary Allocation of Consideration to Net Assets Acquired

The value of the 2,950,578 ordinary shares issued as consideration paid for 100% of EHS BV's shares used by the Company and EHS shareholders at the time of entry into the share contribution agreements was based on a share price of EUR 42.85, the Company's weighted-average share price as of 22 September 2017. These unaudited pro forma condensed financial statements, however, are based on the closing share price as of 30 October 2017, which was EUR 63.48.

The following is a sensitivity analysis of the effect a 10% increase or decrease in the share price would have on the purchase price and on the estimated goodwill. (purchase price and estimated goodwill unaudited in thousands).

	Share Price	Purchase Price	Estimated Goodwill
As presented in the pro forma combined results	€ 63.48	€ 187,303	€ 115,749
10% increase in common stock price	€ 69.83	€ 206,039	€ 134,485
10% decrease in common stock price	€ 57.13	€ 168,567	€ 97,013

For purposes of these unaudited pro forma condensed financial statements, the above consideration transferred will be assigned to the fair value of acquired assets and liabilities assumed and is based on preliminary estimates and is subject to change.

The following table summarizes the estimated fair values of the assets acquired and the liabilities assumed as if the transaction occurred on 30 June 2017 (in thousands of euro):

	Book Value	Adjust-ments	Fair Value
Customer relationships	-	60,254	60,254
Technology	-	11,862	11,862
Brand	-	918	918
Other net assets acquired:			
Property, plant & equipment	56	-	56
Other intangible assets	566	-	566
Financial fixed assets	900	-	900
Deferred tax assets	2,093	-	2,093
Trade and other receivables	9,616	-	9,616
Receivables from related parties	2,889	-	2,889
Receivables from participants	3,921	-	3,921
Other current assets	1,388	-	1,388
Cash	688	-	688
Provisions	-323	-	-323
Overdraft facility	-1,781	-	-1,781
Other current liabilities	-3,235	-	-3,235
Deferred taxes	-	-18,259	-18,259
Total Net Assets Acquired	16,778	54,775	71,553
Total Consideration	16,778	170,525	187,303
Goodwill on Acquisition		115,750	115,750

A deferred tax liability of EUR 18.3m has been recorded on the fair value of the definite-lived intangible assets acquired at a rate of 25% (the applicable corporate income tax rate for the Netherlands).

The fair value of the acquired assets and liabilities assumed was determined on a provisional basis. The provisional fair value of acquired assets and liabilities assumed can change when the final fair value of the acquired assets and liabilities assumed is established.

Note 3. Pro Forma Adjustments

Certain reclassifications have been made to conform historical and pro forma amounts to the Company's consolidated financial statement presentation.

a) Adjustment in Intangible Assets is due to:

(i) the estimated fair value of the customer relationship intangible (EUR 60.3m, to be amortized over 10 years),

(ii) the estimated fair value of the technology intangible (EUR 11.9m, to be amortized over 5 years),

(iii) the estimated fair value of the "Europa Apotheek" brand (EUR 0.9m, to be amortized over 2 years),

(iv) goodwill on the transaction (EUR 115.7m), and

(v) increase of goodwill due to deferred tax liability (EUR 18.3m)

b) The existing customer relationship intangible at EHS BV has been recognized at estimated fair value. This asset is amortized since the assumed transaction date (1 January 2016). Due to the fact that the Company's functional statement of profit and loss doesn't show amortization expenses as a separate line-item, these expenses are allocated based on the Company's historical data to "Selling & Distribution" (85%) and "Administrative Expense" (15%). Therefore, amortization expenses of EUR 6,025k are considered for the year ended 31 December 2016 in "Selling & Distribution" (EUR 5,122k) and "Administrative Expense" (EUR 904k) and for the six-month period ended 30 June 2017 in "Selling & Distribution" (EUR 2,561k) and "Administrative Expense" (EUR 452k).

The existing technology, Smart system, of EHS BV has been recognized at estimated fair value. This asset is amortized since the assumed transaction date (1 January 2016). Due to the fact that the Company's functional statement of profit and loss doesn't show amortization expenses as a separate line-item, these expenses are allocated based on the Company's historical data to "Selling & Distribution" (85%) and "Administrative Expense" (15%). Therefore, amortization expenses are considered for the year ended 31 December 2016 in "Selling & Distribution" (EUR 2,017k) and "Administrative Expense" (EUR 356k) and for the six-month period ended 30 June 2017 in "Selling & Distribution" (EUR 1,008k) and "Administrative Expense" (EUR 178k).

The "Europa Apotheek" brand intangible of EHS BV has been recognized at estimated fair value. This asset is amortized since the assumed transaction date (1 January 2016). Due to the fact that the Company's functional statement of profit and loss doesn't show amortization expenses as a separate line-item, these expenses are allocated based on the Company's historical data to "Selling & Distribution" (85%) and "Administrative Expense" (15%). Therefore, amortization expenses are considered for the year ended 31 December 2016 in "Selling & Distribution" (EUR 390k) and "Administrative Expense" (EUR 69k) and for the six-month period ended 30 June 2017 in "Selling & Distribution" (EUR 195k) and "Administrative Expense" (EUR 34k).

c) In the pro forma statement of financial position the existing current account between SAE NV and EHS BV is presented as "Receivables from EHS" and "Amounts due to EHS" respectively. These intercompany amounts have been presented as a pro forma adjustment as an intercompany elimination.

d) Adjustment in Equity is due to:

(i) issuance of its new shares for a total value of EUR 187.3m at the acquisition date (30 June 2017),

(ii) elimination of equity acquired to EHS BV of EUR 16.8m, and

(iii) transaction cost related to the acquisition of EHS BV of EUR 3.9m, of which EUR 3.7m relates to SAE BV and EUR 0.2m relates to EHS BV

e) Adjustment in Revenue is due to:

(i) webshop-related transaction- and support expenses as charged from RedTecLab GmbH (a fully owned subsidiary of SAE NV) to Europa Apotheek Service Venlo BV (a fully owned subsidiary of EHS BV)
- for a total value of EUR 404k for the year ended 31 December 2016 and
- for a total value of EUR 167k for the six-month period ended 30 June 2017:

these elimination amounts have also been adjusted in "Selling & Distribution", and

(ii) webshop-related IT development as charged from RedTecLab GmbH (a fully owned subsidiary of SAE NV) to Europa Apotheek Service Venlo BV (a fully owned subsidiary of EHS BV)
- for a total value of EUR 250k for the year ended 31 December 2016 and
- for a total value of EUR 67k for the six-month period ended 30 June 2017:

these elimination amounts have also been adjusted in "Selling & Distribution".

f) Adjustment in Other Income is due to:

(i) logistic handling fees as charged from Euroservice BV (a fully owned subsidiary of SAE NV) to Europa Apotheek Venlo BV (a fully owned subsidiary of EHS BV)
- for a total value of EUR 1,030k for the year ended 31 December 2016 and
- for a total value of EUR 568k for the six-month period ended 30 June 2017:

these elimination amounts have also been adjusted in "Selling & Distribution", and

(ii) fees as charged from Shop Apotheke Service BV (a fully owned subsidiary of SAE NV) to Europa Apotheek Service BV (a fully owned subsidiary of EHS BV) for the access to IT and logistical infrastructure
- for a total value of EUR 1,123k for the year ended 31 December 2016 and
- for a total value of EUR 619k for the six-month period ended 30 June 2017:

these elimination amounts have also been adjusted in "Administrative expenses".

g) Adjustment in Finance income and Finance expense is due to the intercompany elimination of the interest as charged on the current account between SAE NV and EHS BV.

h) To reflect the issuance of 2,950,578 shares on the acquisition of EHS BV as if the Acquisition occurred on 1 January 2016.

i) Adjustment in "receivables from participants" is related to a loan receivable by EHS BV from its existing shareholders. This amount has been reclassified into "receivables from related parties".

j) Adjustment in "Pre-ordered stock" (and corresponding adjustment in "Inventories") relates to stock held by SAE BV on the behalf of EHS BV. This amount has been reclassified into inventories.

k) Adjustment in "Deferred tax liability" is due to the capitalization of intangible assets as per 30 June 2017, calculated at 25% (the applicable corporate income tax rate for the Netherlands) of the capitalized value of EUR 73.0m = EUR 18.3m.

l) Reflects tax adjustments on profit and loss pro forma adjustments at the Dutch statutory rate of tax at 25%.

Note 4. Dutch GAAP to IFRS Adjustments

The following tables show a reconciliation of the statement of profit and loss for the six-month period ended 30 June 2017, the statement of profit and loss for the year ended 31 December 2016 and the Statement of Financial Positions as at 30 June 2017, prepared in accordance with Book 2 of the Dutch Civil Code, to the respective statements according to International Financial Reporting Standards as adopted by the European Union.

EHS Statement of Profit and Loss for the six-month period ended 30 June 2017 (in thousands of euro)

Continuing operations	Dutch GAAP	Adjustments/ Reclassifications		IFRS
Revenue	80,879	- 850	3	80,029
Cost of sales	-69,345	621	3	-68,724
Cost of outsourced work	-1,799	1,799	1	-
Gross profit	**9,735**	**1,569**		**11,305**
Other income	-	1		1
Employee expenses	-3,609	3,609	1	-
Amortization intangible fixed assets	-228	228	1, 2	-
Amortization tangible fixed assets	-5	5	1	-
Other personnel expenses	-254	254	1	-
Housing expenses	-275	275	1	-
Office and administration expenses	-1,537	1,537	1	-
Selling and distribution	-3,970	-4,648	1, 3	-8,618
Administrative expense	-853	-3,215	1, 3	-4,069
Adjustment value added tax previous years	-407	407	1	-
	-11,138	-1,547		-12,686
Result from operations	**-1,403**	**22**		**-1,381**
Finance income	-	-		-
Finance expense	-102	10	1	- 93
Net finance costs	-102	10		- 92
Share in result of participations not consolidated	48	-		48
Result before tax	**-1,457**	**32**	2	**-1,425**
Income tax expenses	364	-		364
Result for the period from continuing operations	**-1,093**	**32**		**-1,061**

EHS Statement of Profit and Loss for the year ended 31 December 2016 (in thousands of euro)

Continuing operations	Dutch GAAP	Adjustments/ Reclassifications		IFRS
Revenue	143,569	-2,161	3	141,409
Cost of sales	-122,406	1,664	3	-120,742
Cost of outsourced work	-3,153	3,153	1	-
Gross profit	**18,010**	**2,656**		**20,666**
Other income	-	31		31
Employee expenses	-7,120	7,120	1	-
Amortization intangible fixed assets	-377	377	1, 2	-
Amortization tangible fixed assets	-5	5	1	-
Other personnel expenses	-433	433	1	-
Housing expenses	-540	540	1	-
Office and administration expenses	-3,609	3,609	1	-
Selling and distribution	-3,981	-9,449	1, 3	-13,430
Administrative expense	-1,527	-5,281	1, 3	-6,809
	-17,593	-2,615		-20,208
Result from operations	**417**	**42**		**459**
Finance income	83	-		84
Finance expense	-281	25	1	-257
Net finance costs	-198	25		-173
Share in result of participations not consolidated	87	-		87
Result before tax	**306**	**66**	2	**372**
Income tax expenses	-79	-		-79
Result for the year from continuing operations	**227**	**66**		**294**

EHS Statement of Financial Positions as at 30 June 2017 (in thousands of euro)

	Dutch GAAP	Adjustments/ Reclassifications		IFRS
Assets				
Non-current assets				
Property, plant and equipment	56	-		56
Intangible assets	1,041	-475	2	566
Financial fixed assets	266	634	2	900
Deferred tax assets	2,093	-		2,093
	3,456	159		3,615
Current assets				
Trade and other receivables	9,537	79	4	9,616
Receivables from related parties	2,889	-		2,889
Receivables from participants	3,921	-		3,921
Other current assets	1,467	-79	4	1,388
Cash and cash equivalents	688	-		688
	18,502	-		18,502
Total Assets	**21,958**	**159**		**22,117**
Equity and Liabilities				
Shareholders' equity				
Issued capital and share premium	7,097	-		7,097
Reserves / accumulated losses	9,522	159	2	9,681
	16,619	159		16,778
Provisions	323	-		323
Current liabilities				
Trade and other payables	1,511	-		1,511
Overdraft facility	1,781	-		1,781
Other liabilities	1,724	-		1,724
	5,016	-		5,016
Total Equity and Liabilities	**21,958**	**159**		**22,117**

1) Reclassification from EHS BV's Dutch GAAP statement of profit and loss account presentation to IFRS statement of profit and loss presentation and in order to comply with the Company's accounting policies. This includes conforming adjustments to make the EHS BV presentation for "Selling & Distribution" and "Admin Expenses" consistent with the presentation of SAE NV financial statement line items.

2) In 2015, EHS BV acquired a 50% share in two entities. According to Book 2 of the Dutch Civil Code, goodwill paid is reported as intangible assets and is amortized over 10 years. According to the International Financial Reporting Standards as adopted by the European Union, goodwill paid is considered part of the purchase price and is reported as financial fixed assets (without amortization). Adjustments in non-current assets and equity are due to this classification variance and due to the amortization of goodwill (for the year ended 31 December 2015: EUR 60.6k, for the year ended 31 December 2016: EUR 66.3k, and for the six-month period ending 30 June 2017: EUR 31.7k). For EHS BV's statement of profit and loss, this leads to an adjustment of amortization of intangible assets of EUR 31.7k for the six-month period ending 30 June 2017 and EUR 66.3k for the year ended 31 December 2016.

