

HAEMATO AG



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ANNUAL REPORT 2020

BRIEF OVERVIEW OF THE HAEMATO SHARE

In the reporting period HAEMATO AG achieved a turnover of EUR 238.33 million, which is an increase of 20.5% compared to the previous year (EUR 197.8 million). Earnings before interest and taxes (EBIT) totalled EUR 1.63 million (previous year TEUR -19). At EUR 23.00, the price of the HAEMATO AG share on December 31, 2020 was around 22% lower than on December 31, 2019. At the end of the quarter, on March 31, 2021, the shares were trading at EUR 33.20.

KEY FIGURES (IFRS) IN EUR

Consolidated statement of comprehensive income	31.12.2020	31.12.2019
Revenues	238,333,085	197,834,803
EBIT	1,626,908	-18,680
Net profit for the period	-4,830,798	-1,172,641
Consolidated balance sheet	31.12.2020	31.12.2019
Short-term assets	118,977,461	72,769,426
Long-term assets	50,080,736	55,797,743
Equity capital	125,479,913	72,218,707
Liabilities	43,578,284	56,348,462
Balance sheet total	169,058,197	128,567,169
Equity ratio	74.2 %	56.2 %
Dividend payment	0	2.284.995

KEY FIGURES OF THE SHARE

	2020	2019
Class of shares	Bearer shares	Bearer shares
Stock capital	EUR 4,753,916	EUR 22,867,154
Number of shares	4,753,916	22,867,154
WKN / ISIN	A289W / DE000A289W1	1619070 / DE0006190705
Icon	HAEK	HAE
Trading places	Xetra, Frankfurt, Stuttgart, Hamburg, Berlin, Tradegate, Dusseldorf, Munich	
Listing	Frankfurt Stock Exchange	
First trading day	December 5, 2005	
Market segment	Entry Standard (Open Market)	
Designated Sponsor, Listing Partner	ICF Kursmakler AG	
Specialist	ODDO SEYDLER BANK AG	
Coverage	GBC AG, First Berlin Equity Research GmbH	
Market capitalisation	EUR 109.34 Mio. (as of 31.12.2020 - Xetra)	

XETRA PRICE PERFORMANCE OF THE HAEMATO SHARE IN THE FISCAL YEAR 2020



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1. COMPANY PROFILE

HAEMATO AG

HAEMATO AG is a listed group of companies operating in the pharmaceutical sector with headquarters in Berlin. Business operations are mainly performed by two companies: **HAEMATO PHARM GmbH** and **HAEMATO MED GmbH**. The HAEMATO group has a commercial and production area of approx. 4,200 m² at Schönefeld and employs 151 people as of 31 December 2020.



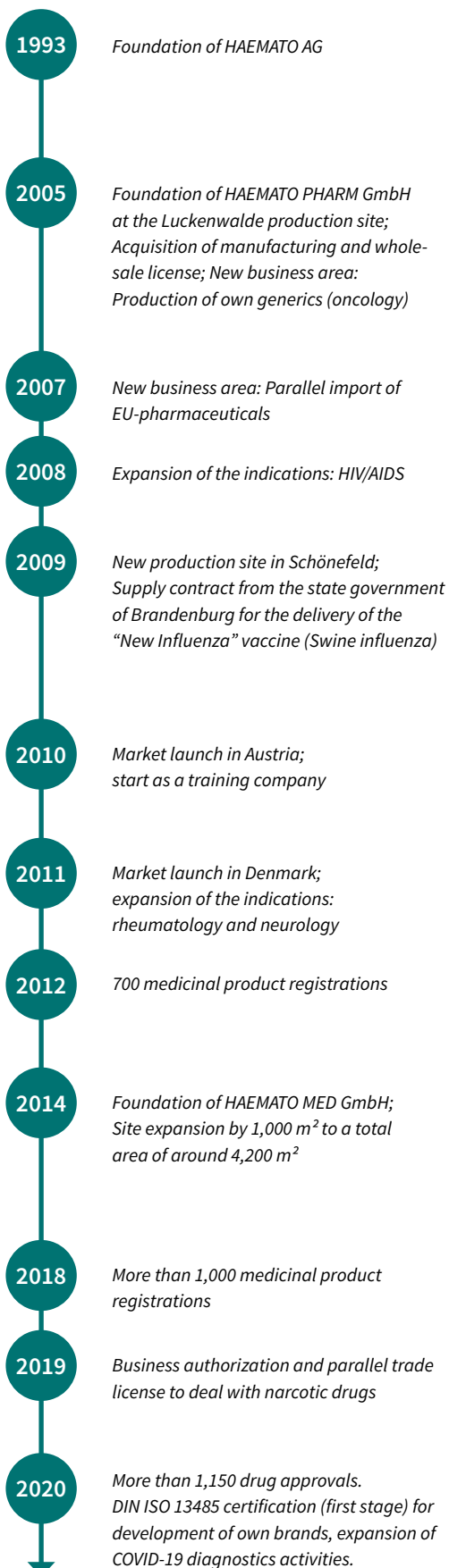
For 15 years, HAEMATO PHARM has been committed to making an active contribution to healthcare costs reductions. Based on the **(parallel) import and sale of inexpensive EU original medicinal products**, patients can benefit from new therapies and treatment concepts although these are often quite expensive. In order to ensure permanently low prices, HAEMATO PHARM profits from regional price differences between the individual European countries for its procurement activities. The focus is on cost-intensive therapy areas of oncology, HIV/AIDS, neurology, rheumatology and other chronic diseases. The product portfolio of HAEMATO PHARM includes over 1,150 approved original EU pharmaceuticals. The parallel import and re-import of original medicinal products results in annual savings of EUR 240 m for the statutory health insurance institutions in Germany.¹

HAEMATO MED is active in the healthcare sector. The company develops and markets **medical devices and medical technology products for aesthetic surgery and cosmetic dermatology**. The focus is on close cooperation with doctors and customers in the area of aesthetic medicine. The key objective of HAEMATO MED is to consistently include the expectations and needs of both target groups in all development steps combined with the latest technological and scientific knowledge leading to safety, quality and enhanced comfort of aesthetic treatment. As an exclusive partner, HAEMATO PHARM supports the distribution of the products. At the end of 2020, HAEMATO MED passed the first stage of DIN ISO 13485 certification, which is a requirement for the development of own private label brands.



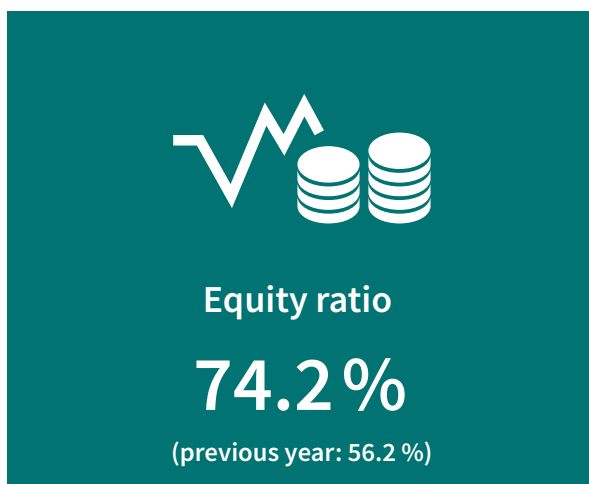
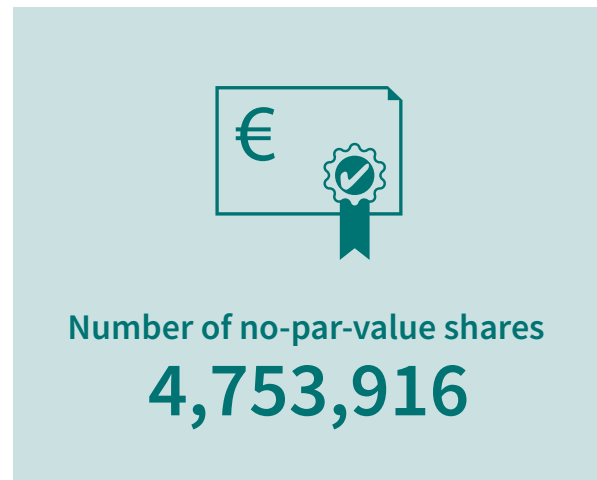
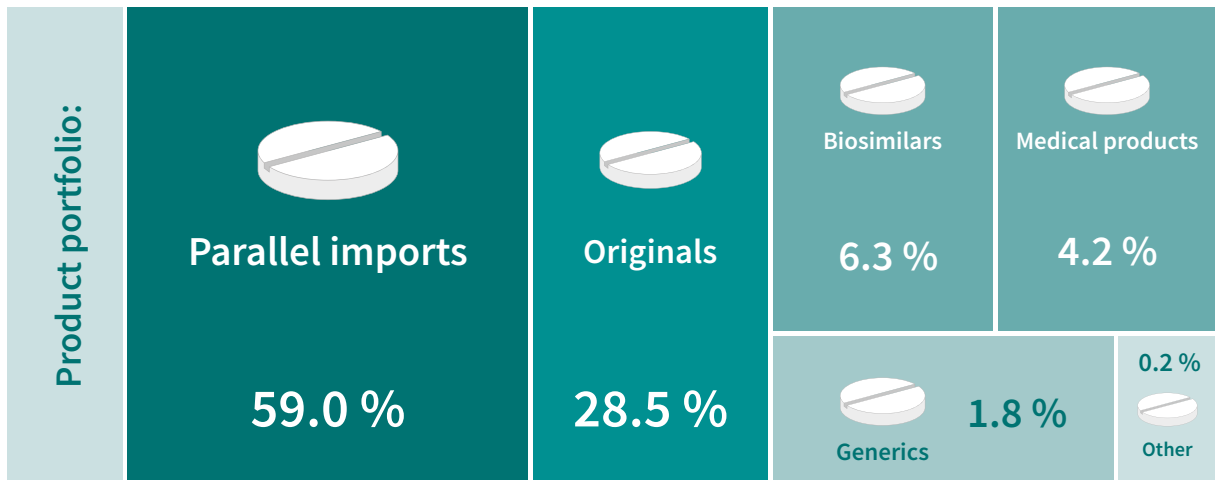
HAEMATO AG's **target markets** are Germany and Austria. Additional target markets are already being planned. Our customers are pharmacies, wholesalers, doctors and clinics as well as laboratories and corona test centres. Our regular customer base includes all full-range wholesalers in Germany and Austria and more than 6,000 pharmacies.

