

## Independent Auditor's Report

To the Owner of Sarantis Czech Republic, s.r.o.

### Opinion

We have audited the accompanying special purpose financial statements of Sarantis Czech Republic, s.r.o, with its headquarters at Žerotínova 1133/2, Praha 3, Czech Republic, IC 25705971 (hereafter the "Company") as of December 31, 2017. Management is responsible for the preparation and presentation of this financial information in accordance with accounting policies described in the notes to the accompanying to the special purpose financial statements.

In our opinion, the special purpose financial statements give a true and fair view of the financial position of Sarantis Czech Republic, s.r.o. as at 31 December 2017 in accordance with accounting policies described in the notes to the accompanying to the special purpose financial statements.

### Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Auditing Standards of the Chamber of Auditors of the Czech Republic, which are International Standards on Auditing (ISAs), as amended by the related application clauses. Our responsibilities under these regulations are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and the Code of Ethics adopted by the Chamber of Auditors of the Czech Republic and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Company's Statutory body for the Financial Statements

The Statutory body is responsible for the preparation and fair presentation of the financial statements in accordance with accounting policies described in the notes to the accompanying to the special purpose financial statements and for such internal control as the Statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Statutory body is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the Statutory body either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above regulations will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with the above regulations, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Statutory body.
- Conclude on the appropriateness of the Statutory body 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Statutory body regarding, among other matters, the planned scope and timing of the audit and potential significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Other information

We disclose that the prepared and audited financial statements do not constitute financial statements prepared in accordance with IFRS. Additional disclosures related to the balance sheet, to the profit and loss statement, to the cash flow and to the changes in equity are necessary to fully understand the Company's financial position.

#### Restriction on Use and Distribution

This special purpose financial statements has been prepared for purposes of providing information to GR. SARANTIS S.A. to enable it to prepare the consolidated financial statements of the group. As a result, the special purpose financial information is not a complete set of financial statements of SARANTIS CZECH REPUBLIC s.r.o. This report is intended solely for GR. SARANTIS S.A. and should not be used by or distributed to other parties.

In Prague, on 19<sup>th</sup> April 2018

Audit company:

*BDO Audit s.r.o.*

BDO Audit s. r. o.  
Certificate No. 018

Statutory auditor:

  
Ondřej Šnejdar  
Certificate No. 1987

## **Notes to the accompanying to the special purpose financial statements**

This financial statement is based on accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company and conforming with generally accepted accounting principles and standards of the Czech Republic may not conform with generally accepted accounting principles of other countries.

The accounting principles applied by the Company during the Financial Statements preparation for the period of January 1st 2017 – December 31st 2017 are as follows:

### **Fixed assets**

Intangible fixed assets exceeding 60 thousand CZK are recorded at their acquisition value and related expenses. Intangible fixed assets not exceeding 60 thousand CZK are directly expensed, and then carried further in a subsidiary ledger.

Purchased tangible fixed assets exceeding 40 thousand CZK are recorded at their acquisition cost consisting of purchase price, freight, customs duties, and other related costs.

Tangible fixed assets not exceeding 20 thousand CZK are directly expensed, and then carried in a subsidiary ledger. Amortization period for assets worth between 20 and 40 thousand CZK is 3 years.

Depreciations of fixed assets exceeding 100 thousand CZK in purchase price are amortized 5 years.

Allowances for intangible and tangible assets are in accordance with the depreciation plan.

### **Supplies**

Purchased supplies are registered at actual costs determined by a weighed average method. Purchased supplies costs include acquisition costs and all other relevant costs.

### **Provision for bad debts and inventories**

Tax provisions for bad debts to receivables are created in accordance with the Reserve Act No. 593/1992 Coll., creation of 20%. Creation of additional provisions depends on whether the claim has been sued. Allowances are not accrued to receivables from the largest customers (retail chains) due to the ongoing credit of receivables and payables.

Accounting provisions are not made to receivables paid from the balance sheet date to the date of the preparation of the financial statements that are at the balance sheet date after maturity.