3) Reclassification of revenue is due to the fact that according to Book 2 of the Dutch Civil Code certain recharges are presented as revenue, whereas according to the International Financial Reporting Standards as adopted by the European Union these recharges are presented as part of either cost of sales, selling and distribution or admin expenses.

4) Reclassification of trade and other receivables and other current assets of EUR 79k is due to the fact that according to Book 2 of the Dutch Civil Code current receivables not being prepayments are presented as other current assets, whereas according to the International Financial Reporting Standards as adopted by the European Union these receivables are presented as part of trade and other receivables.

20.7 Auditor's Report on the Pro Forma Consolidated Financial Information

INDEPENDENT PRACTITIONER'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A PROSPECTUS

To: the board of directors of Shop Apotheke Europe N.V.

Report on the Compilation of Pro Forma Financial Information Included in a Prospectus

We have completed our assurance engagement to report on the compilation of pro forma financial information of Shop Apotheke Europe N.V. (the "Company") by the Company's directors. The pro forma financial information consists of the pro forma statement of financial position as at 30 June 2017, the pro forma statement of profit and loss for the period ended 31 December 2016 and 30 June 2017 and related notes as set out on pages 212-221 of the prospectus issued by the company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information (the "Criteria") are specified in Annex II of the Commission Regulation (EC) no. 809/2004, as amended from time to time and described in Note 1.

The pro forma financial information has been compiled by the Company's directors to illustrate the impact of the Acquisition of EHS Europe Health Services B.V. as set out in Note 1 on the company's financial position as at 30 June 2017 and on the company's financial performance for the period ended 31 December 2016 and the period ended 30 June 2017 as if the transaction had taken place at 30 June 2017 and 1 January 2016 respectively. As part of this process, information about the company's financial position and financial performance has been extracted by the Company's directors from the company's financial statements for the period ended 31 December 2016, on which an audit report has been published and from the company's interim financial statements for the period ended 30 June 2017, on which a review report has been published. Information about EHS Europe Health Services financial position and financial performance has been extracted from the audited financial statements for the period ended 31 December 2016 and for the period ended 30 June 2017 from the unaudited interim financial statements on which a review report has been published.

The Directors' Responsibility for the Pro Forma Financial Information

The Company's directors are responsible for compiling the pro forma financial information on the basis of the Criteria.

Practitioner's Responsibilities

Our responsibility is to express an opinion as required by item 7 of Annex II of the Commission Regulation (EC) No 809/2004, as to the proper compilation of the pro forma financial information and the consistency of accounting policies.

We conducted our engagement in accordance with Dutch law, including the Dutch Standard 3420, 'Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus'. This standard requires that the practitioner comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Company's directors has compiled, in all material respects, the pro forma financial information on the basis of the Criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2017 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company's directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgment, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion:

- the pro forma financial information has been properly compiled on the basis stated in Note 1; and
- such basis is consistent with the accounting policies of the Company as described in the notes to the financial statements of the Company for period ended 31 December 2016.

Restriction on use

This report is required by the Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

Eindhoven, 6 November 2017

For and on behalf of BDO Audit & Assurance B.V.,

P.P.J.G. Saasen RA

21. Recent Developments and Outlook

21.1 Recent Developments

21.1.1 Corporate developments

On 25 September 2017 the Managing Board resolved to issue 1,813,975 New Shares in connection with the Acquisition, which issue will become effective upon the execution of the relevant notarial deeds of transfer of the shares in EHS to the Company. In the EGM held on 6 November 2017, the General Meeting approved the issuance of 1,136,603 New Shares in connection with the Acquisition, which issue will also become effective upon the execution of the relevant notarial deeds of transfer of the shares in EHS to the Company. As a result of the Capital Increase, the Company's share capital will be increased from 9,069,878 Shares with a nominal value of €0.02 each to 12,020,456 Shares with a nominal value of €0.02 each. The Supervisory Board approved the issue of the New Shares on 25 September 2017.

21.1.2 Business Developments

The overall development of the first ten months of 2017 reflects profitable growth in our core market (by which we mean growth in our German segment EBITDA) and is in line with management's expectations. Our revenue for the six-month period ended 30 June 2017 was €126,707 thousand, compared to €82,161 thousand in the first six months 2016. We expect that the imminent acquisition of the Europa Apotheek Business will improve our competitive position significantly.

We continue to consider opportunistic mergers and acquisitions opportunities in situations where we are able to expand our market share quickly and efficiently at an attractive valuation, as we did with the acquisition of the Farmaline Business and intend to do with the acquisition of the Europa Apotheek Business. We have recently engaged in, and will shortly engage in further, preliminary exploratory discussions with a few selected potential target companies and businesses, but as of the date of this Prospectus, no indicative, preliminary or final agreement has been reached to acquire such target companies or businesses.

21.2 Outlook and Profit Forecast

We expect the above-mentioned positive developments regarding revenue and the key performance indicators to continue throughout the full financial year 2017.

On Group level, we expect consolidated revenue growth in the range of approximately 55% to 65% above the growth rates achieved during 2016 compared to the prior year's period, supported by the acquisition of the Europa Apotheek Business which is expected to be consolidated from on or about 8 November 2017 onwards.

Furthermore, with respect to the same period, we expect a year-on-year improvement of the company-level adjusted EBITDA expressed as a percentage of revenue to around -2% to -3% (compared to -3.3% a year earlier). Adjusted EBITDA excludes one-off transaction costs related to the acquisition of the Europa Apotheek Business and the Listing. Adjusted EBITDA is an alternative performance measure. Please see Sections 4.7.3 "*Alternative performance measures, and operating and non-financial measures*" and 9.5.1 "*EBIT, EBITDA, Adjusted EBITDA, Segment EBITDA and Consolidated/Combined Segment EBITDA*" for further details.

We also estimate that total 2017 investments in information technology infrastructure, capacity expansion and automation will amount to approximately €10 million.

We have taken the strategic decision to focus on profitable growth (by which we mean sales growth with parallel improvements in profitability to achieve a positive Group-level EBITDA) in our core market (by which we mean growth in the Germany segment) along with a reallocation of growth resources to our international business. Given the already high market share and online penetration in Germany, we expect that growth in the medium term in Germany will be primarily driven by further increase of repeat orders followed by continuous acquisition of new customers. We expect to grow in our target markets outside Germany substantially faster driven by upside effects from increased market penetration in Austria, France, the Netherlands, Belgium, Italy and Spain in the future.

We aim at an increased gross margin on a Group level in 2017 compared to 2016. Further profitability improvements related to process automation and economies of scale are planned in the medium term based on a number of measures to raise gross margins. Such measures include: (i) an improved pricing strategy, (ii) a focus on the shift toward higher gross margin products, (iii) increased cross selling, (iv) the introduction of new products with higher gross margin and (v) improving supplier terms supported by increasing scale. Further to the

measures targeted at improving the gross margin, we plan to continuously increase marketing efficiency (through (i) the increase of the Share of Repeat Orders as well as (ii) optimization of the CRM efficiency) and through continuous improvement of operational efficiency (driven by (i) economies of scale and (ii) an increased level of process automation). Taking all this into account, we aim to improve Segment EBITDA margin constantly on a Group level, despite the continuous investments in our international expansion. Administrative expense is expected to continue to decrease in relation to sales as we take advantage of economies of scale.

While the rationale underlying the Acquisition is focused on market leadership as opposed to purely creating synergies, we expect to benefit from attractive synergy upside potential with regards to costs, in particular with respect to marketing.

Significant financial benefits are expected in a number of areas as a result of combining the two businesses and focusing on serving both Prescription Medications and OTC Medications customers. The principal sources of these financial benefits are expected to be cost synergies arising through a common brand strategy with further efficiencies arising from lowered combined administrative expenses: Synergies from branding are expected to amount to between €2.0 and €2.5 million per annum on a run rate basis from 2019 onwards. In 2018, we expect to generate €0.1 million of synergies from harmonizing administration costs. We do not envision any immediate savings in 2017.

Furthermore, we target to continuously improve our working capital management in the next years; however, due to our strong focus on international expansion, inventory is expected to build-up. With regard to capital expenditure, we have planned to invest over the next years into (i) our operations and IT infrastructure as well as, (ii) capacity expansion and automation.

The outlook is based on operational data and may be subject to change. A wide range of factors, many of which are outside our control may affect our actual results, including those described under Section 3 "*Risk Factors*", such as general economic conditions, industry-specific factors and competition. We caution that the foregoing information has not been audited or reviewed by our independent auditors and should not be regarded as a representation or forecast by us or any other person regarding our results for the financial year ending 31 December 2017 that will be reported in due course in 2018.

21.3 Profit Forecast Assumptions

Our profit forecast contained in Section 21.2 above is based upon the principal assumptions set out below.

The assumptions that are within our influence or control are:

- the Acquisition is expected to be completed by 8 November;
- the integration of, and the synergy realization with respect to, acquisitions proceeding as planned and not being more difficult, time consuming or costly than expected;
- there will be no material future changes to our existing capital structure other than from normal course of business; and
- there will be no material further restructurings.

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

- there will be no or only insignificant changes in the regulatory framework and that there will be no material changes in the legal framework, such as in pharmaceutical law and tax law;
- there will be no material change in the ownership of and control of the Company;
- there will be no material change in general trading conditions, economic conditions, competitive environment or levels of demand in the countries in which we operate which would materially affect our business; and
- there will be no adverse outcome to any litigation or government investigation.

21.4 Auditor's Report

ASSURANCE REPORT

To: the managing board and supervisory board of Shop Apotheke Europe N.V.

Introduction

We examined the compilation of the profit forecast comprising the group's sales growth and the EBITDA margin before one-off transaction costs (the 'Profit Forecast') of Shop Apotheke Europe N.V. (the

Company). The Profit Forecast has been prepared on the basis stated on page 225. The Profit Forecast is required to be presented on a basis consistent with the accounting policies of the Company.

Management is responsible to develop material assumptions and to compile the Profit Forecast in accordance with the requirements of the Commission Regulation (EC) No 809/2004. Our responsibility is to express an opinion as required by item 13.2 of Annex I of the Commission Regulation (EC) No 809/2004 as to the proper compilation of the Profit Forecast and the consistency of accounting policies.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Profit Forecast, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Profit Forecast.

Scope

We conducted our examination in accordance with Dutch law, including the Dutch Standard 3850N 'Assurance and other engagements in connection with prospectuses'. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of an evaluation of the procedures undertaken by the directors of the Company in compiling the Profit Forecast and the consistency of the Profit Forecast with the accounting policies of the Company as described in the notes to the financial statements of the Company for the period ended 30 June 2017. Our work does not include evaluating the support for the assumptions underlying the Profit Forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We planned and performed our work so as to obtain reasonable assurance that the Profit Forecast has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

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

Opinion

In our opinion:

- the Profit Forecast has been properly compiled on the basis stated Chapter 21.2 and 21.3 of the Prospectus; and
- such basis is consistent with the accounting policies of the Company as described in the notes to the financial statements of the Company for the period ended 30 June 2017.

Achievability of the results indicated

Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.

Restriction on use

This report is required by the Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

Eindhoven, 6 November 2017

BDO Audit & Assurance B.V.
On its behalf,

sgd.

22. Financial Information

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22.1 Unaudited Interim Condensed Consolidated Financial Statements of Shop Apotheke Europe N.V. as of and for the six-month period ended 30 June 2017

CONSOLIDATED FINANCIAL STATEMENTS.

Unaudited Consolidated Statement of Profit and Loss for the six month period ended 30 June 2017.

	Period ended 30.06.2017	Period ended 30.06.2016
	EUR 1,000	EUR 1,000
Revenue	**126,707**	**82,161**
Cost of sales	-99,490	-65,294
Gross profit	**27,216**	**16,867**
Other income	1,323	1,098
Selling and Distribution	-31,389	-19,514
Administrative Expense	-4,245	-3,361
Result from operations	**-7,094**	**-4,910**
Finance income	71	0
Finance expense	-892	-1,310
Net finance costs	-821	-1,310
Result before tax	**-7,915**	**-6,220**
Income tax expenses	-209	-4
Result for this period	**-8,124**	**-6,224**
Attributable to:		
Owners of the company	-8,124	-6,224

Unaudited Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2017.

	Period ended 30.06.2017	Period ended 30.06.2016
	EUR 1,000	EUR 1,000
Loss for the period	-8,124	-6,224
Other comprehensive income/loss	**0**	**0**
Total comprehensive loss	**-8,124**	**-6,224**
Attributable to		
Owners of the company	-8,124	-6,224
Earnings per share	**EUR**	**EUR**
Basic and diluted per share 30 June 2017	-0.90	-6.22
Calculation of earnings per share:		
Result for the six month period attributable to owners of the company	-8,124	-6,224
Weighted average number of shares	9,069,878	1,000,000
Earnings per share	-0.90	-6.22

Unaudited Interim Consolidated Statement of Financial Positions as at 30 June 2017.

	30.06.2017 EUR 1,000	31.12.2016 EUR 1,000
Assets		
Non-current assets		
Property, plant and equipment	3,466	2,613
Intangible assets	23,336	22,169
	26,803	**24,782**
Current assets		
Inventories	14,546	18,841
Pre-ordered stock	4,766	6,823
Trade and other receivables	12,275	8,278
Receivables from related parties	111	0
Other current assets	2,554	3,130
Other financial assets	23,528	20,012
Cash and cash equivalents	29,507	38,485
	87,286	**95,569**
Total assets	**114,088**	**120,351**

	30.06.2017 EUR 1,000	31.12.2016 EUR 1,000
Equity and liabilities		
Shareholders' equity		
Issued capital and share premium	122,238	122,238
Reserves/accumulated losses	-37,117	-28,993
	85,121	**93,245**
Provisions	**1,971**	**2,961**
Non-current liabilities		
Loan from related parties (shareholders)	0	0
Deferred tax liability	0	0
Amounts due to related parties	3,000	3,000
Other liabilities	411	334
	3,411	**3,334**
Current liabilities		
Trade and other payables	16,010	12,563
Amounts due to related parties	0	404
Other liabilities	7,575	7,844
	23,585	**20,811**
Total equity and liabilities	**114,088**	**120,351**

Unaudited Interim Consolidated Statement of Cash Flows for the six month period ended 30 June 2017.