In 2021, the product portfolio of HAEMATO AG will expand even further. Due to the Corona pandemic, the demand for medical products in the field of COVID-19 diagnostics is currently high and will be provided by us. In addition, the regulatory audit for the trade in narcotics was successfully passed at the beginning of 2021. Activities will therefore be expanded in the direction of the growing narcotics market, following the acceptance of the narcotic drug warehouse by the authority last year. With this, we want to further exploit our broad product range as a competitive advantage and be in a stable position with regards to the dynamic pharmaceutical market. The necessary authorization for the import and trade of narcotics was already acquired by HAEMATO in 2019 fulfilling the very high safety requirements and quality specifications.



1.1 Key Figures of HAEMATO AG





2. LETTER TO THE SHAREHOLDERS



Dear Shareholders,

HAEMATO AG and its subsidiaries are looking back on a challenging but overall successful year. In the 2020 financial year, we achieved combined sales (according to IFRS) of EUR 238.3 million and an operating result (EBIT) of EUR 1.6 million.

The net loss for the year was EUR 4.9 million. This included one-time effects of EUR -5.4 million, which include a non-cash, reporting-date-related valuation of investments at fair value (stock market prices) as at December 31, 2020. The company assumes that there is considerable catch-up potential in this regard in the coming years.

Overall, we see HAEMATO as being back on track with a 20.5% increase in turnover compared to the previous year and an increase in the result from ordinary activities (EBITDA) from EUR 1.9 million to EUR 3.3 million (which corresponds to around 75%). The improvement in the earnings situation is mainly due to the increase in turnover and the associated increase in gross profit.

We are confident that the strategic measures already initiated in the 2019 financial year will continue to have a positive impact on HAEMATO's net assets and results of operations in the medium term. In 2020, we continued to adjust the product portfolio to eliminate low-margin products, which was reflected in a slightly improved cost of materials ratio.

In the fast-growing area of so-called biosimilars, which are increasingly replacing original medicinal products and generics, we increased the number of product registrations by 22% (from 23 to 28 products) and sales by about 13% compared to the previous year. A biosimilar is a replica product of a biopharmaceutical, for example a biotechnologically produced protein, which is approved after the patent period of the original active ingredient has expired.

Positive effects were achieved in the 2020 financial year as a result of trading in medical products to fight the COVID-19 pandemic. In particular, these are different variants of mouth-nose protection as well as PCR and antigen rapid tests as part of the COVID-19 diagnostics.

With effect from July 1, 2020, 48% of the share capital in HAEMATO AG was acquired by M1 Kliniken AG, with whom we have already been cooperating successfully for many years. In a further move, HAEMATO AG acquired M1 Aesthetics GmbH from M1 Kliniken AG with effect from January 1, 2021. For 2020, M1 Aesthetics GmbH expects sales of a more than EUR 30 million and an EBIT of around EUR 4 million.

These measures will enable M1 Kliniken AG and HAEMATO AG to strengthen their respective core competences. The M1 Group will focus exclusively on the operation of the specialist beauty clinics and the further growth of the international beauty network to approximately 100 locations by the end of 2024. HAEMATO AG will focus to an even greater extent on the area of special medicines and medical products trading as well as the development of private label brands for the self-pay sector.

So far, the negative economic effects of the ongoing coronavirus pandemic have been minor for the HAEMATO Group. As a system-relevant pharmaceutical company, we have been able to maintain our business operations to the full extent and have also been able to open up new business fields in the area of COVID-19 diagnostics.

On March 23, 2021, the subsidiary HAEMATO PHARM GmbH received special approval from the Federal Institute for Drugs and Medical Devices (BfArM) for a rapid antigen test for self-testing and plans to distribute these COVID-19 self-tests in large quantities to pharmacists, wholesalers and public institutions in the coming months. The contribution of this business area to sales and earnings in the coming years will depend on the further epidemiological course of the pandemic, the occurrence of possible COVID mutations as well as the willingness and speed of vaccination in Germany and can therefore not yet be clearly estimated at the time of preparing the annual report.

With regard to the supply of medicines, we currently assume that the European pharmaceutical markets will remain open. In the medium term, we see ourselves well positioned, as our position as a low-cost provider is of advantage for coping with the economic burdens of the post-Corona period in the future.

The extraordinary dedication of our staff continues to be an important success factor for the future. I would therefore like to express my sincere thanks for their special commitment and loyalty and hope that everyone involved will remain in good health.

Schönefeld, April 2021

Patrick Brenske
Management Board

3. REPORT OF THE SUPERVISORY BOARD

3.1 Supervision of Management and Cooperation with the Executive Board

In fiscal year 2020, the Supervisory Board of HAEMATO AG exercised the duties under the law and the Articles of Association with great care. The Executive Board was monitored by the Supervisory Board and was advised in its activities by the Supervisory Board within the scope of exercising its control rights. The Supervisory Board was involved by the Executive Board in all decisions of fundamental importance to the company. The Executive Board regularly informed the Supervisory Board verbally, by telephone and in writing in a timely manner about significant events in the course of business, the economic situation of the Company and the Group, corporate planning and investment measures.

The Supervisory Board was able to satisfy itself of the correctness of the management.

3.2 Meetings, Consultations and Resolutions

The Supervisory Board held seven ordinary meetings in the 2020 financial year. All meetings were quorate.

The following topics, among others, were the focus of the meetings:

25.03.2020:

- Consultation on the content of the corporate news on the results of the 2019 financial year

21.04.2020:

- Audit of the 2019 annual financial statements of HAEMATO PHARM GmbH
- Audit of the 2019 annual financial statements, consolidated financial statements and group management report of HAEMATO AG
- Approval of the annual financial statements and dependent company report 2019
- Decision on the distribution of dividends
- Preparation of the Annual General Meeting
- Coronavirus impact on the HAEMATO Group

12.05.2020:

- Preparation of the Annual General Meeting

24.06.2020:

- Revocation of the appointment of Mr. Uwe Zimdars to the Executive Board with effect of 30.06.2020

20.10.2020:


- Outlook for the 2020 financial year and situation of the company
- Status of bank loan negotiations
- Status of development projects
- Current competitive, organisational and personnel situation

30.11.2020:

- Appointment of Mr. Patrick Brenske as an additional member of the company's Executive Board as of 30.11.2020

15.12.2020:

- Acquisition of M1 Aesthetics GmbH by HAEMATO AG



In addition, current developments, strategic decisions and their operational realisation were discussed in the Supervisory Board meetings. Further informal meetings or telephone conferences were held between the Supervisory Board and the Executive Board to discuss new significant business policy developments.

3.3 Annual Financial Statement

The Supervisory Board satisfied itself of the regularity of the corporate management. The annual financial statements prepared by the Executive Board, the consolidated financial statements and the combined management report of HAEMATO AG and the HAEMATO Group for the fiscal year ended December 31, 2020, including the book-keeping, were audited by Dipl.-Kfm. Harry Haseloff, Berlin, who was appointed as auditor by the Annual General Meeting, and have been endorsed with an unqualified audit opinion.

