



SHOP APOTHEKE

E U R O P E

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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.

Assets	30.06.2017	31.12.2016
	EUR 1,000	EUR 1,000
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

Equity and liabilities	30.06.2017	31.12.2016
	EUR 1,000	EUR 1,000
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	2,682
Cash generated from operations	386	-739
Interest received	180	0
Net cash (used in)/generated by operating activities	566	-739
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

	Period ended 30.06.2017	Period ended 30.06.2016
	EUR 1,000	EUR 1,000
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.

	Issued 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.

	Issued 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 Verwaltungsgesellschaft 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 application 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 application 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 application of IFRS 16.

Assets	30.06.2017	30.06.2017
	EUR 1,000	EUR 1,000
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

Equity and liabilities	30.06.2017	30.06.2017
	EUR 1,000	EUR 1,000
Shareholders' equity		
Issued 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).

CONTACT AND FINANCIAL CALENDAR.

Investor Relations.

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Financial calendar 2017.

26 July

Publication of the Half-Year Report 2017

13 November

Publication of the Third Quarter Results 2017

Conferences 2017.

29 – 31 August

Commerzbank Sector Conference, Frankfurt

06 –08 September

Citi Global Technology Conference 2017, New York

18 –20 September

Berenberg & Goldman Sachs German Corporate Conference, Munich

04 –07 December

Berenberg European Conference, London

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