	Period ended 30.06.2017	Period ended 30.06.2016
	EUR 1,000	EUR 1,000
Cash flow from operating activities		
Operating result	-7,094	-4,910
Adjustments for:		
– Depreciation and amortisation of non-current assets	2,095	1,489
Operating result adjusted for depreciation and amortisation and provisions	-4,999	-3,421
– Movements in working capital:		
- (Increase)/decrease in trade and other receivables and other current assets	-3,422	-994
- (Increase)/decrease in inventory	4,295	108
- (Increase)/decrease in pre-ordered stock	2,057	1,297
- Increase/(decrease) in trade and other payables and other liabilities	2,969	4,056
- Increase/(decrease) in amounts due to related parties	-515	-1,784
Working capital movement	5,385	2,683
Cash generated from operations	**386**	**-738**
Interest received	**180**	**0**
Net cash (used in)/generated by operating activities	**566**	**-738**
Cash flow from investing activities		
Investment for property, plant and equipment	-1,271	-376
Investment for intangible assets	-2,846	-1,364
Investment for FARMALINE acquisition	0	0
Investment in other financial assets	-3,516	0
Net cash (used in)/generated by investing activities	**-7,632**	**-1,740**
Cash flow from financing activities		
Interest paid	-888	-597
Shareholder Loan Repayment	0	0
Net additional financing from related parties	0	0
Capital increase	0	10,005
Share issue from IPO	0	0
Payment of earn-out obligations FARMALINE	-1,100	0
Deposit from related parties and other non-current liabilities	77	0
Net cash (used in)/generated by financing activities	**-1,911**	**9,408**
Net increase/(decrease) in cash and cash equivalents	-8,977	6,929
Cash and cash equivalents at the beginning of the year	**38,485**	**3,529**
Cash and cash equivalents at the end of the year	**29,507**	**10,458**

Unaudited Consolidated Interim Statement of Changes in Shareholders' Equity for the six month period ended 30 June 2017.

	lssued and paid-up share	Share premium	Accumulated losses	Undistributed results	Equity
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Equity as of 1 January 2017	181	122,057	-10,548	-18,445	93,245
Transfer to accumulated losses	0	0	-18,445	-18,445	0
Comprehensive loss for the period	0	0	0	-8,176	-8,176
Balance as at 30 June 2017	**181**	**122,057**	**-28,993**	**-8,176**	**85,069**

Unaudited Consolidated Interim Statement of Changes in Shareholders' Equity for the six month period ended 30 June 2016.

	lssued and paid-up share	Share premium	Accumulated losses	Undistributed results	Equity
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Equity as of 1 January 2016	100	12,907	0	-10,548	2,459
Transfer to accumulated losses	0	0	-10,548	10,548	0
Capital increase	7	9,998	0	0	10,005
Comprehensive loss for the period	0	0	0	-6,224	-6,224
Balance as at 30 June 2016	**107**	**22,905**	**-10,548**	**-6,224**	**6,240**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.

1. Basis of preparation

These Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2016 annual report. The Interim Consolidated Financial Statements have not been audited. However, a review of these statements has been performed by the independent external auditor.

2. Significant accounting policies

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

Shop Apotheke Europe N.V. has applied the same accounting policies and methods of computation in its interim consolidated financial statements as in its 2016 annual financial statements, except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2017, and will be adopted in the 2017 annual financial statements.

The nature and impact of each new standard and interpretation adopted by the group is detailed below.

Note: Not all standards and interpretations impact the group's annual or interim consolidated financial statements.

Amendment to IAS 7: Disclosure Initiative

The amendment requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment did not result in any effect on the Group's interim consolidated financial statements during the interim period.

Amendment to IAS 12: Income Tax – unrealized losses on debt instruments at fair value

The amendment addresses diversity in practice by clarifying the recognition of a deferred tax asset related to debt instruments measured at fair value (if the situation gives rise to a temporary difference and the assets can be recovered for more than their carrying amounts). The amendment did not result in any effect on the Group's interim consolidated financial statements during the interim period.

Deferred tax assets from losses carried forward are recognized only to the extent that they compensate deferred tax liabilities resulting from variances in the evaluation of intangible fixed assets.

Amendment to IFRS 12: Disclosures about interests in other entities

The amendment clarifies that certain disclosure requirements in IFRS 12 do not apply to subsidiaries, joint ventures and associates that are held for sale or part of a group of assets (and liabilities) held for sale. The amendment did not result in any effect on the Group's interim consolidated financial statements during the interim period.

IFRS 15 Revenue from Contracts with Customers (and the related Clarifications)

The core principle of IFRS 15 is that an entity should recognize 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.

IFRS 15 is effective for financial periods starting on or after 1 January 2019. Using the possibility for early adoption, the Group has implemented this standard as of 1 January 2017. The implementation did not result in any effect on the Group's interim consolidated financial statements during the interim period.

IFRS 16: Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 is effective for financial periods starting on or after 1 January 2019.

Early adoption is allowed once the European Union has endorsed this standard (under the condition that IFRS 15 has also been adopted).

Considering that:

- endorsement by the European Union is expected in the fourth quarter of 2017,
- the Group intends to adopt IFRS 16 immediately after EU endorsement, and
- the Group intends to present the effects of the implementation of this standard, the consolidated interim financial statements also disclose amounts based on IFRS 16 being adopted: these details are disclosed in Note 10.

Going concern

From 1 January through 30 June 2017, the Company incurred losses before tax of EUR 7.9m and generated a positive cash flow from operating activities of EUR 566k. The working capital position at 30 June 2017 is positive at EUR 10.6m.

	30.06.2017	30.06.2016
	EUR 1,000	EUR 1,000
Trade and other receivables	12,275	8,278
Other current assets	2,554	3,130
Inventory	14,546	18,841
Pre-ordered stock	4,766	6,823
Trade and other payables	-16,010	-12,563
Amounts due to related parties	0	-404
Other liabilities	-7,575	-7,844
Working capital	**10,556**	**16,261**
% Revenue	**4.76%**	**9.17%**

After the successful Initial Public Offering on 13 October 2016, the shareholder's equity developed to EUR 85.1m as at 30 June 2017, with a cash and other financial assets position of EUR 53.0m.

The Company is on track with its planned investment in capacity expansion and automation.

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

3. Use of estimates and judgements

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the annual financial statements 2016.

4. Development expenses

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

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

5. Seasonality

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

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

6. Segment information

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

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

- 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 other European markets.
- Germany Services: Webshop services of RedTecLab 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.

No changes exist in the calculation methodology of this segment information in comparison to the 2016 annual report. The amounts reported as "Eliminations" represent intercompany business by the Germany Services segment. No other inter-segment revenues apply.

Segment information for the six month period ended 30 June 2017.

	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**92,129**	**34,113**	**3,145**	**-2,680**	**126,707**
Cost of sales	-72,757	-26,588	-146	0	-99,490
Gross Profit	**19,372**	**7,525**	**2,999**	**-2,680**	**27,216**
% of revenue	21.0%	22.1%	95.4%		21.5%
Other income	973	335	25	-9	1.323
Selling & Distribution	-17,866	-11,560	-2,863	2,680	-29,609
Segment EBITDA	**2,478**	**-3,699**	**161**	**-9**	**-1,069**
Administrative expense					-3,930
EBITDA					**-5,000**
Depreciation					-2,095
EBIT					**-7,095**
Net finance cost and income tax					-1,029
Net Loss					**-8,124**

Segment information for the six month period ended 30 June 2016.

	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**70,174**	**11,152**	**1,976**	**-1,141**	**82,161**
Cost of sales	-55,783	-9,255	-256	0	-65,294
Gross Profit	**14,391**	**1,897**	**1,720**	**-1,141**	**16,867**
% of revenue	20.5%	17.0%	87.1%		20.5%
Other income	937	147	13	0	1.097
Selling & Distribution	-13,988	-4,143	-1,259	1,141	-18,249
Segment EBITDA	**1,340**	**-2,099**	**474**		**-284**
Administrative expense					-3,137
EBITDA					**-3,421**
Depreciation					-1,489
EBIT					**-4,910**
Net finance cost and income tax					-1,314
Net Loss					**-6,224**

7. Business combinations

For the acquisition of the Farmaline business in September 2016, the measurement period has not yet passed. However, an adjustment of the fair value as calculated in 2016 is considered not necessary.

8. Fair Value

As at 30 June 2017, no significant changes of fair value calculations have occurred in comparison to the fair values from the 2016 annual report.

9. Related party transactions

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

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 EUR 3.0m 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. and is based on service agreements (six month period 2017: EUR 1.3m).

As at 30 June 2017, a remaining balance of EUR 111k is presented under “Amounts from to related parties”.

MK Beleggingsmaatschappij B.V. is a related party without transactions in 2017.

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 6 % of the shares in Shop Apotheke Europe N.V.

10. Effect of implementation of IFRS 16

As described under Note 2 ("IFRS 16"), the Group intends to implement IFRS 16 immediately after endorsement by the European Union. The following statements provide information on the effects of the application of IFRS 16 in comparison to the Consolidated Interim Financial Statements as presented earlier.

Note: Since the application of IFRS 16 leads to a different evaluation but not to cash flow changes, an additional cash flow statement does not apply. A separate statement of changes in shareholders' equity is also not presented since the only variance relates to the comprehensive loss for the period that is already disclosed in the statement of profit and loss.

Unaudited Consolidated Statement of Profit and Loss for the six month period ended 30 June 2017.

Including the effect of appliciation of IFRS 16.

	Period ended 30.06.2017	Period ended 30.06.2017
	EUR 1,000	EUR 1,000
Revenue	**126,707**	***126,707***
Cost of sales	-99,490	*-99,490*
Gross Profit	**27,216**	***27,216***
Other income	1,323	*1,323*
Selling and Distribution	-31,389	*-31,361*
Administrative Expense	-4,245	*-4,230*
Result from operations	**-7,094**	***-7,052***
Finance income	71	*71*
Finance expense	-892	*-987*
Net finance costs	-821	*-916*
Result before tax	**-7,915**	***-7,967***
Income tax expenses	-209	*-209*
Result for this period	**-8,124**	***-8,176***
Attributable to		
Owners of the Company	-8,124	*-8,176*

Unaudited Consolidated Statement of Comprehensive Income for the six month period ended 30 June 2017.

Including the effect of appliciation of IFRS 16.

	Period ended 30.06.2017	Period ended 30.06.2017
	EUR 1,000	EUR 1,000
Loss for the period	-8,124	*8,176*
Other Other comprehensive income/loss	**0**	***0***
Total comprehensive loss	**-8,124**	***-8,176***
Attributable to		
Owners of the Company	-8,124	*-8,176*
Earnings per share	**EUR**	***EUR***
Basic and diluted per share 30 June 2017	-0.90	*-0.90*
Calculation or earnings per share:		
Result for the six month period attributable to owners of the Company	-8,124	*-8,176*
Weighted average number of shares:	9,069,878	*9,069,878*
Earnings per share	-0.90	*-0.90*

Unaudited Interim Consolidated Statement of Financial Positions as at 30 June 2017.

Including the effect of appliciation of IFRS 16.

	30.06.2017 EUR 1,000	30.06.2017 EUR 1,000
Assets		
Non-current assets		
Property, plant and equipment	3,466	*7,549*
Intangible assets	23,336	*23,336*
	26,803	***30,886***
Current assets		
Inventories	14,546	*14,546*
Pre-ordered stock	4,766	*4,766*
Trade and other receivables	12,275	*12,275*
Receivables from related parties	111	*111*
Other current assets	2,554	*2,554*
Other financial assets	23,528	*23,528*
Cash and cash equivalents	29,507	*29,507*
	87,286	***87,286***
Total assets	**114,088**	***118,171***

	30.06.2017 EUR 1,000	30.06.2017 EUR 1,000
Equity and liabilities		
Shareholders' equity		
lssued capital and share premium	122,238	*122,238*
Reserves/accumulated losses	-37,117	*-37,169*
	85,121	***85,069***
Provisions	**1,971**	***1,971***
Non-current liabilities		
Loan from related parties (shareholders)	0	*0*
Deferred tax liability	0	*0*
Amounts due to related parties	3,000	*3,000*
Other liabilities	411	*3,255*
	3,411	***6,255***
Current liabilities		
Trade and other payables	16,010	*16,010*
Amounts due to related parties	0	*0*
Other liabilities	7,575	*8,866*
	23,585	***24,876***
Total equity and liabilities	**114,088**	***118,171***

Segment information for the six month period ended 30 June 2017.

	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**92,129**	**34,113**	**3,145**	**-2,680**	**126,707**
Cost of sales	-72,757	-26,588	-146	0	-99,490
Gross Profit	**19,372**	**7,525**	**2,999**	**-2,680**	**27,216**
% of revenue	21.0%	22.1%	95.4%		21.5%
Other income	973	335	25	-9	1.323
Selling & Distribution	-17,866	-11,560	-2,863	2,680	-29,609
Segment EBITDA	**2,478**	**-3,699**	**161**	**-9**	**-1,069**
Administrative expense					-3,930
EBITDA					**-5,000**
Depreciation					-2,095
EBIT					**-7,095**
Net finance cost and income tax					-1,029
Net Loss					**-8,124**

Segment information for the six month period ended 30 June 2017 (in case of application IFRS 16).