Allowances for inventories are formed in relation to the turnover of inventories, in relation to the physical state of the stocks.

### **Foreign translation to Czech currency**

Assets and liabilities in foreign currency are evaluated in CZK according to the regular rate of the Czech National Bank. On the balance sheet day, the assets and monetary liabilities were evaluated by rate valid on December 31<sup>st</sup>, 2017, as announced by the Czech National Bank.

### **IFRS Adjustments**

For the consolidation purpose and in connection with realization of Astrid products distribution termination we have verified adjustments of the Czech financial statements in order to get IFRS statements.

There were following adjustments of the Czech Financial statements in order to get IFRS statements made:

- Recognition of intangible assets in the form of valuable rights to distribute Astrid and other interrelated products, including its depreciation,
- Deferred tax liabilities regarding the fact, that the above stated intangible assets were perceived as a taxable cost in the form of a common service in accordance with Czech income tax legislation, thereby its tax next book value applicable,
- Reclassifying of accruals credit notes from the trade receivables to the liabilities transitional accounts and offset customers from trade receivables to the trade payables.
- Reclassifying of provision for obsolete stock from the goods to the to the liabilities transitional accounts.

## BALANCE SHEET

in a full scope as at

31.12.2017

Commercial name or other name of accounting entity

Sarantis Czech Republic, s.r.o.

Corporate ID

25705971

in CZK thousands

Registered office or address of accounting entity

Žerotínova 1133/32, Žižkov, 130 00 Praha 3

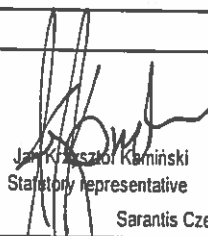

Article	ASSETS	Line	Current period			Previous period
			Gross	Adjustment	Net	Net
	<b>TOTAL ASSETS</b>	001	266 043	-7 740	258 303	265 042
A.	Receivables for subscribed capital	002	0	0	0	0
B.	<b>Fixed assets</b>	003	43 172	-7 633	35 539	37 215
B. I.	<b>Intangible fixed assets</b>	004	39 040	-4 563	34 477	35 602
1.	Research and development	005	0	0	0	0
2.	Valuable rights	006	39 040	-4 563	34 477	35 602
1.	Software	007	11 385	-2 904	8 481	9 053
2.	Other valuable rights	008	27 655	-1 659	25 996	26 549
3.	Goodwill	009	0	0	0	0
4.	Other intangible fixed assets	010	0	0	0	0
5.	Advance payments for intangible fixed assets and intangible fixed assets under construction	011	0	0	0	0
1.	Advance payments for intangible fixed assets	012	0	0	0	0
2.	Intangible fixed assets under construction	013	0	0	0	0
B. II.	<b>Tangible fixed assets</b>	014	4 132	-3 070	1 062	1 613
B. II. 1.	Land, buildings and structures	015	0	0	0	0
1.	Land	016	0	0	0	0
2.	Buildings and structures	017	0	0	0	0
2.	Tangible movable assets and sets of tangible movable assets	018	4 132	-3 070	1 062	1 613
3.	Valuation difference on acquired assets	019	0	0	0	0
4.	Other tangible fixed assets	020	0	0	0	0
1.	Cultivated areas	021	0	0	0	0
2.	Livestock (herd and draught animals)	022	0	0	0	0
3.	Other tangible fixed assets	023	0	0	0	0
5.	Advance payments for tangible fixed assets and tangible fixed assets under construction	024	0	0	0	0
1.	Advance payments for tangible fixed assets	025	0	0	0	0
2.	Tangible fixed assets under construction	026	0	0	0	0
B. III.	<b>Non-current financial assets</b>	027	0	0	0	0
B. III. 1.	Equity investments - controlled or controlling entity	028	0	0	0	0
2.	Loans and borrowings - controlled or controlling entity	029	0	0	0	0
3.	Equity investments in associates	030	0	0	0	0
4.	Loans and borrowings - associates	031	0	0	0	0
5.	Other non-current securities and investments	032	0	0	0	0
6.	Loans and borrowings - other	033	0	0	0	0
7.	Other non-current financial assets	034	0	0	0	0
1.	Sundry non-current financial assets	035	0	0	0	0
2.	Advance payments for non-current financial assets	036	0	0	0	0