The annual financial statements, the consolidated financial statements, the combined management report of the HAEMATO AG and the Group, the auditor's reports and the proposed appropriation of the balance sheet profit were submitted to each member of the Supervisory Board in good time before the balance sheet meeting on May 4, 2021. At the balance sheet meeting on May 4, 2021, the auditor reported the main results of his audit and was available to answer questions from the members of the Supervisory Board. The Supervisory Board reviewed the annual financial statements and the consolidated financial statements prepared by the Executive Board. On the basis of its own review the Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Executive Board at the Supervisory Board meeting on May 4, 2021. The annual financial statements are thus approved.

At the Supervisory Board meeting on May 4, 2021 the Supervisory Board approved the results of the auditors' audit and, after its own review of the annual financial statements, the consolidated financial statements and the proposal for the appropriation of the balance sheet profit, the Supervisory Board raised no objections.

3.4 Dependency Report

HAEMATO AG prepared a dependent company report for the fiscal year ended December 31, 2020 in accordance with section 312 AktG.

The dependent company report was audited by the auditor Harry Haseloff, Berlin, who was appointed as auditor by the Annual General Meeting, in accordance with Section 313 (1) AktG. The auditor Harry Haseloff, Berlin, submitted a separate written report on the results of the audit. Since there were no objections to the report of the Executive Board, the audit opinion was issued in accordance with Section 313 (3) AktG.

At the balance sheet meeting on May 4, 2021, the auditor reported on the results of his audit and confirmed the correctness of the factual statements made in the dependency report. He also confirmed that according to the legal transactions listed in the statement the company's performance was not unreasonably high or any disadvantages were compensated and that for the measures listed in the report, there are no circumstances that result in a significantly different assessment than the one made by the Executive Board.

The dependent company report and the respected auditor's report were submitted to the Supervisory Board in good time before the balance sheet meeting on May 4, 2021 in accordance with section 314 AktG. At its meeting on May 4, 2021 the Supervisory Board thoroughly examined the dependent company report for completeness and correctness. The Supervisory Board concluded that there were no objections to the declaration of the Executive Board at the end of the report on relations with affiliated companies and approved the dependent company report.

3.5 Composition of the Supervisory Board

In the period from January 1, 2020 to December 31, 2020, the Supervisory Board was composed of Supervisory Board members Andrea Grosse (Chairwoman), Prof. Dr. Dr. Sabine Meck (Deputy Chairwoman) and Dr. Marion Braun (Member).

3.6 Other

The Supervisory Board would like to thank the Executive Board, Mr. Uwe Zimdars, Mr. Daniel Kracht and as of November 30, 2020 Mr. Patrick Brenske for the successful management of the HAEMATO Group and the pleasant, constructive and successful cooperation in 2020.

The Supervisory Board would like to thank all employees of the HAEMATO Group for their commitment and achievements in the past fiscal year.

Berlin, den May 4, 2021

Andrea Grosse
(Chairwoman of the Supervisory Board)



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4. MANAGEMENT REPORT

4.1 Fundamentals of the Company

4.1.1 Business Model

The HAEMATO Group is active in the pharmaceutical sector, particularly in wholesale and manufacturing. The focus of business activities is on the sale of off-patent and patent-protected drugs in the insurance-financed market as well as the sale of medical products. The focus is on growth markets and therapies for cancer, HIV, rheumatology and other chronic diseases. The portfolio is also supplemented by products for the privately financed market for aesthetic treatments. The main customers are pharmacies and wholesalers as well as doctors, clinics and medical laboratories.

4.1.2 Research and development

We do not carry out any research and development.

4.2 Economic Report

4.2.1 Macroeconomic, industry-specific conditions

4.2.1.1 General economic conditions

The global economy in 2020 was largely influenced by the development of the Corona pandemic. The so-called „Corona Recession“, also known as „The Great Lockdown“, emerged in the wake of the COVID-19 pandemic, which saw business closures, curfews and contact restrictions around the world, and a widespread shutdown of social

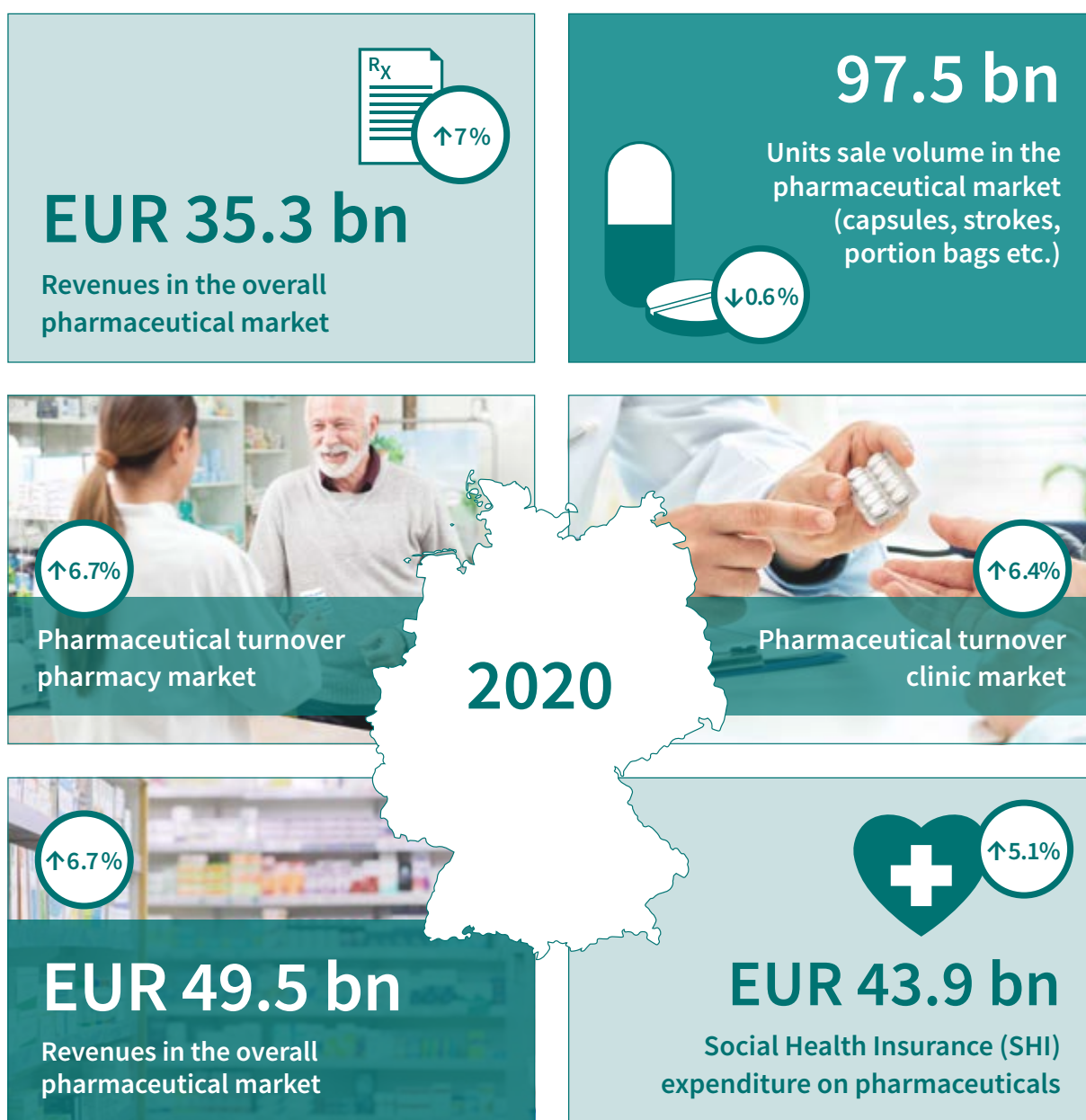
and economic life to prevent the uncontrolled spread of the SARS-CoV-2 virus. As a result, stock markets collapsed, economic output fell worldwide and numerous countries requested international loan assistance.²

The gross domestic product (GDP) of the world economy is expected to have weakened by -3.3% in 2020, with the so-called „advanced countries“ recording a decline of -4.8% and the European Union -6.3%.⁴ In the third quarter of 2020, the global economy recovered a significant part of the declines in output levels suffered in the first half of the year and world output increased by almost 9%. While GDP is likely to decline again in Europe in the fourth quarter of 2020 due to the second wave of infection and the measures to contain it, it is likely to continue to rise for the most part in the rest of the world. However, business sentiment has deteriorated significantly in November 2020, following a sharp rise in infection rates in the autumn and renewed restrictions on social and economic activity in many countries. Significant effects of the second wave of the pandemic have so far been particularly evident in Europe, where there has been a considerable decline in mobility in autumn 2020, while this has hardly decreased in the USA or the Asian region, for example.⁴