	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**92,129**	**34,113**	**3,145**	**-2,680**	**126,707**
Cost of sales	-72,757	-26,588	-146	0	-99,490
Gross Profit	**19,372**	**1,525**	**2,999**	**-2,680**	**27,216**
% of revenue	21.0%	22.1%	95.4%		21.5%
Other income	973	335	25	-9	1.323
Selling & Distribution	-17,526	-11,444	-2,814	2,680	-29,104
Segment EBITDA	**2,818**	**-3,584**	**210**	**-9**	**-565**
Administrative expense					-3,832
EBITDA					**-4,397**
Depreciation					-2,655
EBIT					**-7,052**
Net finance cost and income tax					-1,124
Net Loss					**-8,176**

11. Risks and risk management

The Group's risk categories and risk factors that could have material impact on its financial position and results are described in Shop Apotheke's annual report 2016 (page 89-92). Those risk categories and factors are deemed incorporated and repeated in this report by this reference and Shop Apotheke believes that these risks similarly apply for the six month period ending 30 June 2017.

The Group will publish its annual report 2017 in March 2018 with a detailed update of Shop Apotheke's principal risks.

12. Responsibility statement from the Directors

The Board of Management of the company hereby declares that, to the best of their knowledge, the Consolidated Interim Financial Statements for the six months ended 30 June 2017, give a true and fair view of the assets, liabilities, financial position and income of the company and the undertakings included in the consolidation taken as a whole, and the interim management report gives a fair review of the information required pursuant to section 5:25d, subsection 8 and, as far as applicable, subsection 9 of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Review Report

To: the Management of Shop Apotheke Europe N.V.

Engagement

We have reviewed the accompanying condensed consolidated interim financial information of Shop Apotheke Europe N.V., Venlo, which comprises the statement of profit and loss for the six month period ended 30 June 2017, the statement of comprehensive income for the six month period ended 30 June 2017, the statement of financial positions as at 30 June 2017, the statement of cash flows for the six month period ended 30 June 2017 and the statement of changes in shareholders' equity for the six month period ended 30 June 2017 and the notes to the consolidated financial statements. Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Dutch Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six month period ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting', as adopted by the European Union.

Eindhoven, 25 July 2017

For and on behalf of BDO Audit & Assurance B.V.,

sgd. P.P.J.G. Saasen RA

22.2 Annual Financial Statements of Shop Apotheke Europe N.V. as of and for the year ended 31 December 2016

The Company's Annual Report 2016, which is publicly available at the Chamber of Commerce in the Netherlands, also includes our Management Board's Report, which is referenced in the auditors' report beginning on page F-63.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
for the year ended 31 December 2016

	Notes	Consolidated Year ended 31.12.2016	Combined & Consolidated Year ended 31.12.2015
		EUR 1,000	EUR 1,000
Revenue	[6]	177,391	125,578
Costs of sales	[7]	-141,109	-99,841
Gross profit		36,282	25,737
Other income	[8]	2,204	1,316
Selling and Distribution	[9]	-41,036	-29,143
Administrative Expense	[10]	-9,089	-6,729
Result from operations		**-11,639**	**-8,819**
Finance income		17	593
Finance expense	[11]	-9,338	-2,275
Net finance costs		-9,321	-1,682
Result before tax		**-20,960**	**-10,501**
Income tax expenses	[12]	2,515	-47
Loss for the year		**-18,445**	**-10,548**
Attributable to:			
Owners of the Company		-18,445	-10,548

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2016

	Notes	Consolidated Year ended 31.12.2016	Combined & Consolidated Year ended 31.12.2015
		EUR 1,000	EUR 1,000
Loss for the year		-18,445	-10,548
Other comprehensive income/loss		**0**	**0**
Total comprehensive loss		**-18,445**	**-10,548**
Attributable to:			
Owners of the Company		-18,445	-10,548
Earnings per share	**[13]**	**EUR**	**EUR**
Basic and diluted per share			
As at 31 December 2015			-10.55
Change of nominal share value			-2.11
Basic and diluted per share 31 December 2016		-3.08	-2.11

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2016

	Notes	Consolidated Year ended 31.12.2016 EUR 1,000	Combined & Consolidated Year ended 31.12.2015 EUR 1,000
Assets			
Non-current assets			
Property, plant and equipment	[14]	2,613	2,417
Intangible assets	[15]	22,169	13,616
		24,782	16,033
Current assets			
Inventories	[16]	18,841	10,412
Pre-ordered stock	[16]	6,823	5,653
Trade and other receivables	[17]	8,278	4,100
Other current assets	[18]	3,130	3,046
Other financial assets	[19]	20,012	0
Cash and cash equivalents	[19]	38,485	3,529
		95,569	26,739
Total assets		**120,351**	**42,772**
Equity and liabilities			
Shareholders' equity	[20]		
Issued capital and share premium		122,238	13,007
Reserves / accumulated losses		-28,993	-10,548
		93,245	2,459
Provisions	[26]	2,961	0
Non-current liabilities			
Loan from related parties (shareholders)	[24]	0	19,002
Deferred tax liability	[12]	0	2,564
Other liabilities	[22.1]	3,334	3,000
		3,334	24,566
Current liabilities			
Trade and other payables	[21]	12,563	8,638
Amounts due to related parties	[24]	404	3,202
Other liabilities	[22.2]	7,844	3,906
		20,811	15,747
Total equity and liabilities		**120,351**	**42,772**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the period ended 31 December 2015

Attributable to owners of the company

	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 January 1, 2015	20,056				20,056
Result for the period until incorporation				-6,515	-6,515
Incorporation of the entity as of September 30, 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
Dividends			-7,980		-7,980
Addition legal reserve					
Balance as of December 31, 2015	**0**	**100**	**12,907**	**-10,548**	**2,459**

for the period ended 31 December 2016

Attributable to owners of the company

	Issued and paid-up share	Share premium	Other reserves	Accumulated losses	Undistributed results	Equity
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Equity as of 1 January 2016	100	12,907	0	0	-10,548	2,459
Transfer to accumulated losses				-10,548	10,548	0
Capital increase	10	14,614				14,624
IPO: issue of shares	71	99,929				100,000
IPO: share issue costs		-5,393				-5,393
Comprehensive loss for the period					-18,445	-18,445
Balance as of 31 December 2016	**181**	**122,057**	**0**	**-10,548**	**-18,445**	**93,245**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2016

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Cash flow from operating activities		
Operating result	-11,639	-8,819
Adjustments for:		
– Depreciation and amortisation of non-current assets	3,272	2,166
Operating result adjusted for depreciation and amortisation and provisions	-8,367	-6,653
– Movements in working capital:		
- (Increase)/decrease in trade and other receivables and other current assets	-4,260	-2,213
- (Increase)/decrease in inventory	-8,429	-5,820
- (Increase)/decrease in pre-ordered stock	-1,171	-121
- Increase/(decrease) in trade and other payables and other liabilities	7,812	2,921
- Increase/(decrease) in amounts due to related parties	-2,798	3,202
Working capital movement	-8,847	-2,032
Cash generated from operations	**-17,214**	**-8,779**
Interest received	**17**	**0**
Net cash (used in)/generated by operating activities	**-17,197**	**-8,779**
Cash flow from investing activities		
Investment for property, plant and equipment	-953	-1,313
Investment for intangible assets	-2,941	**-2,737**
Investment for Farmaline acquisition	**-550**	**0**
Investment in other financial assets	**-20,012**	**0**
Net cash (used in)/generated by investing activities	**-24,456**	**-4,050**
Cash flow from financing activities		
Interest paid	-1,266	-950
Shareholder Loan Repayment	-27,074	
Net additional financing from related parties		14,011
Capital increase	10,008	
Share issue from IPO	100,000	
Share issue cost	-5,393	
Deposit from related parties and other non-current liabilities	334	3,000
Net cash (used in)/generated by financing activities	**76,609**	**16,061**
Net increase/(decrease) in cash and cash equivalents	34,956	3,232
Cash and cash equivalents at the beginning of the year	**3,529**	**297**
Cash and cash equivalents at the end of the year	**38,485**	**3,529**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Shop Apotheke Europe N.V. (or the "Company") is a limited liability company incorporated in the Netherlands on 30 September 2015 and is legally domiciled in Venlo, The Netherlands. As at December 31, 2016, the company had the following subsidiaries: SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V., VitaZita B.V., Fastnet BVBA, EuroService Venlo B.V. and RedTecLab GmbH (formerly Xsite GmbH, renamed January 2017). The mail-order pharmacy business activities (and related activities) are presented on a combined basis for the period 1 January 2015 through 29 September 2015 and on a consolidated basis for the period 30 September 2015 through 31 December 2015 and 1 January 2016 through 31 December 2016, and are referred to as "the Group" or "Shop Apotheke Europe N.V.".

Shop Apotheke Europe N.V. is a mail-order pharmacy business primarily for non-prescription ("over-the-counter" or "OTC") pharmaceuticals, food supplements and beauty and personal care products (BPC). In addition, RedTecLab GmbH provides webshop services for the Group and for third parties.

These financial statements consist of the Consolidated Financial Statements 2016 for Shop Apotheke Europe N.V. 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 took the legal form of a legal split. The transaction was consummated at 30 September 2015.

The Consolidated Financial Statements 2016 are prepared in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the European Union and in accordance with the Dutch Civil Code, Book 2, Title 9.

Besides the financial information of Shop Apotheke Europe N.V. the financial information of the following wholly-owned subsidiaries are also included in these Consolidated 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
    - VitaZita B.V., Venlo, The Netherlands
    - Fastnet BVBA, Tongeren, Belgium
    - RedTecLab GmbH, Düsseldorf, Germany

VitaZita B.V. was founded in July 2016 as a wholly-owned subsidiary of SA Europe B.V. Fastnet BVBA was acquired in September 2016 as part of the acquisition of the Farmaline-business, and became a 100% subsidiary of SA Europe B.V. Goodwill related to the acquisition has been recorded according to IFRS 3.

2. Basis of preparation

The Consolidated 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. The Consolidated Financial Statements have been prepared on a going concern basis based on a true and fair view.

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, the 2015 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 2015 Combined Financial Statements as explained in the notes below.

As for the 2015 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:

Combined Statement of Financial Position as at 31 December 2015

- 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 amortized 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. Write-downs on accounts receivable were allocated to the Group based on the relative sales share of the Group as a percentage of EHS Europe Health Services B.V. (including the Group). Since incorporation, all balances of accounts receivable 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 in 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 RedTecLab GmbH (formerly XSite GmbH) was completely transferred to the Group on 30 September 2015 with effect as at 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 RedTecLab GmbH 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 costs, were allocated based on the cost share of the Group as a percentage of the aggregate costs 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 a percentage of the aggregate costs of Europe Health Services B.V. (including the Group).
- VAT was allocated based on end-customer revenues and cost of the Group as a percentage of the aggregate revenues and costs, respectively, of Europe Health Services B.V. (including the Group).

Combined Statement of Profit and Loss for the year ended 31 December 2015

- In the 2015 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 N.V. websites (due to specific customer tracking). The wholesale agreement (as referred to above) was applied retrospectively for the 2015 Combined Financial Statements (covering the period 1 January thru 30 September 2015).
- Salaries, wages and pensions: part of salaries and wages, including pension costs and social security, was assigned to the Group (mainly direct FTEs in Operations and Sales & Distribution) based on the organizational structure in 2015 and was allocated based on cost centers until 30 September 2015. The organizational structure was retrospectively applied for 1 January 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 N.V. based on cost center accounting.
- Costs that could not be related to Shop Apotheke Europe N.V. directly or by cost center 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 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 1 January – 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 from 1 October 2015

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

2015 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 RedTecLab GmbH's cash subsequent to the acquisition in 2013. In September 2015, the subsidiary EuroService Venlo B.V. obtained EUR 7.1m 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 additional funding from related parties until 30 September 2015.

Corporate income tax

Since before the IPO on 13 October 2016, there was uncertainty that operating losses (so excluding XSite GmbH) may not be realized in the near future, no deferred tax assets were recognized in 2015.

Despite gross proceeds of EUR 100m from the successful IPO on 13 October 2016, Shop Apotheke Europe has recognized deferred tax assets only to the extent that they balance the existing deferred tax liability to EUR 0.

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 members of the Management Board 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 Consolidated Financial Statements

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016.

Amendments to:

- IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- IAS 1: Disclosure Initiative
- IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses
- IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- IAS 16 and IAS 41: Agriculture: Bearer Plants
- Annual Improvements to IFRSs 2012-2014 Cycle

Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group did not have any such transactions in the current year.

Amendments to IAS 1: Disclosure Initiative

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses

IAS 12 states, that "deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized".

IAS 12.34: "A deferred tax asset shall be recognised for the carryforward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised."

IAS 12.35: "when an entity has a history of recent losses, the entity recognizes a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. In such circumstances, paragraph 82 requires disclosure of the amount of the deferred tax asset and the nature of the evidence supporting its recognition."

IAS 12.36. "An entity considers the following criteria in assessing the probability that taxable profit will be available against which the unused tax losses or unused tax credits can be utilized:

- whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilized before they expire
- whether it is probable that the entity will have taxable profits before the unused tax losses or unused tax credits expire
- whether the unused tax losses result from identifiable causes which are unlikely to recur; and
- whether tax planning opportunities (see paragraph 30) are available to the entity that will create taxable profit in the period in which the unused tax losses or unused tax credits can be utilized"

IAS 12.37. "At the end of each reporting period, an entity reassesses unrecognised deferred tax assets. The entity recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. For example, an improvement in trading conditions may make it more probable that the entity will be able to generate sufficient taxable profit in the future for the deferred tax asset to meet the recognition criteria set out in paragraph 24 or 34."