Article	ASSETS	Line	Current period			Previous period
			Gross	Adjustment	Net	Net
<b>C.</b>	<b>Current assets</b>	037	222 031	-107	221 924	227 156
<b>C. I.</b>	<b>Inventories</b>	038	102 369	0	102 369	111 044
C. I. 1.	Material	039	0	0	0	0
2.	Work in progress and unfinished goods	040	0	0	0	0
3.	Products and goods	041	102 369	0	102 369	111 044
1.	Products	042	0	0	0	0
2.	Goods	043	102 369		102 369	111 044
4.	Young and other animals and their groups	044	0	0	0	0
5.	Advance payments for inventories	045	0	0	0	0
<b>C. II.</b>	<b>Receivables</b>	046	65 698	-107	65 591	82 426
<b>C. II. 1.</b>	<b>Long-term receivables</b>	047	523	0	523	374
1.	Trade receivables	048	0	0	0	0
2.	Receivables - controlled or controlling entity	049	0	0	0	0
3.	Receivables - associates	050	0	0	0	0
4.	Deferred tax asset	051	0	0	0	0
5.	Receivables - others	052	523	0	523	374
1.	Receivables from owners	053	0	0	0	0
2.	Long-term prepayments made	054	523	0	523	374
3.	Estimated receivables	055	0	0	0	0
4.	Sundry receivables	056	0	0	0	0
<b>C. II. 2.</b>	<b>Short-term receivables</b>	057	65 175	-107	65 068	82 052
1.	Trade receivables	058	56 458	-107	56 351	78 262
2.	Receivables - controlled or controlling entity	059	0	0	0	0
3.	Receivables - associates	060	0	0	0	0
4.	Receivables - others	061	8 717	0	8 717	3 790
1.	Receivables from owners	062	0	0	0	0
2.	Social security and health insurance contributions	063	0	0	0	0
3.	State - tax receivables	064		0	0	3 252
4.	Short-term prepayments made	065		0	0	429
5.	Estimated receivables	066		0	0	0
6.	Sundry receivables	067	8 717	0	8 717	109
<b>C. III.</b>	<b>Current financial assets</b>	068	0	0	0	0
1.	Investments - controlled or controlling entity	069	0	0	0	0
2.	Other current financial assets	070	0	0	0	0
<b>C. IV.</b>	<b>Cash</b>	071	53 964	0	53 964	33 686
1.	Cash on hand	072	51	0	51	177
2.	Cash at bank	073	53 913	0	53 913	33 509
<b>D.</b>	<b>Other assets</b>	074	840	0	840	671
D. 1.	Deferred expenses	075	840	0	840	671
2.	Complex deferred expenses	076	0	0	0	0
3.	Accrued income	077	0	0	0	0