The German economy went through a severe recession last year due to the Corona pandemic, similar to the economic and financial crisis in 2008 and 2009. In 2020, the gross domestic product declined by 5.3% after an increasing development for ten years. In the end, however, the decline is significantly lower than many experts had expected in the course of last year. In addition to the resilience of the German economy, this is also due to the very extensive packages of measures taken by the German government to support the economy and stabilise incomes. As a result of the partial lockdown in November and the subsequent tightening and extension, economic output is likely to merely stagnate in the 4th quarter after a strong recovery of 8.5% in the 3rd quarter of 2020. Despite the partial lockdown, industrial production continued to increase in November, as did new manufacturing orders. This suggests that, unlike in the spring, industry has so far been less affected by the measures. Turnover in retail trade excluding motor vehicles continued to rise in November, but the individual developments were quite varied. While sales in internet and mail-order trade increased significantly, retail trade suffered in particular from the measures to fight the pandemic. New orders in the manufacturing sector and industrial production continued to increase in November 2020 despite the partial lockdown. Trade in goods also increased again. In December, business and export expectations in the manufacturing sector improved, although the pending agreement on a comprehensive Brexit deal between the EU and the UK may have created uncertainty. The labour market is also proving to be relatively resilient so far. Employment has generally increased in recent months, while unemployment has continued to fall. However, short-time work is likely to have been increasingly used again recently.⁵

4.2.1.2 Pharmaceutical Market

The pharmaceutical industry is of great importance for growth, employment and innovation effects in Germany. The development of the German pharmaceutical market (pharmacy and clinics) in 2020 was influenced by the COVID-19 pandemic. This caused a high degree of fluctuation, especially on a monthly basis. In March, the market recorded double-digit growth - driven in particular by the pharmacy segment. This was primarily due to stock purchases as a result of the COVID-19 pandemic. This was followed by a massive decline in April and May. After a short recovery, there were further volume declines of up to 5% in July and August. After a strong September with sales growth of more than 10% and moderate volume growth of just under 3%, the market continued to grow until the end of the year. For the year as a whole, turnover from medicinal products in the pharmaceutical market rose by 6.7% to EUR 49.5 bn. Volume development was stable in the pharmacy sector, while it declined significantly in the hospital market.



Source: IQVIA MARKET REPORT: Development of the German pharmaceutical market in 2020

The pharmaceutical market in total grew by about 5% in 2020. Around 1.5 bn packs (-5%) worth EUR 40 bn (at the pharmaceutical manufacturer's selling price, incl. vaccines and test diagnostics) were dispensed to patients. The growth in sales in particular is due to the 7% increase in the "prescription products" segment. This corresponds to a market volume of around EUR 35 bn with unchanged sales volumes. Sales of OTC medicines fell by 3.4% in 2020.⁶

The financial situation of the SHI is mainly influenced by structural problems on the revenue and expenditure side. While the SHI system was still in a good financial position in 2019 due to the good economic and employment situation in Germany; the effects of the current Corona pandemic are now having a significant impact on the revenue and expenditure side of the SHI system. In the first to third quarter of 2020, the statutory health insurance funds recorded a total deficit of almost EUR 1.7 bn. The financial reserves of the health insurance companies totalled EUR 17.8 bn as of September 30, 2020 (previous year: approx. EUR 21 bn). The health fund, which had a liquidity reserve of around EUR 10.2 bn as of January 15, 2020, recorded a deficit of around EUR 5.1 bn in the first to third quarter of 2020. In the summer of 2020, the legislator closed the imminent financing gap for 2021 by providing subsidies and raising the additional contribution rate by 0.2 contribution points.⁷

The pharmaceutical industry remains under pressure from the ongoing need to cut costs in the health sector. Thus, the savings of the statutory health insurances through mandatory manufacturer discounts („rebate contracts“) amount to EUR 5.73 bn (+18%) in 2020. In the year under review, private health insurers also made savings of EUR 883 m (+13%) through compulsory manufacturer discounts.⁸ In addition, the continued implementation of reference prices leads to annual savings of EUR 8.2 bn for the SHI. The continued price moratorium and the compulsory discounts, which have been paid continuously since 2003, additionally burden the entire sector.⁹ The pharmaceutical manufacturers in Germany receive about 50% of the pharmaceutical sales price of a drug. The other half is divided between wholesalers and pharmacies as well as the value added tax and discounts granted.¹⁰

4.2.2 Business Development

As a pharmaceutical manufacturer, the HAEMATO Group distributes its own generic drugs as well as European imported drugs and medical products. The focus is particularly on growth markets in the area of special pharmaceuticals, primarily in the high-priced indication areas of oncology and HIV as well as in the areas of rheumatism, neurology and cardiovascular diseases. In addition, the HAEMATO Group offers medicinal products from other manufacturers that have been approved in Germany within the scope of the wholesale licence. The largest and also most significant sales market is Germany.

Group sales in 2020 rose to EUR 238.33 m (previous year EUR 197.83 m), an increase of 20.5%. From the second half of 2020, increased trading business with medical products from the COVID diagnostics area also contributed to this. In addition, there were initial sales in the area of narcotics (BtM), cannabis and biosimilars.

HAEMATO's business was affected by the global outbreak of the COVID-19 pandemic and its impact on the economic environment, our customers and suppliers in the past financial year. However, the impact of COVID-19 on our business was mainly limited to organisational measures in occupational health and safety and the reorganisation of organisational processes. We were largely spared from measures taken by governments and authorities to contain the pandemic through various countermeasures.

HAEMATO consistently implemented self-imposed measures for the protection of the employees at an early stage. Hygiene measures were significantly intensified and the working hours of the entire staff were changed to a shift model in order to maintain operations even if a staff member was affected. Personal contacts were reduced to the bare minimum from the beginning and business trips were cancelled.

In the early stages of the pandemic, HAEMATO experienced disruptions in the form of slight delays in supply chains. Individual temporary export bans on pharmaceuticals imposed in other EU countries also caused disruptions in purchases.

As a result of the temporary shortage in the purchasing situation due to COVID-19, the prices of medicinal products have increased. At the same time demand has decreased in some customer segments, such as hospital pharmacies, due to cancelled and postponed treatments and has led to a change in the prescription behaviour of medicinal products. This in turn led to increased disposal pressure in some product categories. As a result, uneconomical health insurance discount contracts had to be concluded, resulting in negative influences on the operating result.

The HAEMATO Group counteracts these negative influences on the core business in many ways. In the past financial year, work continued on expanding the business activities to the areas of „biosimilars“ and „medical devices“. For example, products in the field of COVID-19 diagnostics were sold from the early summer of 2020 and a separate online shop for rapid antigen tests and FFP2 respiratory protection masks was opened in November.

In addition, the sales focus was increasingly placed on so-called „Specialty Pharma“ medicinal products, in particular original drugs and biosimilars. „Specialty Pharma“ medicines are, among other things, personalised medicines that are prepared taking into account important parameters such as blood values, body size and body weight. The complex development and production result in higher prices than for ordinary medicines. However, individualisation is also associated with a higher and, above all, more targeted effectiveness. In Europe, market researchers of IMS Health expect annual sales growth of 10% with specialty pharma drugs from 2015 to 2020. And in the USA, too, this type of medicine is developing from a niche product to a market mega-trend. According to the Drug Channels Institute (DCI), sales will more than double by 2020 compared to 2015 - from USD 98 bn to USD 212 bn. The share of specialty pharma drugs in total drug sales is expected to increase from 27% to 44% as a result.¹¹

On December 15, 2020, all shares in M1 Aesthetics GmbH were sold by M1 Kliniken AG to the acquiring HAEMATO AG by means of a transfer agreement („Contribution Agreement“). As consideration for the sale and contribution of the M1 Aesthetics shares, M1 Kliniken AG received new shares from a capital increase in kind of HAEMATO AG (excluding the subscription rights of the other shareholders). The share capital of HAEMATO AG was increased by EUR 2,467,201 to EUR 4,753,916 by issuing 2,467,201 new shares. The new shares were subscribed and acquired exclusively by M1 Kliniken AG. The contribution in kind was made with effect of January 1, 2021. After completion of the transaction, M1 Kliniken AG holds a total of 75.8% of the share capital of HAEMATO AG. Through M1 Aesthetics, the HAEMATO Group gains access to the business segment of „medical products and drugs for aesthetic medicine“, which opens up significant earnings potential for the Group.

There were no further acquisitions or divestments of companies in the financial year 2020.

The number of employees (excluding apprentices) has decreased from 174 persons (of which 154 are full-time) on December 31, 2019 to 151 persons (of which 132 are full-time) on December 31, 2020.

In July 2020, the Management Board of HAEMATO AG was reduced by one person due to the resignation of Mr Uwe Zimdars. Until November 2020, Mr Daniel Kracht was the sole member of the Management Board, before Mr Patrick Brenske was appointed as an additional member of the Management Board on November 30, 2020.