IAS 12.82. "An entity shall disclose the amount of a deferred tax asset and the nature of the evidence supporting its recognition, when the utilization of the deferred tax asset is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences; and the entity has suffered a loss in either the current or preceding period in the tax jurisdiction to which the deferred tax asset relates".

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization

As the Group already uses the straight-line method for depreciation and amortization for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Group's consolidated financial statements.

Amendments to IAS 16 and IAS 41: Agriculture: Bearer Plants

The application of these amendments has had no impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

Amendments to Annual Improvements to IFRSs 2012-2014 Cycle

The Company applied these amendments for the first time in the current year. The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarized below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa).

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The application of these amendments has had no effect on the Group's consolidated 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:

- IFRS 9 Financial Instruments[16]
- IFRS 15 Revenue from Contracts with Customers (and the related Clarifications)[16]
- IFRS 16 Leases[17]
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions[16]
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[18]
- Amendments to IAS 7: Disclosure Initiative[19]

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 (and the related Clarifications)

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 recognize 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 recognizes 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.

In April 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Group recognizes revenue from the following major sources:

- sale of non-prescription, over-the-counter medications ("OTC Medications")
- sale of beauty and personal care products that are otherwise almost exclusively distributed through pharmacies ("Pharmacy-Related BPC Products")

The Management Board members are still in the process of assessing the full impact of the application of IFRS 15 on the Group's financial statements and it is not practicable to provide a reasonable financial estimate of the effect until the directors complete the detailed review. The directors do not intend to early apply the standard and intend to use the full retrospective method upon adoption.

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16 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
17 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
18 Effective for annual periods beginning on or after a date to be determined
19 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

IFRS 16: Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of EUR 3.8m.

IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 25.

A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognize a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognize a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognized in the Group's consolidated financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the Management Board members complete the review.

Amendments to IFRS 2: Classification and Measurement of Share-Based Payment Transactions

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
    a. the original liability is derecognized
    b. the equity-settled share-based payment is recognized as the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
    c. any difference between the carrying amount of the liability at the modification date and the amount recognized in equity should be recognized in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The members of the Management do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Management Board's members anticipate that the application of these amendments will not have a significant impact on the Group's consolidated financial statements since such transactions will most likely not occur.

Amendments to IAS 7: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The Management Board's members do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

4. Significant accounting policies

1. Statement of Compliance

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

Going concern

From 1 January through 30 September 2015, the Group's business was funded by EHS Europe Health Services B.V. As of the carve-out date, the Company obtained a new financing and capitalization balance, followed by a shareholder capital increase in June 2016 and the proceeds from the Initial Public Offering on 13 October 2016 in the Prime Segment of the Frankfurt Stock Exchange.

In 2015 through 2016 the Company incurred losses before tax of EUR 31.5m and used cash in operating activities for EUR 23.0m. The working capital position at the end of 2016 is positive at EUR 16.3m.

	31.12.2016	31.12.2015
	EUR 1.000	EUR 1.000
Trade and other receivables	8,278	4,100
Other current assets	3,130	3,046
Inventory	18,841	10,412
Pre-ordered stock	6,823	5,653
Trade and other payables	-12,563	-8,638
Amounts due to related parties	-404	-3,202
Other liabilities	-7,844	-3,906
Working capital	16,261	7,464
% Revenue	9.17%	5.94%

Furthermore noncurrent liabilities are past due subsequent to 2019. After the successful Initial Public Offering on 13 October 2016, the Group increased its shareholder's equity to EUR 93.2m as at 31 December 2016. The Company also closely assesses future investing activities with a planned investment in capacity expansion and automation of EUR 30.0m in the period 2017 to 2019.

As part of the acquisition of Farmaline the Company paid EUR 2.15m in cash and entered into an earn-out agreement for the period 2016 through 2018 for a maximum amount of EUR 3.3m if all of the targets agreed upon are met. Based on the expected results and cashflows in conjunction with the net proceeds from the Initial Public Offering and the acquisition of Farmaline management concluded that going concern is appropriate for preparation of these Consolidated Financial Statements.

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

2. Basis of preparation

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 Consolidated 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.

3. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights in an investee are sufficient to give it power, including:

- the size of the company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit and loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The principal accounting policies are set out below.

4. 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.

Under the wholesale agreement with Europa Apotheek Venlo B.V., 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.

Revenue from other services

Other services are typically recognized based on the services performed.

5. 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 salability of goods.

6. 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 Consolidated Statement of Profit and Loss.

7. 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.

8. Foreign currencies

In preparing the Consolidated 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.

9. Retirement benefit costs

The Group maintains two pension plans covering pharmacy personnel.

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% (2015:17.6%) 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 2016 amounts to 93.8% (31 December 2015: 100.4%).

The coverage ratio of the PMA pension fund as per 31 December 2016 amounts to 91.4% (31 December 2015: 102.0%).

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.

10. Taxation

The tax expense for the fiscal year is comprised of current and deferred income tax. Tax expense is recognised in the Consolidated Statement of Profit and Loss.

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 consolidated 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 Consolidated 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.

11. 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.

12. 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.

13. Intangible assets

Intangible assets: ERP and website

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.

Intangible assets: goodwill

Goodwill is carried at cost less accumulated impairment losses. Amortisation is not recognized.

Intangible assets: Fastnet

Intangible assets Fastnet (software) are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the 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.

Intangible assets: FL domain

Intangible assets Farmaline domains and trademarks are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the 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.

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.

14. 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.

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

In 2016, 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 10,0% after tax for the Shop-Apotheke goodwill in segment "Germany" and 7% after tax for Farmaline goodwill in segment "International"). 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.

Based on sensitivity analysis during 2016, the Group did not identify any impairment indicators nor record any impairment charges in other intangible assets or property, plant and equipment.

15. 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.

16. 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 1 January through 30 September 2015) resulting that this is separately presented as "Pre-ordered stock", i.e. stock held for Europa Apotheek Venlo B.V.

17. 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 "financing from related parties". Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand and time-deposits for a period of up to 12 months.

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

Short-term securities are shown in Other Financial Assets according to IAS 7.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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 Consolidated 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 Consolidated 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 1 January through 30 September 2015).

In the Consolidated 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).

Deferred tax asset

As at 31 December 2016, the Group recognized a deferred tax asset based on the Dutch tax losses for the years ending 31 December 2015 and 31 December 2016 only to the extent that it balances the existing deferred tax liability to EUR 0.

Impairment reviews were prepared by comparing the carrying value of the fiscal unity concerned to estimated future tax profits and the use of the applicable tax losses carried forward within the designated use period. The most important estimates relate to growth rates used to calculate revenue growth and planned cost development.

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. 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 Consolidated Statement of Profit and Loss through operating profit.

Evaluation of non-current assets for impairment

Non-current assets include goodwill, 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 Consolidated Statement of Profit and Loss through operating profit.

During 2016, 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 Consolidated 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 European markets.
- Germany Services: Webshop services of RedTecLab 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.

Segment Information

2016	Germany	International	Germany Services	Eliminations	Consolidated
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Revenue	**145,549**	**30,376**	**4,108**	**-2,641**	**177,391**
Cost of sales	-115,910	-24,777	-423	0	-141,119
Gross Profit	**29,640**	**5,599**	**3,685**	**-2,641**	**36,282**
% of revenue	20.4%	18.4%	89.7%		20.5%
Other income	1,810	363	31	0	2,204
Selling & Distribution	-27,458	-10,698	-2,742	2,641	-38,255
Segment EBITDA	**3,992**	**-4,735**	**975**	**0**	**231**
Administrative expense					-8,597
EBITDA					**-8,367**
Depreciation and amortization					-3,273
EBIT					**-11,638**
Net finance cost and income tax					-6,807
Net Loss					**-18,445**

2015	Germany	International	Germany Services	Eliminations	Consolidated
	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**
Net finance cost and income tax					-1,729
Net Loss					**-10,548**

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:

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Prescription (Rx)	3,024	2,614
Over-the-counter (OTC) & beauty and personal care (BPC)	172,900	121,472
Other services	1,467	1,492
	177,391	125,578

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):

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Other geographical information	Additions to non-current assets	
Netherlands	11,935	3,900
Germany	92	150
	12,027	4,050

Other geographical information - location of non-current assets	non-current assets	
Netherlands	23,749	14,878
Germany	1,034	1,155
	24,783	16,033

Revenue in the country of domicile (related to shipments from The Netherlands) amounts to EUR 175.9m in 2016 (2015: EUR 124.1m). No single customer contributed more than 0.1% to the Group's revenue for the years 2015 through 2016.

7. Cost of sales

Below, cost of sales are shown per region:

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Germany	115,910	92,383
International	24,777	7,163
Germany Services	423	295
	141,110	99,841

Cost of Sales

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Cost of goods sold	139,902	99,164
Employee benefit expenses	1,207	677
	141,109	99,841

The Group operates in two principal geographical areas: Germany and International (other European markets).

8. Other income

The other income relates to income from service transactions provided to Europa Apotheek Venlo B.V. (2016: EUR 2.2m; 2015: EUR 1.3m).

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

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Selling & distribution without personnel and depreciation	28,692	20,887
Employee benefit expenses	9,563	6,399
Depreciation and amortization expenses	2,782	1,856
Total selling & distribution*	41,036	29,143

* 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

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Administrative expenses without personnel and depreciation	4,607	4,144
Employee benefit expenses	3,990	2,275
Depreciation and amortization expenses	491	310
Total administrative expenses*	9,089	6,729

* 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, operation overhead cost and facility expenses.

Employee benefit expenses

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Wages and salaries	10,532	7,218
Social security charges	1,877	1,355
Pension and retirement expenses	282	220
Other expenses employees	2,069	558
	14,760	9,351

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

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Selling & distribution	9,563	6,399
Administrative expenses	3.990	2,275
Cost of sales	1,207	677
	14,760	9,351

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

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
Average FTE's (Full Time Equivalents)	349	251

All employees are involved in providing the Group's services relating to its online pharmacy and e-commerce activities. As at 31 December 2016, 99 out of the 349 FTE's were working outside the Netherlands.

Retirement benefit plan – defined contribution plan:

The total expense recognised in profit or loss represents contributions payable to the plan by the Group. As at 31 December 2016, contributions of EUR 0 (2015: EUR 2k) 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

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Depreciation of property, plant and equipment	757	659
Amortisation of intangible assets	2,515	1,506
	3,272	2,165

11. Finance expenses

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Other finance expense	9,338	2,275
	9,338	2,275

Finance expense relates to shareholder loan financing (until 31 October 2016), thereof EUR 6.9m related to IFRS accounting for early repayment, as well as 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. Income tax expenses

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

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Result before tax	-20,960	-10,501
Non-deductible costs		
Temporary difference fiscal amortization goodwill and website	-336	-212
Temporary difference shareholder loan	7,519	679
Use of tax loss carry forward Germany	-191	-335
Taxable result before tax	-13,968	-10,369
Income tax expense:		
Effect of tax during the year Netherlands	3,492	2,592
No deferred tax due to uncertainty	-3,492	-2,560
Effect of tax loss carry forward Netherlands	0	32
Effect of tax loss carry forward Germany	-17	-101
Effect from movement deferred taxes	2,532	22
Current tax expense in profit and loss	2,515	-47

The Company has carry-forward losses in The Netherlands for an amount of EUR 9,741k at the end of 2015 and EUR 23,643k at the end of 2016. These can be used for the period up to and including 2024 and 2025 respectively. 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

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Deferred tax asset in relation to:		
Loss carry-forward minus difference valuation intangible asset	833	32
Deferred tax liability in relation to:		
Loss carry-forward minus difference valuation intangible asset	0	68
Deferred tax liability in relation to:		
Goodwill	833	649
Deferred tax liability in relation to:		
Shareholder loan	0	1,848
Total deferred taxes	0	-2,564

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.