Article	LIABILITIES & EQUITY	Line	Current period	Previous period
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	078	258 303	265 042
A.	Equity	079	169 668	125 839
A. I.	Share capital	080	39 320	39 320
A. I. 1.	Share capital	081	39 320	39 320
2.	Treasury shares and holdings (-)	082	0	0
3.	Changes in share capital	083	0	0
A. II.	Share premium and capital funds	084	0	0
A. II. 1.	Share premium	085	0	0
2.	Capital funds	086	0	0
1.	Other capital funds	087	0	0
2.	Gains or losses from the revaluation of assets and liabilities (+/-)	088	0	0
3.	Gains or losses from the revaluation upon transformations of business corporations (+/-)	089	0	0
4.	Gains or losses from transformations of business corporations (+/-)	090	0	0
5.	Gains or losses from valuation upon transformations of business corporations (+/-)	091	0	0
A. III.	Legal, statutory and other reserve funds	092	3 932	3 932
A. III. 1.	Other reserve funds	093	3 932	3 932
2.	Statutory and other reserves	094	0	0
A. IV.	Retained earnings (+/-)	095	82 587	46 421
A. IV. 1.	Accumulated profits brought forward	096	82 587	45 887
2.	Accumulated losses brought forward (-)	097	0	0
3.	Other profits or losses from prior years (+/-)	098	0	534
A. V.	Profit or loss for the current period (+/-)	099	43 829	36 166
A. VI.	Decisions on advances for the payment of profit sharing (-)	100	0	0
B. + C.	Liabilities	101	84 064	139 203
B.	Provisions	102	10 873	8 770
B. 1.	Provision for pensions and similar obligations	103	0	0
2.	Provisions for income tax	104	10 873	8 770
3.	Provision according to special legal regulations	105	0	0
4.	Other provisions	106	0	0
C.	Payables	107	73 191	130 433
C. I.	Long-term payables	108	6 101	6 146
C. I. 1.	Bonds issued	109	0	0
1.	Convertible bonds	110	0	0
2.	Other bonds	111	0	0
2.	Payables to credit institutions	112	0	0
3.	Long-term prepayments received	113	0	0
4.	Trade payables	114	0	0
5.	Long-term bills of exchange to be paid	115	0	0
6.	Payables - controlled or controlling entity	116	0	0
7.	Payables - associates	117	0	0
8.	Deferred tax liability	118	6 101	6 146
9.	Payables - others	119	0	0
1.	Payables to owners	120	0	0
2.	Estimated payables	121	0	0
3.	Sundry payables	122	0	0



Article	LIABILITIES & EQUITY	Line	Current period	Previous period
C. II.	<b>Short-term payables</b>	123	67 090	124 287
C. II. 1.	Bonds issued	124	0	0
1.	1. Convertible bonds	125	0	0
2.	2. Other bonds	126	0	0
2.	Payables to credit institutions	127	0	0
3.	Short-term prepayments received	128	0	0
4.	Trade payables	129	63 115	116 425
5.	Short-term bills of exchange to be paid	130	0	0
5.	Payables - controlled or controlling entity	131	0	0
7.	Payables - associates	132	0	0
8.	Other payables	133	3 975	7 862
1.	1. Payables to owners	134	0	0
2.	2. Short-term financial borrowings	135	0	0
3.	3. Payables to employees	136	1 447	1 476
4.	4. Social security and health insurance payables	137	940	919
5.	5. State - tax payables and subsidies	138		2 183
6.	6. Estimated payables	139	1 588	3 284
7.	7. Sundry payables	140		0
D.	<b>Other liabilities</b>	141	4 571	0
D. 1.	Accrued expenses	142	4 571	0
2.	Deferred revenue	143	0	0

Legal status of accounting entity:	limited liability company
Activity:	production, trade and services not included in Annex 1-3 of Trade Act
Date of authorisation:	19.04.2018
Member of statutory body:	
	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">   Jan Krzysztof Kamiński  Statutory representative </div> <div style="text-align: center;">   Tomáš Jakoubek  Authorised signatory </div> </div> <p style="text-align: center;">Sarantis Czech Republic, s.r.o.</p>
C 62867 kept by City Court in Prague	

**PROFIT AND LOSS STATEMENT**  
in a full scope for the period ended  
**31.12.2017**

Commercial name or other name of accounting entity  
**Sarantis Czech Republic, s.r.o.**