The company's business operations are not subject to any particular seasonal influences. In the past financial year, there were no special cases of damage or accidents.

On the financing side as planned, bank liabilities of EUR 7.0 m were repaid as of December 31, 2020. In addition, trade accounts payable were reduced by EUR 6.6 m as of the balance sheet date compared to the previous year.

The financial result for 2020 was strongly influenced by balance sheet date related depreciation on financial assets of EUR 5.38 m (previous year EUR 0.74 m), which did not affect liquidity. Overall, the financial result for 2020 totalled EUR -6.18 m (previous year EUR -1.17 m).



The net loss for the 2020 financial year increased to EUR 4.83 m (previous year EUR 1.17 m) due to the negative financial result.

In their daily work, the HAEMATO Group and all employees are primarily focused on the needs of the customers. Service, quality and reliability are essential elements of our customer orientation and at the same time drivers of further growth.

4.2.3 Business Situation

4.2.3.1 Earnings Situation of the HAEMATO Group (IFRS)

The company's turnover is essentially generated with parallel imports and original medicinal products. Our sales heavily depend on the product range policy of pharmacists, clinics and wholesalers.

The trade in medicinal products continues to be characterised by significant price pressure, triggered by the health insurance funds and manufacturers. Positive special effects were achieved in the financial year in the course of trading with medical products based on protective measures of the COVID-19 pandemic. The increase in the earnings situation is mainly due to the rise in turnover and the associated increase in gross profit.

A long-term order range as well as obligatory purchase or delivery quantities are not customary in the industry and do not exist.

The cost of materials as a percentage of the Group's turnover decreased slightly from 93.13% in 2019 to 92.58% in the 2020 financial year.

The personnel cost ratio decreased slightly compared to the previous year and is 2.9% in the 2020 financial year. This represents a decrease of 0.3% compared to 2019. In nominal terms, personnel costs have increased compared to the previous year. Our employment situation can be described as good.

Other operating expenses of EUR 8.02 m increased by EUR 1.16 m compared to the previous year (EUR 6.85 m). The increase is mainly due to the rise in marketing costs and higher transport and logistics costs due to the increased sales volume.

The EBIT in the financial year was EUR 1.63 m (previous year: kEUR -19). We determine the EBIT from the net income for the year before interest and taxes, whereby the investment income of the financial assets is also considered as a fixed-interest component of the financial result. The 2020 financial year continued to be a difficult year in terms of earnings and competition. The trade in medicinal products is characterised by great price pressure, triggered by the health insurance funds and manufacturers. Positive special effects were achieved in the financial year in the course of trading with medical products based on protective measures of the COVID-19 pandemic. The increase in the earnings situation is due to the rise in sales of medical products and their above-average gross margin.

Due to the tense business situation in the core business, new business fields and opportunities were explored in the course of the year, which could be realised at short notice with the existing and well-positioned purchasing and sales network. In the process, the COVID-19 diagnostics business field was identified as promising and worked on with a high level of resources.

The forecasts for the 2020 financial year were met. Revenue growth of 20.5% (EUR 238.3 m compared to EUR 197.8 m in the 2019 financial year) exceeds the previous year's forecast. Compared to the previous year, EBIT increased from kEUR -19 to kEUR 1,627 and was able to confirm the forecast made. In addition, the forecast of a positive operating cashflow of EUR 14.67 m (previous year EUR -2.76 m) was clearly met.

4.2.3.2 Financial Situation of the HAEMATO Group (IFRS)

Our financial situation can be described as stable. Our financial management is geared towards always settling liabilities within the payment period and collecting receivables within the payment period.

Our capital structure is stable. Equity increased from kEUR 72,219 to kEUR 125,480 compared to 2019, mainly due to a capital increase in 2020 in which 2,467,201 new shares were issued.

The liabilities to banks represent 10.71% (previous year: 19.57%) of the balance sheet total. The changes in the maturity of liabilities to credit institutions implemented in the previous year were maintained in the year. The credit lines that expired in the 2020 financial year were restructured. All liabilities to credit institutions are of short-term maturity. HAEMATO continues to negotiate additional credit lines in order to further optimise liquidity control and achieve additional sales growth. For the purpose of financing our sales transactions, we make use of the credit lines granted by our banks. We have higher credit lines than we use on average.

Trade accounts payable amount to 7.71% of the balance sheet total (previous year 15.26%) and were reduced by EUR 6.6 m. All liabilities can be settled within the payment terms.

Our investment activities in fixed assets are low. The focus of investment activities will continue to be on acquiring licences. In addition, we will continue to invest in new business areas, which can be financed from short-term cash flow.

Long-term investments are covered by our equity capital. The liquidity situation is satisfactory.

The operating cash flow 2020 totalled EUR 14.7 m. This includes EUR 20.3 m from the reduction of inventories, EUR -5.2 m from the reduction of trade accounts payable, EUR -3.4 m from the reduction of liabilities to affiliated companies and EUR -3.0 m from the increase in trade accounts receivable. The financial development of the HAEMATO Group in the reporting period, based on the cash flow statement with indirect determination of cash flows from operating activities is described in the following table:

Cash flow from	2020 kEUR	2019 kEUR
Ongoing business activity	14,670,8	-2,763,3
Investment activity	-844,4	-701,3
Financing activities	-4,491,6	48,5
Total cash flow	9,334.8	-3,416.1



4.2.3.3 Net Assets of the HAEMATO Group (IFRS)

Again, the asset situation of the HAEMATO Group can be described as good compared to the balance sheet date of the previous year.

Inventories decreased to kEUR 35,119 compared to the previous year's balance sheet date (previous year: kEUR 55,441).

Fixed assets decreased to kEUR 50,081 (previous year: kEUR 55,798). The main reason is the lower valuation of the financial assets held as fixed assets on the balance sheet date, due to a temporary impairment recognised in profit or loss. Trade accounts receivable increased from EUR 10,944,000 in 2019 to EUR 14,214,000 as at December 31, 2020.

The liquidity situation remains satisfactory. As of December 31, 2020, the HAEMATO Group holds cash and cash equivalents in the amount of EUR 7.54 m (previous year: EUR 2.10 m).

Overall, our economic situation can be described as good.

4.2.3.4 Earnings situation of HAEMATO AG (HGB)

HAEMATO AG recorded a net loss of EUR 76 thousand in the 2020 financial year (previous year: net profit of kEUR 3,991). The main reason for the lower result is the decline in investment income from distributions of the subsidiaries. This amounted to kEUR 150 in the financial year (previous year: kEUR 4,500).

Revenue in the 2020 financial year totalled kEUR 420 (previous year: kEUR 0).

4.2.3.5 Financial situation of HAEMATO AG (HGB)

HAEMATO AG is generally financed through equity in the amount of kEUR 115,922 (previous year: kEUR 57,906).

As of December 31, 2020, HAEMATO AG had cash and cash equivalents totalling kEUR 65 (previous year: kEUR 413).

HAEMATO AG had an equity ratio of 99.86% at the end of the 2019 financial year. In the 2020 financial year, the equity ratio remained constant at 99.90%.

HAEMATO AG's accruals totalled kEUR 53 as at December 31, 2020 (previous year: kEUR 62).

4.2.3.6 Asset Situation of HAEMATO AG (HGB)

The asset situation is mainly characterised by the increase in other assets. This is due to the capital increase against contributions in kind, in the course of the acquisition of M1 Aesthetics GmbH from the parent company M1 Kliniken AG. Financial assets increased slightly by kEUR 270 compared to 2019 and amount to kEUR 57,814 as of December 31, 2020.

4.2.3.7 Financial Performance Indicators of the HAEMATO Group (IFRS)

For our internal corporate management, we use the key figures return on equity, EBIT and EBITDA.

The return on equity before taxes was -3.6% in the financial year (previous year: -1.6%).

The EBIT amounts to kEUR 1,626.9 (previous year: kEUR -18.7), the EBITDA amounts to kEUR 3,314.8 (previous year: kEUR 1,896.6), which corresponds to an increase of about 75%.

The HAEMATO Group continues to operate successfully and the overall economic situation can be described as good.

4.3 Forecast Report

4.3.1 General Economic Outlook

The German economy went through a severe recession last year due to the Corona pandemic, comparable to the economic and financial crisis in 2008 and 2009. Leading indicators have weakened in December 2020, although the tightening of the lockdown has not yet been significantly factored in.¹²

Due to the uncertainties surrounding the further course of the COVID-19 pandemic and the associated restrictions on public and private life, the forecasts for the overall economic environment and the development of the pharmaceutical market in 2021 are afflicted with numerous question marks.