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Deferred tax asset in relation to:		
Loss carry-forward minus difference valuation intangible asset	833	32
Balance 1 January 2015	7	563
Recognized in profit and loss		72
Recognized in shareholder's equity	-25	1,929
Balance 31 December 2015	32	2,564
Balance 1 January 2016	32	2,564
Recognized in profit and loss	-32	-2,564
Recognized in shareholder's equity	0	0
Balance 31 December 2016	0	0

13. Earnings per share

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Basic and diluted earnings		
From continuing operations	-3.08	-2.11
From discontinued operations	0.00	0.00
Total basic and diluted earnings	-3.08	-2.11

Basic and deluted earnings per share

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Result for the year attributable to owners of the Company	-18,445	-10,548
Earnings used in the calculation of basic and diluted earnings per share	-18,445	-10,548
Earnings used in the calculation of basic and diluted earnings per share from continuing operations	-18,445	-10,548
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	5,993,861	5,000,000
Basic and diluted earnings per share		
From continuing operations	-3.08	-2.11
From discontinued operations	0.00	0.00
Total basic and diluted earnings per share	-3.08	-2.11

14. Property, plant and equipment

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

	Machinery	Other	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Cost			
Balance 1 January 2015	0	5,155	5,155
Additions	577	736	1.313
Disposals	0	-296	-296
Balance 31 December 2015	577	5,595	6,172
Additions	12	947	959
Disposals	0	-31	-31
Balance December 31, 2016	**589**	**6,511**	**7,100**

	Machinery	Other	Total
	EUR 1,000	EUR 1,000	EUR 1,000
Accumulated amortisation and impairment			
Balance 1 January 2015	0	3,382	3,382
Depreciation	32	626	658
Disposals	0	-285	-285
Balance 31 December 2015	32	3,723	3,755
Depreciation	127	630	757
Disposals	0	-25	-25
Balance December 31, 2016	**159**	**4,328**	**4,487**
Carry value			
Balance 31 December 2015	**545**	**1,872**	**2,417**
Balance December 31, 2016	**430**	**2,183**	**2,613**

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	Intangible assets Fastnet	Intangible assets FL domain	Intangible assets FL Goodwill	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Cost							
Balance1 January 2015	9,700	1,272	6,777	0	0	0	17,749
Additions	2,670	67	0	0	0	0	2,737
Disposals	0	0	0	0	0	0	0
Balance 31 December 2015	12,370	1,340	6,777	0	0	0	20,487
Additions	2,890	50	0	344	3,604	4,179	11,067
Disposals	0	0	0	0	0	0	0
Balance 31 December 2016	**15,260**	**1,390**	**6,777**	**344**	**3,604**	**4,179**	**31,554**

	Intangible assets ERP	Intangible assets website	Intangible assets goodwill	Intangible assets Fastnet	Intangible assets FL domain	Intangible assets FL Goodwill	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Accumulated amortisation and impairment							
Balance 1 January 2015	3,345	141	1,879	0	0	0	5,365
Amortisation	1,371	134	0	0	0	0	1,505
Disposals	0	0	0	0	0	0	0
Balance 31 December 2015	4,716	275	1,879	0	0	0	6,870
Amortisation	2,215	167	0	26	107	0	2,515
Disposals	0	0	0	0	0	0	0
Balance 31 December 2016	6,931	442	1,879	26	107	0	9,385
Carry value							
Balance 31 December 2015	**7,654**	**1,065**	**4,897**	**0**	**0**	**0**	**13,616**
Balance 31 December 2016	**8,330**	**948**	**4,897**	**318**	**3,497**	**4,179**	**22,169**

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

- Acquired websites: 10 years
- Internal website development (programming): 3 years
- ERP-software: 7 years
- Goodwill: infinite life subject to impairment

Impairment Tests for Goodwill

Goodwill is related to

1. the German OTC and BPC business as the most relevant Shop Apotheke Europe B.V. market.
2. the Farmaline business. As of 14 September 2016, Shop Apotheke Europe BV and certain other companies of the Shop Apotheke Group completed the Farmaline Acquisition by which we aim to improve our competitive position in Continental Europe significantly.With the integration of the Farmaline Business into our Group, we have expanded our business in one step to a number of European markets previously targeted by us, including the Netherlands, Italy and Spain, and have further enhanced our competitive position in Belgium, Austria and France.

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 2016.

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.

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 resulting in no impairment charge.

16. Inventory and pre-ordered stock

The cost of inventories recognized as an expense during the year in respect of continuing operations was EUR 141.1k (2015: EUR 99.2k).

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

17. Trade and other receivables

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Trade receivables	8,520	4,258
Allowance for doubtful debts	-242	-158
	8,278	4,100

The average credit period on sales of goods and services is 16 days in 2016 (2015:10 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 2016, EUR 200k (2015: EUR 57k) was due from the Group's largest customer. No other customers individually represent more than 2 % of the total balance of trade receivables.

There are no trade receivables disclosed above that 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:

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
30 – 60 days	483	245
61 – 90 days	0	0
91 – 120 days	0	0
121 days and older	0	0
	483	245
Average age (in days)	45	45

Movement in the allowance for doubtful debts:

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Balance beginning of the year	158	538
Charge/release to income statement	419	-128
Amounts written off as uncollectible	-336	-253
Balance end of the year	242	158

Age of impaired receivables:

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
30 – 60 days	0	0
61 – 90 days	83	46
91 – 120 days	41	27
121 days and older	118	85
	242	158
Average age (in days)	131	137

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.

18. Other current assets

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Prepayments	1,218	992
Other current assets and accrued income	1,911	2,054
	3,130	3,046

19. Other financial assets and Cash and cash equivalents

Other financial assets

EUR 20m short-term securities are shown in other financial assets according to IAS 7.

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at banks and on hand. SHOP APOTHEKE EUROPE N.V. is not allowed to withdraw the money but can access to the money (by means of a loan) based on identical interest rates.

All cash balances are at free disposal of the Group, except for a rent guarantee of EUR 33.6k at RedTecLab GmbH and a EUR 500k rent guarantee at Fastnet BVBA.

20. Shareholder's equity

Share capital

The share capital of the Group as at 31 December 2016 amounts to EUR 181.4k divided into 9,069,878 shares each with a nominal value of EUR 0.02 all of which have been issued and fully paid.

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 period 1 January to 30 September 2015. 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 EUR 931k 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 EUR 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 9.069.878 as at 31 December 2016 with a par value of EUR 0.02 per ordinary share. As at 1 January 2016, the issued and paid-up share capital of the Company amounted to EUR 100k, divided into 1,000,000 ordinary shares of EUR 0.10 each.

It has been increased to 1,066,700 ordinary shares of EUR 0.10 each in September 2016 by the issuance of 66,700 new shares and 32,990 ordinary shares that were issued as part of the acquisition of the Farmaline business on 14 September 2016, leading to a total capital increase of EUR 14,624k. After a subsequent 1:5 share split the number of shares increased to 5.498.450 ordinary shares, and the earnings per share accordingly changed from EUR -10.55 to EUR -2.11.

The Company obtained long term loans from shareholders due to the legal split in 2015 of EUR 26.5m nominal value, which were paid back at their nominal value of EUR 27.1m on 31 October 2016. For reference see the related party disclosures.

21. Trade and other payables

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Trade payables	12,563	8,638

The average credit period on purchases is 20 days in 2016 (2015:14 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

Other liabilities (non-current)

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Amounts due to related parties	3,000	3,000
Other	334	0
	3,334	3,000

Other liabilities (current)

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Employee benefit liabilities	932	673
Other accruals and deferred income	6,912	3,233
	7,844	3,906
Employee benefit liabilities		
Pension liabilities	11	2
Other employee benefit liabilities	921	671
	932	673
Other accruals and deferred income split		
Other tax liabilities	5,808	2,850
Other accruals and deferred income excluding tax	1,105	383
	6,913	3,233
Other tax liabilities		
Value Added Tax	5,487	2,505
Wage tax and social security liabilities	322	345
	5,808	2,850

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

Financial instruments

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 EUR 0 in 2016 on the Group profit or equity, since the shareholder loan was repaid on 31 October 2016.

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 Consolidated 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 2017 capital expenditures. In June 2016 the Group increased its shareholder's equity by EUR 10.0m by the issuance of new shares to existing shareholders to further support its sales growth and internationalization strategy. Subsequently it increased its shareholder's equity by EUR 4.6m as part of the acquisition of the Farmaline business with no related cash inflows. On 13 October 2016 the Group issued 3,571,428 new ordinary shares with a nominal value of EUR 0.02 each at an offering price of EUR 28.00. As a result the Group obtained gross proceeds of EUR 100m.

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	1-5 years	5+ years	Total	Carrying amount
	%	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
31.12.2015					
Non-interest bearing	0	3,000	0	3,000	3,000
Fixed interest rate instruments	7.5	0	31,526	31,526	19,002
		3,000	31,526	34,526	22,002
31.12.2016					
Non-interest bearing	0	3000	0	0	3000
		3,000	0	0	3,000

2. Capital management

The Group manages its equity to ensure it will be able to continue as going concern while maximising the return to it. After the acquisition of the Farmaline business and the successful listing in the Prime Standard market segment of the Frankfurt Stock Exchange on 13 October 2016, the Group's overall strategy is leadership in all relevant European markets. The Group is subject to reporting and governance rules of the Dutch Autoriteit Financiële Markten (AFM) and the Frankfurt Stock Exchange.

3. Categories of financial instruments

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Financial liabilities:		
Shareholder loan	0	19,002
Deposit	3,000	3,000
	3,000	22,002

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 Consolidated 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.

	Consolidated		Combined & Consolidated	
	Year ended 31.12.2016		Year ended 31.12.2015	
	EUR 1,000		EUR 1,000	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial liabilities:	3,000	5,451	22,002	21,492

5. Fair value hierarchy

As at 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

As at 31.12.2016	Level 1	Level 2	Level 3	Total
	EUR 1,000	EUR 1,000	EUR 1,000	EUR 1,000
Financial liabilities:				
Shareholder loan			0	0
Deposit			2,490	2,490
	0	**0**	**2,490**	**2,490**

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).

23. Related party transactions

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

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 EUR 3.0m 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 (2016: EUR 2.2m; 2015: EUR 1.3m).

As at 31 December 2016, a remaining balance of EUR 404k is presented under “Amounts due to related parties”.

MK Beleggingsmaatschappij B.V. is a related party without transactions in 2016.

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 6% of the shares in Shop Apotheke Europe N.V..

Financing of the Group took place by capital increase as described.

2. Compensation of key management personnel

The remuneration of management board and supervisory board members was as follows:

Management Board Member	Periodically paid remuneration
Marc Fischer	171,724 €
Theresa Holler	178,893 €
Michael Köhler	30,000 €
Ulrich Wandel	161,237 €
Stephan Weber	171,504 €
Total	**713,358 €**

Supervisory Board Member	Periodically paid remuneration
Jan Pyttel, Chairman	7,500 €
Björn Söder	5,000 €
Frank Köhler	5,000 €
Jérôme Cochet	5,000 €
Total	**22,500 €**

There was no remuneration for other long-term benefits, termination benefits and share-based payments. The remuneration of directors was determined by the shareholders of EHS Europe Health Services B.V. from 1 January to 30 September 2015 and by the shareholders of Shop Apotheke Europe N.V. since incorporation. A supervisory board determining future remuneration schemes was installed in September 2016.

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, which were completely paid back as of 31 December 2016.

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Loans to key management personnel	0	70

4. Loans from related parties

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Loan	0	19,002
Promissory note	0	0
	0	19,002

The loan obtained from related parties was completely paid back on 31 October 2016.

It had 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 was reported based on fair value at inception (with amortised cost subsequently), discounting the loan at 7.5% to value the loan at EUR 19.0m as at 31 December 2015 (nominal value of EUR 26.5m). A deferred tax liability was recorded for the difference between fair value and nominal value. Due to repayment, both values are zero as at 31 December 2016.

The loans held by members of the management board and of the supervisory board were as follows:

Shareholder Loan nominal value

	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Management Board Member		
Marc Fischer	0	100,000
Theresa Holler	0	100,000
Michael Köhler (MK Beleggingsmaatschappi)	0	9,750,000
Ulrich Wandel	0	150,000
Stephan Weber	0	100,000
Total	0	10,170,000

Shareholder Loan nominal value

	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Supervisory Board Member		
Jan Pyttel, Chairmen	0	2,000,000
Björn Söder	0	170,000
Frank Köhler	0	1,000,000
Jerome Crocher	0	0
Total	0	3,170,000

24. Business combinations

a Subisidaries aqcuired

As of 14 September 2016, Shop Apotheke Europe BV and certain other companies of the Shop Apotheke Group completed the Farmaline Acquisition by which we aim to improve our competitive position in Continental Europe significantly. With the integration of the Farmaline Business into our Group, we have expanded our business in one step to a number of European markets previously targeted by us, including the Netherlands, Italy and Spain, and have further enhanced our competitive position in Belgium, Austria and France.

The Farmaline acquisition consists of the acquisition of the Farmaline brand (including domains and tradenames) and the acquisition of Fastnet BVBA.

	Principal activity	Date of acquisition	Proportion of voting equity interests acquired	Consideration transferred
2016				EUR 1,000
Fastnet BVBA, Tongeren, Belgium	Marketing, customer support, finance, purchasing	14. Sep 16	100%	8,132

b Consideration transferred

	Fastnet BVBA
	EUR 1,000
Cash	85
Shop Apotheke shares to Farmaline owners	4,612
Contingent consideration arrangement	3,435
	8,132

Under the contingent consideration arrangement, the Group is required to pay the vendors additional amounts of EUR 550k after the logistic transfer (realized in 2016) and three times EUR 1.1m as per 1 April 2017, 2018 and 2019 respectively, if the results from the Farmaline business exceed the agreed sales targets.

Based on the expectation that these targets will be exceeded, the contingent consideration arrangement has been recognized completely.

c Assets acquired and liabilities recognized at the date of the acquisition

	Fastnet BVBA
	EUR 1,000
Current assets	
Cash and cash equivalents	136
Trade and other receivables	1,168
Non-current assets	
Plant and equipment	57
Intangible assets	3,874
Current liabilities	
Trade and other payables	-948
Non-current liabilities	
Loans	-334
	3,953

d Goodwill arising on acquisition

	Fastnet BVBA
	EUR 1,000
Consideration transferred	8,132
Less: fair value of identifiable net assets acquired	3,953
Goodwill arising on acquisition	4,179

e Net cash outflow on acquisition of subsidiaries

	Fastnet BVBA
	EUR 1,000
Consideration paid in cash	85
Less: cash and cash equivalent balances acquired	136
	-51

f Impact of acquisition on the results of the Group

Included in the Gross Profit for the year is EUR 1.3m attributable to the additional business generated by the Farmaline acquisition. Revenue for the year includes EUR 4.6m in respect of the Farmaline business.

25. Operating lease arrangements

Payments recognized as an expense

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Lease payments	25	23
Rental payments	1,039	705
	1,064	728

Applicable time periods for these payments has been described under contingent liabilities.