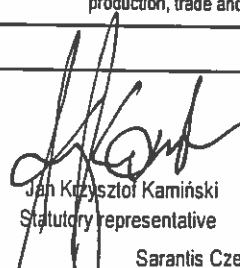

Corporate ID <b>25705971</b>
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Registered office or address of accounting entity  
**Žerotínova 1133/32, Žižkov, 130 00 Praha 3**

in CZK thousands

Article	TEXT	Line	Current period	Previous period
I.	<b>Sales of products and services</b>	001		27
II.	<b>Sales of goods</b>	002	626 082	588 399
A.	<b>Production consumption</b>	003	333 778	498 769
1.	Costs of goods sold	004	292 333	287 321
2.	Consumption of material and energy	005		15 848
3.	Services	006	41 445	195 600
B.	<b>Increase/decrease in finished goods and in work in progress (+/-)</b>	007	0	0
C.	<b>Own work capitalised (-)</b>	008	0	0
D.	<b>Personnel expenses</b>	009	29 063	25 700
1.	Wages and salaries	010	29 063	18 874
2.	Social security and health insurance costs and other costs	011	0	6 826
1.	Social security and health insurance costs	012		6 539
2.	Other social costs	013		287
E.	<b>Adjustments to values in operating activities</b>	014	1 843	1 650
1.	Adjustments to values of intangible and tangible fixed assets	015	1 843	1 249
1.	Adjustments to values of intangible and tangible fixed assets - permanent	016	1 843	1 249
2.	Adjustments to values of intangible and tangible fixed assets - temporary	017	0	0
2.	Adjustments to values of inventories	018		0
3.	Adjustments to values of receivables	019		401
III.	<b>Other operating income</b>	020	1 388	672
1.	Income from fixed assets sold	021	0	0
2.	Income from materials sold	022	0	0
3.	Sundry operating income	023	1 388	672
F.	<b>Other operating expenses</b>	024	205 629	6 206
1.	Net book value of fixed assets sold	025	0	0
2.	Net book value of material sold	026	0	0
3.	Taxes and fees	027	1 335	73
4.	Provisions relating to operating activities and complex deferred expenses	028	0	0
5.	Sundry operating expenses	029	204 294	6 133
*	<b>Operating profit or loss (+/-)</b>	030	57 157	56 773

Article	TEXT	Line	Current period	Previous period
IV.	Income from non-current financial assets - equity investments	031	0	0
1.	Income from equity investments - controlled or controlling entity	032	0	0
2.	Other income from equity investments	033	0	0
G.	Expenses incurred on investments sold	034	0	0
V.	Income from other non-current financial assets	035	0	0
1.	Income from other non-current financial assets - controlled or controlling entity	036	0	0
2.	Other income from other non-current financial assets	037	0	0
H.	Costs of other non-current financial assets	038	0	0
VI.	Interest income and similar income	039	0	2
1.	Interest income and similar income - controlled or controlling entity	040	0	0
2.	Other interest income and similar income	041	0	2
I.	Adjustments to values and reserves relating to financial activities	042	0	0
J.	Interest expenses and similar expenses	043	0	0
1.	Interest expenses and similar expenses - controlled or controlling entity	044	0	0
2.	Other interest expenses and similar expenses	045	0	0
VII.	Other financial income	046	3 582	2 112
K.	Other financial expenses	047	6 191	6 987
*	Financial profit or loss (+/-)	048	-2 609	-4 873
**	Profit / loss before tax (+/-)	049	54 548	45 809
L.	Income tax	050	10 719	9 643
1.	Income tax - due	051	10 765	8 649
2.	Deferred income tax (+/-)	052	-46	994
**	Profit or loss net of tax (+/-)	053	43 829	36 166
M.	Transfer of share of profit or loss to owners (+/-)	054	0	0
***	Profit or loss for the current period (+/-)	055	43 829	36 166
*	Net turnover for the current period	056	631 052	591 212

Legal status of accounting entity:	limited liability company
Activity:	production, trade and services not included in Annex 1-3 of Trade Act
Date of authorisation:	19.04.2018
Member of statutory body:	
	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">   Jan Krzysztof Kamiński  Statutory representative </div> <div style="text-align: center;">   Tomáš Jakoubek  Authorised signatory </div> </div>
C 62867 kept by City Court in Prague	Sarantis Czech Republic, s.r.o.