According to the experts of the Kiel Institute for the World Economy, world production is expected to continue its recovery course, which began in the second half of 2020, in 2021 and increase by 6.7%. For 2022, a further growth of 4.7% is forecast. According to this, growth will be driven in particular by the positive economic development in the USA and China. In the euro area, the recovery is expected to be significantly lower, especially in 2021, with growth of 4.4%. The reason: the second Corona wave had Europe firmly in its grip by the beginning of 2021. And as this report is being written, the third wave is already beginning. Overall, the development of GDP in Germany, Europe and the world will depend to a large extent on the further course of the infection.¹³

The medium and long-term prospects of the pharmaceutical market remain positive. Demographic change is in full swing and the proportion of older people in the total population is growing continuously. The increasing percentage of older people in the total population poses challenges to healthcare systems worldwide. This will have an impact on pharmaceutical expenditure. According to a study by IQVIA, this is expected to rise to up to USD 1.145 trillion by 2024 (2019: USD 955 bn). More than half of this, up to USD 695 bn, is expected to be generated in the industrialised countries. The specialty pharma segment is expected to grow at an above-average rate in the coming years and increase its share of the total market to 42% by 2024. In the industrialised nations, the share is even expected to more than double to 52% (2019: 23%).¹⁴

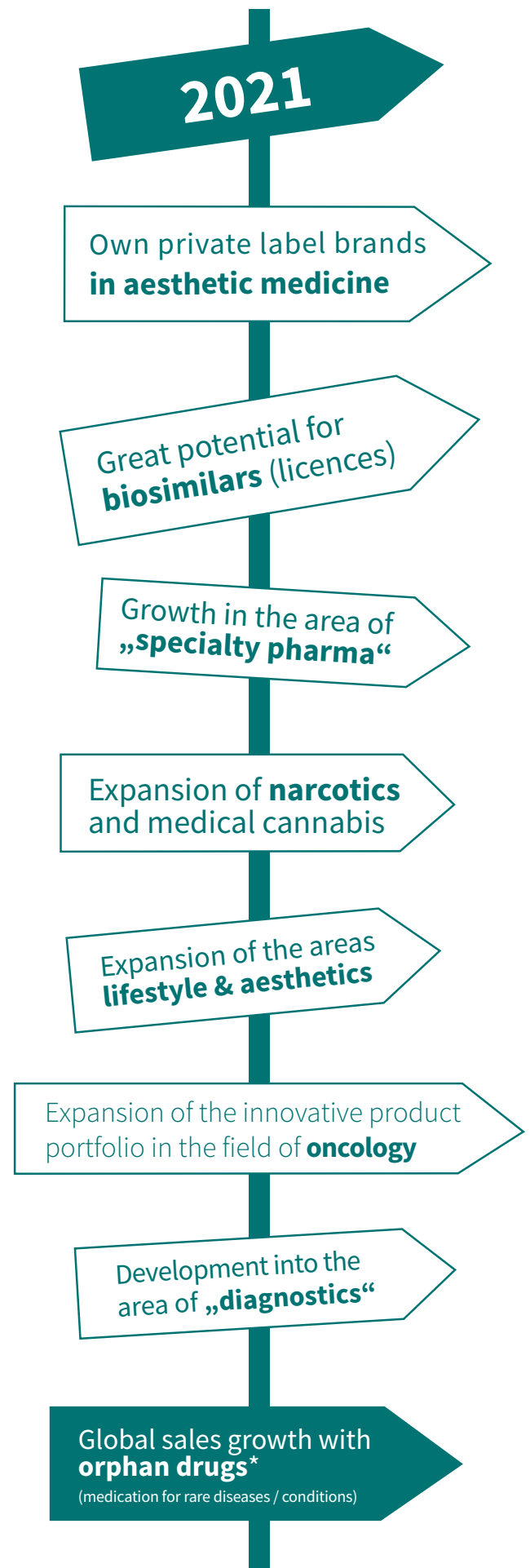
Research-based pharmaceutical companies are innovative in a wide variety of medical fields. For 2021, new drugs to treat COVID-19 and various types of cancer are expected in particular, but also several new HIV drugs and antibiotics. There should also be new treatment options for patients with multiple sclerosis, genetic metabolic disorders and many other diseases. This assessment is based on the new drug approvals filed or recently granted in the EU, as well as the accelerated development programmes for COVID-19 drugs. On this basis, the German Association of Research-Based Pharmaceutical Companies (vfa) expects companies to release more than 30 drugs with new active ingredients in Germany in 2021; in 2020, the figure was 32.¹⁵

The unprecedented intensity of development work against COVID-19 should lead to the introduction of further vaccines as well as therapeutic drugs in 2021. Vaccines and therapeutics are expected to help push back the pandemic in Germany later this year. Overall, infectious disease medicines are expected to account for a quarter or more of new 2021 launches - a peak not seen for many years. Another quarter of the new drugs in 2021 are likely to be directed against different cancers.¹⁶

The prospects in the area of „biosimilars“ are also still considered good. Biosimilars belong to the group of biopharmaceuticals and are successor products of formerly patent-protected biotechnologically produced drugs and an important component of a solidarity-based drug supply. With the same quality and effectiveness, they mean high savings opportunities for the health insurance companies. All biopharmaceuticals are approved exclusively by the European Medicines Agency (EMA) before they are launched on the market. With the approval, the EMA grants an official seal of quality. For approved biosimilars, this means that they are absolutely equivalent to first-line drugs in terms of their effect and are thus a fully-fledged alternative therapy.¹⁷ The potential in this sector is estimated to be very high due to the fast growth rate and dynamics.¹⁸

In the future, more and more biopharmaceutical drugs will lose their patent protection. Then biosimilars can be made available for supply. They expand the physician's therapy spectrum: thanks to biosimilars, physicians will for the first time also be able to access absolutely equivalent medicinal products in the field of biopharmaceuticals. In 2018, with a sales volume of EUR 825 m, more biopharmaceutically produced medicines went off patent than the chemically synthesised ones that were common in the past.¹⁹

After deduction of the statutory manufacturer discounts, the volume of expenditure on biopharmaceuticals in the SHI system in 2019 totalled EUR 7.8 bn (HAP - manufacturer price). Excluding the special group of insulins, this leaves EUR 6.9 bn, of which only EUR 0.8 bn is accounted for by biosimilars. A calculation of the use of biologics showed that consistent prescribing of biosimilars throughout would have resulted in around EUR 543 m in additional savings in 2019. The switch to biosimilars could therefore generate billions of euros in savings for the health insurance companies in the future.²⁰ The Act for Greater Safety in the Supply of Medicines (GSAV), which came into force in August 2019, promotes the market penetration of biosimilars.²¹



According to a forecast by IQVIA, the pharmaceutical market in Germany will increase between 3% and 6% by 2023. Growth will continue to result mainly from special therapeutics, e.g. drugs for the treatment of cancer and autoimmune diseases, immunodeficiency diseases, HIV infection and multiple sclerosis.²²

Considering the demographic changes involving increasing demand for low-cost medicines and health insurance companies' efforts to save money, the HAEMATO Group sees itself in a stable position for future growth with its focus on generics, EU original medicines and low-cost special medicines. This is supported by increased demand for medical products from the field of COVID-19 diagnostics, although it is difficult to estimate how long this trend will last. In this respect, HAEMATO's future focus is expected to shift from generics to speciality drugs („Specialty Pharma“). This area of pharmaceuticals has developed from a niche product to a megatrend in recent years and is growing disproportionately. The HAEMATO Group is already very well positioned in this segment. With our direct access to 4,800 pharmacies in Germany alone, we can still grow significantly in this segment. In addition, pharmaceutical, medical and medical technology products for aesthetic surgery and cosmetic dermatology are already being developed under HAEMATO Med. We expect that this expansion of the product range will have a positive effect on the development of turnover and margins. Already in the past business year, the HAEMATO Group has also expanded its product range with products that have experienced a special demand due to the Corona pandemic (e.g. COVID-19 antigen tests, medical protective masks, etc.).

4.3.2 Business Outlook

We take a positive view of the company's future development. The pharmaceutical industry continues to offer great growth potential if service, price and quality are strictly aligned with customer requirements and potential within the value chain is consistently exploited. We see the possible expansion of our market share in the parallel import business as well as the development of new business areas as the greatest growth driver for the future development of the HAEMATO Group. We counter the risks of supply shortages by diversifying in the area of purchasing for the majority of products. The implementation of directive 2011/62/EU that started February 9, 2019, provides certainty in the area of purchasing and will form a more stable business basis for the coming financial years. We expect to be able to take over market shares, especially from smaller competitors who do not succeed in implementing a permanent directive. This will practically put a stop to counterfeit medicines and the marketing of these products.