26. Provisons

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Due within 1 year	1,076	0
Due between 1 and 5 years	1,885	0
	2,961	0

Provisions are based on maximum expected earn-out payments to the previous owners of Farmaline.

In the unlikely case that earn-out criteria are not met in the years 2017 and 2018, the earn-out payments could be up to EUR 1,9m lower.

27. Contingent liabilities

Guarantees

Guarantee obligations have been provided by the Group for EUR 34k (RedTecLab GmbH).

Fiscal unity

For the purpose of value added tax, Shop Apotheke Europe N.V., SA Europe B.V., Shop-Apotheke B.V., Shop-Apotheke Service B.V., VitaZita 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., VitaZita 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 N.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., VitaZita B.V. and EuroService Venlo B.V. according to Article 403 of the Dutch Civil Code. The according declaration 2016 has been filed with the trade register.

Rental commitments buildings and other (lease) agreements

The obligations for lease of property as at 31 December 2016 entered into with third parties are EUR 3.8m. Of this amount EUR 1.0m is due within one year, EUR 2.8m is due within one through five years on 30 September 2020, and EUR 0 is due after more than five years.

These contracts relate to:

- Rental contract for offices and warehouse EuroService Venlo BV (due within one year: EUR 489.6k, due within one through five years: EUR 1.4m)
- Rental contract for offices and warehouse Shop Apotheke BV (due within one year: EUR 307.2k, due within one through five years: EUR 0.8m)
- Rental contract for offices Shop Apotheke Service BV in Cologne (due within one year: EUR 109.2k, due within one through five years: EUR 300.3k)
- Rental contract for offices RedTecLab GmbH, Düsseldorf (due within one year: EUR 116.2k, due within one through five years: EUR 296.9k)

Obligations for other lease agreements amount to EUR 30k. Of this amount EUR 19k is due within one year, EUR 11k is due within one through five years on 31 August 2018, and EUR 0 is due after more than 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 EUR 30k to the plaintiffs for the alleged unfair competition, plus the legal costs. The company could face additional penalties if the company were 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.

In Germany, a preliminary ruling obliges Shop Apotheke B.V. to pay a fine of EUR 250k when committing a prohibited advertisement again. No provision is recorded and accordingly is disclosed as a contingent liability.

In addition small legal cases exist that are not material.

28. Events after the reporting date

No subsequent events to report.

29. Other Information

Auditor's fees

The following auditor's fees were expensed in the Statement of Profit and Loss in the reporting period:

	Consolidated	Combined & Consolidated
	Year ended 31.12.2016	Year ended 31.12.2015
	EUR 1,000	EUR 1,000
Audit of the financial statements	160	120
Other audit procedures – IPO	0	631
Total	160	751

Approval and signing of the Consolidated Financial Statements

Venlo, 24 March 2017

Signed
Management Board Members:
Marc Fischer, Theresa Holler, Michael Köhler, Dr. Ulrich Wandel, Stephan Weber

Signed
Supervisory Board Members:
Jan Pyttel (Chairman), Jerome Cochet, Frank Köhler, Björn Söder.

Independent auditor's report

To the shareholders and the supervisory board of Shop Apotheke Europe N.V.

REPORT ON THE FINANCIAL STATEMENTS 2016 INCLUDED IN THE ANNUAL REPORT

Our Opinion

We have audited the financial statements 2016 of Shop Apotheke Europe N.V., based in Venlo, the Netherlands. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements included in this annual report give a true and fair view of the financial position of Shop Apotheke Europe N.V. as at 31 December 2016, and of its result and its cash flows for 2016 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.
- The company financial statements included in this annual report give a true and fair view of the financial position of Shop Apotheke Europe N.V. as at 31 December 2016, and of its result for 2016 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

1. The consolidated statement of financial position as at 31 December 2016.
2. The following statements for 2016: the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows.
3. The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

1. The company balance sheet as at 31 December 2016.
2. The company profit and loss account for 2016.
3. The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Shop Apotheke Europe N.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA). We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at € 1 million. The materiality is based on 7.5% of Profit before Tax adjusted for exceptional one time items. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 50 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Shop Apotheke Europe N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Shop Apotheke Europe N.V..

Our group audit focused on all entities included in the consolidated financial statements. We performed audit procedures ourselves at all Dutch group entities of Shop Apotheke Europe N.V. and also performed audit procedures on the German entity of Shop Apotheke Europe N.V.

By performing the procedures mentioned above, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the key audit matter was addressed in the audit
Business combinations In 2016, Shop Apotheke Europe N.V. has acquired the Farmaline business. The company prepared a purchase price allocation for this acquisition, by which the total consideration is allocated to the assets and liabilities of the acquired company. The acquisition and the purchase price allocation are disclosed in note 24 to the financial statements. Given the significance of the purchase consideration and the management estimates that are required to prepare a purchase price allocation, we consider the business combination to be a key audit matter. Furthermore, the financials of the newly acquired company are converted to Shop Apotheke Europe accounting policies and consolidated in the Shop Apotheke Europe financials as of acquisition date.	In our audit of the accounting of the acquisition, we assessed the purchase agreement and verified the payment of the purchase price to the sellers. An important element of our audit relates to the identification of the acquired assets (e.g. valuation of trademarks, technology and website) and liabilities (provisions, other liabilities). We tested this identification based on our understanding of the business of the acquired company and the explanations and plans of the company that supported the acquisition. Subsequently, we tested the fair values of the acquired assets and liabilities based on common valuation models. We involved our valuation specialists in the audit of the fair values. As disclosed in note 24, the purchase price allocation of the company is provisional. As a result, adjustments can be made in 2017 to the purchase price allocations based on new information. Furthermore, we assessed the appropriateness of the disclosuresin the financial statements regarding the acquisitions. The Farmaline business has been integrated in the Shop Apotheke Business model, operating and the financial reporting systems.
Valuation of goodwill At December 31, 2016 the Group's goodwill balance is valued at € 9,076 thousand. Under EU-IFRS, the company is required to annually test for impairment of goodwill. This annual impairment test is significant to our audit because the assessment process is complex and involves significant management judgement. These judgements involve assumptions that are affected by expected future market and developments in economic conditions. Based on the annual goodwill impairment test the Management Board concluded that no goodwill impairment was needed. The key assumptions and sensitivities are disclosed in note 15 to the consolidated financial statements.	Our audit procedures included obtaining an understanding of the management's process for valuation of goodwill and testing relevant controls. Our substantive procedure includes, amongst others an assessment of the mathematical accuracy of the calculations and a reconciliation to the long term forecast as approved by the Management Board. We used our valuation experts to assist us in evaluating the assumptions and methodologies used in the annual impairment test prepared by the company. We have challenged management, primarily on their assumptions applied where upon which the outcome of the impairment test is most sensitive, including, for example, projected revenue growth, EBITDA margin, discount rate, marketing spend, number of sales transactios, the development of basket sizes, margin and terminal growth. Further, we challenged management by comparing the assumptions to historic performance of the company to industry and marketing information and to the Shop Apotheke customer data model that captures historical data on customer behaviour, taking into account the sensitivity of the goodwill balances to changes in the respective asumptions. We also focused on the adequacy of the company's disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The company's disclosures concerning impairment and goodwill are included in note 15 to the consolidated financial statements.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

In addition to the financial statements and our auditor's report, the annual accounts contain other information that consists of:

- Management Board's Report
- Other Information as required by Part 9 of Book 2 of the Dutch Civil Code
- Other information, not belonging to the annual report.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements.
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of other information, including the Management Board's Report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Engagement

We were engaged by the supervisory board as auditor of Shop Apotheke Europe N.V. in 2015, as of the audit for year 2015 and have operated as statutory auditor ever since that date.

DESCRIPTION OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

Responsibilities of management and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

We communicate with the management and the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Eindhoven, March 24, 2017

Signed
Deloitte Accountants B.V.
Jan Hendriks

22.3 Annual Combined Financial Statements of Shop Apotheke Europe N.V. prepared in accordance with IFRS as of and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013

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	13	EUR	EUR	EUR
Basic and diluted earnings per share		−10.55	−5.04	−2.83

Shop Apotheke Europe B.V.

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

Shop Apotheke Europe B.V.

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

Shop Apotheke Europe B.V.

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**

Shop Apotheke Europe B.V.

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**
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**

Shop Apotheke Europe B.V.

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.

These financial statements are for the purpose of an Initial Public Offering (IPO) on the Frankfurt Stock Exchange and as a result these statements are solely to enable Shop Apotheke Europe B.V. and the parties involved in the IPO to meet the listing requirements.

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

Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

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

Amendments to Annual Improvements to IFRSs 2010-2012 Cycle

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.

Amendments to Amendments to Annual Improvements to IFRSs 2011-2013 Cycle

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

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

[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.

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. Furthermore the long-term liabilities are past due subsequent to 2019. 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). The Company also closely assesses its investing activities in 2016 and 2017. Furthermore main part of the other (selling & distribution) cost are marketing cost which can be applied based on management's preferences (amongst others on timing, amounts and nature). 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. Based on the expected results and cash-flows for 2016 and 2017 in conjunction with the €10,005 thousand additional capital injection and the afore-mentioned acquisition of Farmaline (see note 28 events after the reporting date for further details) management concluded that the going concern is appropriate for preparation of these Combined 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**

Shop Apotheke Europe B.V.

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. Income tax expenses

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 EUR 1,000
Carrying value	
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.

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. The Group also has a current account with the EHS Europe Health Services group for a maximum of €5 million

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. 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.

Approval and signing of the Combined Financial Statements

Venlo, 19 September 2016

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

Deloitte Accountants B.V.
Flight Forum 1
5657 DA Eindhoven
P.O.Box 376
5600 AJ Eindhoven
Netherlands

Tel: +31 (0)88 288 2888
Fax: +31 (0)88 288 9843
www.deloitte.nl

Independent auditor's report

To: Shareholders of Shop Apotheke Europe B.V.

Report on the combined financial statements

We have audited the accompanying combined financial statements of the years 2015, 2014 and 2013 of Shop Apotheke Europe B.V., Venlo, which comprise the consolidated statement of financial position as at 31 December 2015, the combined statement of financial position at 31 December 2014 and 31 December 2013, the combined statements of profit and loss, other comprehensive income and cash flows for the years ended 31 December 2015, 31 December 2014 and 31 December 2013, the consolidated changes in shareholders' equity for the year ended 31 December 2015, the combined statement of changes in equity for the years ended 31 December 2014 and 31 December 2013 and 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 combined financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the combined 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 combined 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 combined financial statements are free from material misstatement.

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

In our opinion, the combined financial statements give for the purpose of the prospectus a true and fair view of the financial position of Shop Apotheke Europe B.V. as at 31 December 2015, 31 December 2014 and 31 December 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.

Deloitte Accountants B.V. is registered with the Trade Register of the Chamber of Commerce and Industry in Rotterdam number 24362853.

Member of
Deloitte Touche Tohmatsu Limited

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 30 September 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 (1 January 2013 through 29 September 2015) presented or of future results of the combined businesses.

Basis of preparation and restriction on use

Without modifying our opinion, we draw attention to note 1 and 2 to the combined financials statements, which describes the purpose of the combined financials statements including the basis of preparation. The combined financial statements are prepared for enclosure in the prospectus in connection with the first admission to listing and trading on Frankfurt Stock Exchange (FWB) in Frankfurt. As a result, the combined financial statements may not be suitable for any other purpose. This independent auditor's report is required by the Commission Regulation (EC) No 809/2004 and is given for the purpose of complying with that Regulation and for no other purpose.

Eindhoven, 19 September 2016

Deloitte Accountants B.V.

Signed on the original: J. Hendriks

23. List of Definitions

ABDA	Bundesvereinigung Deutscher Apothekerverbände e.V.
Acquisition	The acquisition of the Europa Apotheek Group
Active Customers	Unique customers who have placed at least one order in the 12 preceding months
Adjusted EBITDA	EBITDA before certain non-recurring items related to the Reorganization, the initial public offering and certain other capital markets transactions
Administrative Expense	Corporate overhead costs relating to IT, finance and management and excluding depreciation and amortization
AFM	Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*)
Annual Financial Statements	Audited consolidated financial statements as of and for the year ended 31 December 2016, and audited combined financial statements as of and for the years ended 31 December 2015, 31 December 2014 and 31 December 2013 of the Company
Apotheekregister	Dutch register of established pharmacists (*Apotheekregister van gevestigd apothekers)*
Apotheken Umschau 2012	A health care magazine published by the *Wort & Bild Verlag*
Articles of Association	Articles of association (*statuten*) of the Company
Average cart size	The total gross revenue (including VAT) divided by the number of orders
BPC	Beauty and personal care
BGH	Federal Court of Justice (*Bundesgerichtshof*)
Brick-and-Mortar Pharmacies	Traditional pharmacies that have a local, physical presence
CAGR	Compound annual growth rate
Capital Increase	The increase of the Company's share capital by issuing the New Shares, as a result of which the Company's share capital will be increased from 9,069,878 Shares with a nominal value of €0.02 each to 12,020,456 Shares with a nominal value of €0.02 each
CEO	Chief Executive Officer
chip.de 2015	www.chip.de, a website operated by CHIP Digital GmbH affiliated with Hubert Burda Media providing technical analytics
CFO	Chief Financial Officer
Clearstream	Clearstream Banking Aktiengesellschaft, Mergenthalerallee 61, 65760 Eschborn, Germany
CMO	Chief Marketing and Sales Officer
Code	Dutch Corporate Governance Code
Company	Shop Apotheke Europe N.V.
Consolidated/Combined Segment EBITDA	The total segment EBITDA for our operating segments
Continental Europe	Germany, France, Italy, Spain, Poland, Romania, the Netherlands, Belgium, Portugal, the Czech Republic, Hungary, Sweden, Bulgaria, Denmark, Slovakia, Norway, Greece, Slovenia and Austria
COO	Chief Operating Officer
Criteo 2015	Criteo SA, a company providing personalized online display advertisement
CRM	Customer relationship management
CRS	Common Reporting Standard
CTO	Chief Technology Officer