In the 2021 financial year, we expect an increase in sales volume of 5% - 10% through consistent implementation of the measures introduced, which should contribute to an increase in EBIT in the range of 15% - 25% through an increase in absolute gross profit. This will consequently also lead to an improvement in the financial situation and contribute to a positive operating cash flow. We will support the further expansion of cooperations with the statutory insurance providers with an optimised purchasing policy through more efficient use of the existing database. By opening up new sales markets, we will also try to sustainably increase the earnings potential for future reporting periods. The sales forecast of a 5% - 10% increase (corresponds to EUR 12 m - EUR 24 m) is based on the assumption that about 50% of the increase will be due to an expansion of the business with medical products (especially COVID-19 diagnostics), which only started in the second half of the last financial year and will therefore lead to a significant increase over a full financial year. The management expects that a further increase in turnover can be achieved with the products of the adjusted portfolio due to the continuing and increasing demand. The planned increase in EBIT is mainly the result of earnings contributions from the high-margin COVID-19 Diagnostics and Specialty Pharma divisions, as well as optimised warehouse management with inventory controlling, which should lead to a significantly lower proportion of expired goods.

More detailed forecasts are not possible due to the restrictions imposed by the Corona pandemic, which is currently still ongoing.

We will continue to be able to meet our payment obligations on time.

4.4 Risk Report

4.4.1.1 Industry-Specific Risks

Legal regulatory measures throughout the European Union, strong pressure on margins in the pharmaceutical market as well as the permanent change in the parallel import market due to exchange rate risk and price differences in the procurement of medicinal products can have a negative impact on our sales and earnings situation. The original manufacturers continue to try to contingent the individual European markets or use single-channel distributors to make exports more difficult. Furthermore, the original manufacturers are trying to make exports more difficult by maintaining high list prices and concluding subsequent discount agreements. In addition, there is a fundamental risk that the sales prices in the various EU countries will gradually converge or that export bans will be imposed in individual countries or for individual products.

Legal risks arise primarily from the distribution of our products and especially from trademark and patent issues. As an importer, we are considered a pharmaceutical company under pharmaceutical law. We therefore bear the risk of market withdrawals.

The Corona pandemic has now reached the third wave in Germany. „We are facing very difficult weeks,“ explained RKI head Lothar Wieler. Germany is at the beginning of the third wave, he said, which will probably be worse than the first two. „We have to be prepared for a strong increase in the number of cases.“ The B.1.1.7 mutant particularly affects working people, but also children and young people. Infections occur mainly in private households, but also in day-care centres, schools and workplaces.²³ The federal government is currently planning a tightening of the Infection Protection Act („Corona emergency brake“) with extensive contact and evening curfew restrictions. Further extensions and continued „lockdowns“ may result in macroeconomic risks that could lead to significant declines in economic growth worldwide. Risks for the HAEMATO Group may not only affect sales development, but also lead to significant impairments of production, the purchasing market and the supply chain.

4.4.1.2 Profit-oriented risks

Competitive risks have increased due to new competitors in the industry. We expect to be able to further expand our market shares in the medium term due to our strong direct sales. However, additional costs or investments may be required in the course of further organisational optimisations. The HAEMATO Group could be negatively impacted by competitors with greater financial or organisational resources. Should the aggressive pricing policy continue to increase through the awarding of discount contracts, this will have a negative impact on the earnings situation or lead to losses in market share.

Negative changes to the import promotion clause anchored in the German Social Law Code are not to be expected. The approval by the Federal Council of the Act for Greater Security in the Supply of Medicines (GSAV) creates comprehensive planning security for the distribution of imported medicines. Both the new measures for the further expansion of drug safety and new dispensing regulations for the realisation of further cost savings will be established by legislation in accordance with §129 SGB V. At the same time, the new Federal Framework Agreement 2019 of the GVK-Spitzenverband and DAV comes into force with binding changes to the mandatory dispensing of imported medicines. Low-priced re-imports help pharmacies to achieve the 2% savings target according to the framework agreement.²⁴

In addition, we continue to see good sales opportunities in the area of COVID-19 diagnostics, since a comprehensive containment of the pandemic in Germany is currently not foreseeable for the year 2021 and diagnostics will continue to gain in importance due to the occurrence of several „virus mutations“.

4.4.1.3 Financial risks

Liquidity risks are currently not identifiable for our company due to its stable cash and equity situation.

There are no significant monetary risks that could affect the company's assets, financial and earnings position. Supplies of goods from foreign countries are processed within very short periods of time.

We make use of credit lines granted by a group of banks for the financing of working capital. These agreements define financial covenants. Non-compliance to these covenants can generally lead to the possibility of termination by individual lenders. The credit lines made available are regularly not fully utilised. Through a continuous corporate and financial planning system, we are always in a position to react to changes in the need for financial resources at short notice. In addition, we finance activities through customer factoring. The long-term tranches of the working capital lines are due for refinancing in the coming calendar year. Negotiations with the banks that started in 2019 were successfully continued in 2020 and the majority of them were concluded. Further negotiations are being held on additional financing. Although the Corona pandemic has been increasing since the end of February 2021, financial risks for the HAEMATO Group are hardly foreseeable. The long-term, listed investments can, in the course of a temporary reduction in value, lead to a substantial influence on the financial result and thus also have a significant influence on the overall result of the Group.

The liquidity situation is satisfactory; no shortages are expected.

4.4.1.4 Risk management system

HAEMATO Group uses a risk management system to systematically identify significant risks and risks to the company as a going concern in order to assess their impact and develop suitable measures.

The aim of the risk management system is essentially to avoid financial losses, defaults or disruptions or to implement suitable countermeasures without delay. Within the framework of this system, the Management Board and the Supervisory Board are informed about risks at an early stage. Important mechanisms of early detection in this context are the monitoring of liquidity and the development of results. The monitoring of the operational development and the identification of timely deviations from the plan is the task of the controlling department. If necessary, management in the respective departments decide together with the Management Board on the appropriate strategy and measures to be taken in controlling the risks.

4.4.2 Opportunities Report

The healthcare market is and will remain a growth market. Our specialization in oncology, HIV and other chronic diseases will enable us to participate in this growth.

Growth-supporting effects can also be expected through the continuous further development of the new business fields and ongoing optimisation of the product range. This applies in particular to the business areas „Medical Devices / COVID-19 Diagnostics“, „Specialty Pharma“ and „Narcotics (Cannabis / Painkillers)“.

On the procurement side, we can exploit on a wide range of delivery options. To minimize business risks, we diversify our sources of supply throughout Europe. We ensure our high quality standards through careful supplier qualification and selection and active supplier management.

We will continue to meet the increasing competition among suppliers in our segment with experience, innovations, reliability and a high level of quality. In future, HAEMATO Group will concentrate on high-margin products with a focus on re-imports and original drugs as well as medical products from the field of COVID-19 diagnostics, which also promise high margins. In addition, we will continue on optimising internal processes and business intelligence solutions. For example, optimisations in the IT merchandise management system, internal purchasing and sales controlling as well as optimised supply chain management for more efficient product control and price positioning have been introduced.

4.4.3 General statement

We continue to see risks to future development due to uncertainty related to the course of the corona pandemic, a difficult competitive environment, rising purchase prices and stagnating sales prices. In addition, regulatory measures may pose risks to development. Against the background of our financial stability, however, we consider ourselves well equipped to deal with future risks.

4.5 Risk Reporting on the Use of Financial Instruments

The financial instruments held by the company essentially include securities, receivables, liabilities and bank balances.

The company has a solvent customer base. Bad debt losses are the absolute exception. We also signed a trade credit insurance for potential bad debts.

Liabilities are paid within the agreed payment periods.

In the short-term area, the company is mainly financed by supplier credits and credit lines from various banks.

The company pursues a conservative risk policy in managing its financial positions.

Where default and credit risks are discernible for financial assets, appropriate value adjustments are made. The company has an adequate accounts receivable management system to minimize default risks. There is also a trade credit insurance. Furthermore, we always inform ourselves about the creditworthiness of our customers before entering into a new business relationship.

4.6 Report on Branches

The company does not maintain branches.

4.7 Final Declaration Pursuant to § 312 Paragraph 3 AktG

In accordance with § 312 AktG, the Executive Board has prepared a report on relations with affiliated companies, which contains the following concluding declaration: “According to the circumstances known to us at the time when legal transactions were conducted with the controlling company and other affiliated companies, our company and the subsidiaries received appropriate consideration for each legal transaction.”