D&O	Directors and officers
Data Protection Act	Dutch Data Protection Act (*Wet bescherming persoonsgegevens*)
DAV	German Pharmacist Association (*Deutscher Apothekerverband e.V.*)
DCC	Dutch Civil Code (*Burgerlijk Wetboek*)
DFSA	Dutch Financial Supervision Act (*Wet op het financieel toezicht*)
Directive on Consumer Rights	Directive 2011/83/EU of the European Parliament and of the Council of 25 October 2011 on consumer rights
Directive on Consumer Sales and Guarantees	Directive 2002/58/EC of the European Parliament and of the Council
Directive on Privacy and Electronic Communications	Directive 2002/58/EC of the European Parliament and of the Council
Directive on Product Safety	Directive 2001/95/EC of 3 December 2001, as last amended by Regulation No. 596/2009/EC of 18 June 2009
Dutch GAAP	Dutch Generally Accepted Accounting Principles
e-Privacy Regulation	An EU Commission regulation concerning the respect for private life and the protection of personal data in electronic communications scheduled to repeal and replace the Directive on Privacy and Electronic Communications with effect from 25 May 2018
EA Shareholders	The shareholders of the Europa Apotheek Group who will receive New Shares in connection with the acquisition of the Europa Apotheek Group
Earn-Out Period	Earn-out payments which depend on the achievement of the certain defined targets of the Farmaline Business as continued by FL Purchasers after the closing of the acquisition in the fiscal years 2016 through and including 2018
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortization
ECJ	The European Court of Justice
Ecommerce Report 2013	A report published by Ecommerce Europe, a non-profit association representing European online retailers
EEA	The European Economic Area
EGM	The extraordinary general meeting of the Company held on 6 November 2017
Elements	Requirements made up of disclosures
Enterprise Chamber	The Enterprise Chamber of the Amsterdam Court of Appeal (*Ondernemingskamer van het Gerechtshof te Amsterdam*)
ERP	Enterprise resource planning
ESMA	European Securities and Markets Authority
ESMA Guidelines	Guidelines issued by the European Securities and Markets Authority ("ESMA") on 5 October 2015.
EU Data Protection Directive	Directive 95/46/EC of the European Parliament and of the Council
EU Market Abuse Rules	MAR and the Market Abuse Directive (Directive (EU) No. 2014/57 of the European Parliament and of the Council of 16 April 2014 on market abuse)
EUR or euro or €	Single European currency adopted by certain participating member states of the European Union, including the Netherlands and Germany
Euromonitor	Euromonitor International, a globally operating British company providing strategic market research on products and services

Euromonitor Mean Age	A report published by Euromonitor on worldwide demographic transformation
Europa Apotheek Business	Offering of OTC Medications, Pharmacy-Related BPC Products and certain cosmetics online
Europa Apotheek Group	EHS Europe Health Services B.V. together with its direct and indirect subsidiaries
Eurostat Digital Infrastructure and Internet Usage	An article published by Eurostat, the provider of statistical information of the European Union, on digital infrastructure and internet usage in Germany
Eurostat Internet-Zugangsdichte	An overview published on the website of Eurostat, the provider of statistical information of the European Union, analyzing the internet accessibility among the European Union and its member states
Eurostat Population Structure and Aging	An article published on the website of Eurostat, the provider of statistical information of the European Union, analyzing demographic aging within the European Union
Eurostat Real GDP Growth Rate	An overview published on the website of Eurostat, the provider of statistical information of the European Union, analyzing the GDP growth rate among the European Union and its member states
FAMHP 2015	An article published by the Federal Agency for Medicines and Health Products
Farmaline Acquisition	Acquisition of all relevant assets and agreements of the online business of the Belgian online pharmacy Farmaline
Farmaline Business	Online business of Farmaline
Farmaline Purchase Agreement	The share and asset purchase agreement entered into on 10 August 2016 by which all relevant assets and agreements relating to the Farmaline were sold and transferred to the FL Purchasers on 14 September 2016
Farmaline	Belgian online pharmacy Farmaline N.V.
Federal Data Protection Act	German Federal Data Protection Act (*Bundesdatenschutzgesetz*)
FL Purchasers	Shop Apotheke Europe BV and certain other companies of the Shop Apotheke Group who entered into the Farmaline Purchase Agreement as purchasers
FL Sellers	Mrs. Leen Ponet, Mr. Lode Fastré, Farmaline N.V. and Online Services SARL, Troisvierges, Luxembourg
Framework Agreement	Agreement concluded between the Company, the GKV-SV and the DAV in its current version of 30 September 2016, leading to a full participation to the German reimbursement system
FRSA	Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*)
Future Farmaline Business	Defined targets of the Farmaline Business as continued by FL Purchasers after the closing of the acquisition
GDP	Gross domestic product
General Data Protection Regulation	Regulation of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data
General Meeting	General meeting (*algemene vergadering*) of the Company

German Dividend Paying Agent	The domestic credit or financial services institution (*inländisches Kredit – oder Finanzdienstleistungsinstitut*) (including domestic branches of such foreign enterprises), the domestic securities trading company (*inländisches Wertpapierhandelsunternehmen*) or the domestic securities trading bank (*inländische Wertpapierhandelsbank*) which keeps or administers the shares and disburses or credits the dividends
Germany	Federal Republic of Germany
GfK	GfK, a globally operating market research company
GKV-SV	The German Central Federal Association of Statutory Insurance Funds (*Spitzenverband Bund der Krankenkassen*)
Global Life Sciences Outlook	An analysis of life science issues annually published by Deloitte
Global Share Certificates	The Shares are and will be represented by one or more global share certificates
Group or our Group	Shop Apotheke Europe N.V., Venlo, the Netherlands together with its consolidated subsidiaries
Guarantees	Directive 1999/44/EC of the European Parliament and of the Council of 25 May 1999 on certain aspects of the sale of consumer goods and associated guarantees
HWG	German Advertising of Healthcare Products Act (*Heilmittelwerbegesetz*)
Ifo Institute	Institut für Information und Forschung, a Munich-based research institution
IFRS	International Financial Reporting Standards as adopted by the European Union
IGJ	Dutch Healthcare Inspectorate
IMS Health	IMS Health, A globally operating provider of information services and technology for the healthcare industry
IMS Institute	A report published by IMS Health describing the dynamic changes in the composition of drug expenditure over the period 1995 to 2015 for five developed countries: France, Germany, Japan, the United Kingdom and the United States
Interim Financial Statements	Unaudited condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2017 including the unaudited condensed interim consolidated financial statements as of and for the six-month period ended 30 June 2016 of the Company
Internet Society	A global organization advocating internet accessibility and transparency
Issuer	Shop Apotheke Europe N.V.
Listing	Admission of the New Shares to trading on the regulated market segment (*Regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*)
Listing Agent	Citigroup Global Markets Limited
Managing Board	The managing board (*raad van bestuur*) of the Company
Managing Board Rules	A set of rules of procedure that regulate internal matters concerning the functioning and internal organization of the Managing Board, which are available on the Company's website
Managing Director	Any member of the Managing Board
Market Abuse Regulation or **MAR**	Regulation (EU) No 596/2014 of the European parliament and of the council of 16 April 2014 on market abuse
Medco	Medco Health Solutions Inc.

Medicinal Products Directive	EU Directive on the Community Code Relating to Medicinal Products for Human Use (2001/83/EC)
Medicines Importation Act	Medicines Act and the Act relating to the Importation of Medicinal Products (*Arzneiwareneinfuhrgesetz 2010*)
Mobile visits	Site Visits originating from tablets and smartphones as well as other non-desktop computer based means of visiting our sites, such as smart TVs
MoH	the Minister of Health, Welfare and Sports
MPO	Medical Product Outsourcing, a global magazine focusing on medical device outsource manufacturing
New Shares	The 2,950,578 Shares to be issued by the Company pursuant to the Capital Increase
Number of orders	Number of customer orders containing at least one product, placed during the measurement period
OLG	Higher Regional Court (*Oberlandesgericht*)
OTC	Over-the-counter
OTC Medications	Medicines sold to a customer without a prescription from a healthcare professional, as compared to prescription-only medicines, which may be sold only to customers possessing a valid prescription
PDMRs	Any senior executive of the Company who has regular access to inside information relating directly or indirectly to the Company and has the power to take managerial decisions affecting the future developments and business prospects of the Company
Pharmacy-Related BPC Products	Personal care products that are almost exclusively distributed through pharmacies
Prescription Medications	Medications sold only to a customer possessing a valid prescription
***Pro Forma* Financial Information**	*Pro forma* condensed combined financial information for the year ended 31 December 2016, compiled on the basis of the audited consolidated financial statements prepared in accordance with IFRS as of and for the year ended 31 December 2016, and the Company's unaudited condensed interim consolidated financial statements prepared in accordance with IFRS for interim financial reporting (IAS 34) as of and for the six-month period ended 30 June 2017
Product Liability Directive	EU Directive 85/374/ECC of 25 July 1985, as amended by Directive 1999/34/EC of 10 May 1999, on product liability claims
Prospectus	This prospectus
Reorganization	Series of legal demergers and asset transfers pursuant to which the business of the Group was demerged from the business of EHS Europe Health Services B.V. focusing on prescription medications but, to a lesser extent, also offering OTC Medications, Pharmacy-Related BPC Products and certain cosmetics online
Return Rate	Percentage of billed orders that incorporated a return or reclamation of total billed orders in a given time period
RKI	Robert Koch Institut, the German federal research institution for disease control and prevention
ROI	Return on investment
SEA	Search engine advertising
Segment EBITDA	Defined as EBIT for each segment before depreciation and amortization expenses and administrative expense, which relates primarily to corporate overhead costs relating to IT, finance and management and excludes depreciation and amortization

SEO	Search engine optimization
Service Agreements	Four service agreements with companies in the Europa Apotheek Group; pursuant to which Shop-Apotheke Service B.V. provides the IT pharmaceutical services, marketing services and finance, accounting and internal control services
Share of Mobile Visits	Mobile visit as a percentage of site visits
Share of Repeat Orders	Percentage of total orders billed during the measurement period that are not the initial order bill to the customer
Shareholder Loans	Certain historic long-term loan agreements with a large number of our shareholders with a total nominal value of €24,580,000
Shares	ordinary bearer shares in the share capital of the Company, each with a nominal value of €0.02 and full dividend rights as from 1 January 2016
Site Visits	Interaction of a visitor on our website; a visit is considered terminated when the visitor leaves the browser instance or has not interacted with the page for more than 30 minutes
Supervisory Board	The supervisory board (*raad van commissarissen*) of the Company
Supervisory Board Rules	Rules of procedure concerning the division of the duties and working method of the Supervisory Board, its decision-making process, the relationship with the Managing Board and the General Meeting, which are available on the Company's website
Supervisory Director	Any member of the Supervisory Board
Takeover Directive	The European Commission Directive 2004/25/EC
TAM	Total addressable market
TFEU	Treaty on the Functioning of the European Union
Trade Register	Dutch Trade Register of the Chamber of Commerce (*Kamer van Koophandel*)
Transparency Directive	Directive 2004/109/EC as amended by Directive 2013/50/EU
UK	The United Kingdom of Great Britain and Northern Ireland
Unfair Commercial Practices Directive	Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market
United States	The United States of America
us	Shop Apotheke Europe N.V., Venlo, the Netherlands together with its consolidated subsidiaries
UWG	German Act on Unfair Competition (*Gesetz gegen den unlauteren Wettbewerb*)
VAT	Value-added tax
WACC	Weighted average cost of capital
WGP	Medicines Prices Act (*Wet geneesmiddelenprijzen*)
we	Shop Apotheke Europe N.V., Venlo, the Netherlands together with its consolidated subsidiaries
Wholesale Agent Agreement	Agreement which our subsidiary, EuroService Venlo B.V. entered into with Europa Apotheek Venlo B.V. with effect from 1 October 2015
World Bank Report	World Bank, "Population ages 65 and above", https://data.worldbank.org/indicator/SP.POP.65UP.TO.ZS
ZRG Prospectus	Zur Rose Group AG Offering and Listing Memorandum dated 21 June 2017

COMPANY

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

LEGAL ADVISORS TO THE COMPANY

As to German and Dutch law
Hogan Lovells International LLP
Untermainanlage 1
60329 Frankfurt am Main
Germany

Atrium, Centre Building
Strawinskylaan 3091
1077 ZX Amsterdam
Netherlands

LISTING AGENT

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
London E14 5LB
United Kingdom

LEGAL ADVISORS TO THE LISTING AGENT

As to German and Dutch law
Allen & Overy LLP
Bockenheimer Landstraße 2
60306 Frankfurt am Main
Germany

INDEPENDENT ADVISER TO THE MANAGEMENT AND THE OWNERS OF THE COMPANY

Lilja & Co.
Seefeldstrasse 104
8008 Zurich
Switzerland

INDEPENDENT AUDITORS

BDO Audit & Assurance B.V.
Dr. Holtroplaan 15
5652 XR Eindhoven
The Netherlands

Deloitte Accountants B.V.
Flight Forum 1
5657 DA Eindhoven
The Netherlands

PAYING AGENT

Bankhaus Neelmeyer Aktiengesellschaft
Am Markt 14-16
28195 Bremen
Germany