Schönefeld, March 2, 2021

HAEMATO AG
Patrick Brenske
Management Board

SAFELY CONTROLLED



February March April May June July August September October November December



5. CONSOLIDATED FINANCIAL STATEMENTS

5.1 Consolidated Balance Sheet – Assets

According to IFRS

	Notes	31.12.2020 EUR	31.12.2019 EUR
Cash and cash equivalents	6.2.1	7,541,941	2,100,938
Trade accounts receivable	6.2.2	14,214,310	10,943,633
Inventories	6.2.3	35,119,482	55,440,878
Other short-term financial assets	6.2.4	2,749,552	2,761,363
Other short-term assets	6.2.5	58,499,540	666,284
Income tax receivables	6.2.6	852,637	856,331
Short-term assets		118,977,461	72,769,426
Intangible assets	6.2.7	37,979,135	38,249,018
Tangible assets	6.2.8	2,103,180	2,166,462
Other long-term financial assets	6.2.9	9,863,652	15,246,994
Other long-term assets	6.2.10	134,768	135,268
Long-term assets		50,080,736	55,797,743
Σ TOTAL ASSETS		169,058,197	128,567,169

5.2 Consolidated Balance Sheet – Liabilities

According to IFRS

	Notes	31.12.2020 EUR	31.12.2019 EUR
Short-term accruals	6.3.1	1,535,059	1,356,755
Income tax liabilities	6.3.2	151,673	661,469
Trade accounts payable	6.3.3	13,027,575	19,621,836
Short-term leasing liabilities	6.3.4	539,340	518,236
Short-term financial liabilities	6.3.5	18,307,472	28,897,171
Other short-term liabilities	6.3.6	2,382,269	97,348
Contractual and refund liabilities	6.3.7	6,981,822	4,377,622
Short-term liabilities		42,925,211	55,530,437
Long-term accruals	6.3.8	52,554	52,554
Long-term leasing liabilities	6.3.4	540,898	562,610
Other long-term financial liabilities	6.3.9	0	0
Deferred tax liabilities	6.3.10	59,621	202,861
Long-term liabilities		653,073	818,025
Subscribed capital	6.3.11	4,753,916	22,867,154
Own shares acquired	6.3.11	-1,719	-17,201
Capital reserve	6.3.11	98,573,005	22,367,791
Capital reserve for treasury stock	6.3.11	-101,253	-85,799
Retained earnings	6.3.11	22,255,964	27,086,762
Equity		125,479,913	72,218,707
Σ TOTAL EQUITY AND LIABILITIES		169,058,197	128,567,169

5.3 Consolidated Statement of Comprehensive Income

According to IFRS

Profit and loss statement	Notes	31.12.2020 EUR	31.12.2019 EUR
Revenues	6.4.1	238,333,085	197,834,803
Other operating income	6.4.3	487,611	1,459,897
Cost of materials	6.4.4	-220,645,708	-184,236,272
Personnel expenses	6.4.5	-6,844,899	-6,307,752
Other operating expenses	6.4.6	-8,015,298	-6,854,104
Result from ordinary business activities EBITDA		3,314,791	1,896,572
Depreciation	6.4.7	-1,687,883	-1,915,252
Operating result EBIT		1,626,908	-18,680
Income from investments	6.4.8	646	319,961
Other interest and similar income	6.4.9	4,136	8,239
Interest and similar expenses	6.4.10	-803,441	-771,887
Appreciation from the valuation of financial assets		0	18,777
Depreciation from the valuation of financial assets		-5,383,342	-744,483
Financial result		-6,182,001	-1,169,393
Earnings before taxes EBT		-4,555,093	-1,188,073
Taxes on income and earnings	6.4.11	-268,881	19,307
Other taxes	6.4.12	-6,824	-3,875
Net profit/loss for the year		-4,830,798	-1,172,641
Undiluted earnings per share (in EUR)	6.4.13	- 1,02	-0,05

* in reference to the share capital as of 31.12.

5.4 Consolidated Statement of Changes in Equity

According to IFRS


Statement of changes in equity part I	1. Subscribed capital in EUR	2. Own shares acquired in EUR	3. Capital reserve in EUR
January 1, 2019	22,867,154	-17,201	22,367,791
Net profit for period	0	0	0
Dividends	0	0	0
31. Dezember 2019	22,867,154	-17,201	22,367,791
January 1, 2020	22,867,154	-17,201	22,367,791
Net profit for period	0	0	0
Capital increase	2,467,201	0	55,624,799
Capital decrease	-20,580,439	15,482	-20
Allocation to reserves	0	0	20,580,435
December 31, 2020	4,753,916	-1,719	98,573,005

Statement of changes in equity part II	4. Capital reserve for treasury stock in EUR	5. Retained earnings in EUR	6. Equity capital in EUR
January 1, 2019	-85,799	30,544,398	75,676,343
Net profit for period	0	1,172,641	1,172,641
Dividends	0	-2,284,995	-2,284,995
December 31, 2019	-85,799	27,086,762	72,218,707
January 1, 2020	-85,799	27,086,762	72,218,707
Net profit for period	0	4,830,798	-4,830,798
Capital increase	0	0	58,092,000
Capital decrease	-15,454	0	-20,580,431
Allocation to reserves	0	0	20,580,435
December 31, 2020	101,253	22,255,964	125,479,913

5.5 Consolidated Cash Flow Statement

According to IFRS

	31.12.2020 EUR	31.12.2019 EUR
Cash flow from business activities	14,670,772	-2,763,338
Result for the period	-4,830,798	-1,172,641
Depreciation and amortization of fixed assets	1,687,883	1,915,252
Increase / decrease in non-current accruals	0	26,975
Increase / decrease in current accruals	728,304	996,281
Increase / decrease of fair values	5,387,341	725,706
Increase / decrease in inventories	20,321,396	-11,063,947
Increase / decrease in trade receivables and other assets	-3,000,476	-3,704,443
Increase / decrease in trade payables and other liabilities	-5,787,416	10,054,040
Profit / loss from the disposal of fixed assets	15,220	0
Interest expenses / income	799,305	744,651
Other investment income	-646	-319,961
Income tax expenses / income	268,881	-19,307
Income tax payments	-918,222	-945,944
Cash flow from investment activities	-844,435	-701,339
Proceeds from the disposal of intangible assets	0	7,011
Payments made for investments in intangible assets	-676,272	-748,509
Proceeds from the disposal of fixed assets/ investment properties	5,496	56,211
Payments made for investments in fixed assets/ investment properties	-177,794	-344,253
Interest income	4,136	8,239
Investment income	0	319,961
Cash flow from financing activities	-4,491,573	48,531
Change in liabilities to banks	-3,163,659	3,583,024
Interest charges	-777,424	-713,835
Payments to company owners and minority shareholders	0	-2,284,995
Repayment rights of use	-550,490	-535,663
Net cash flow	9,334,764	-3,416,146
Cash and cash equivalents at the beginning of the period	-1,792,823	1,623,323
Liabilities due at any time at the beginning of the period	3,893,760	3,975,995
Cash and cash equivalents at the beginning of the period	2,100,938	5,599,318
Cash and cash equivalents at the end of the period	7,541,941	-1,792,823
Liabilities due at any time at the end of the period	0	3,893,760
Cash and cash equivalents at the end of the period	7,541,941	2,100,938
Change in cash and cash equivalents	5,441,003	-3,498,380



Parallel vertrieben und
umverpackt von:
HAEMATO PHARM GmbH
Lilienthalstr. 5c
12529 Schönefeld
Deutschland

HAEMATO  **pharm**



04-708309

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6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 Basis of Preparation of the Financial Statements

6.1.1 Reporting Company

HAEMATO AG was founded on May 10, 1993. The company is registered in the Commercial Register of the Berlin-Charlottenburg Local Court under HRB 88633 B and has its registered office in Berlin. The business address is located at Lilienthalstr. 5c, 12529 Schönefeld. Its parent company is M1 Kliniken AG. In July 2020, M1 Kliniken AG acquired the shares of HAEMATO AG from MPH Health Care AG, which itself is the parent company of M1 Kliniken AG. The HAEMATO Group operates in the pharmaceutical sector with a focus on the growth markets of high-priced special pharmaceuticals in the indication areas of oncology and HIV as well as in the fields of rheumatism, neurology and cardiovascular diseases.

6.1.2 Accounting Principles

The consolidated financial statements of HAEMATO AG for the period from January 1 to December 31, 2020 were prepared voluntarily in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied in the European Union. It was approved for publication by the Management Board on March 5, 2021.

The accounting and valuation were carried out under the going concern assumption.

The consolidated financial statements are prepared as of the balance sheet reporting date of the parent company, which is also the reporting date of all consolidated subsidiaries.

The balance sheet of the HAEMATO Group has been prepared according to maturity aspects, whereby assets and liabilities that are expected to be realized or redeemed within twelve months after the reporting date are classified as short-term. Deferred tax assets and deferred tax liabilities are reported in full under long-term assets or long-term liabilities.

The income statement is prepared as part of the statement of comprehensive income using the total cost method.

6.1.3 Functional and Reporting Currency

These consolidated financial statements are presented in euros, the functional currency of the company. All financial information presented in euros has been rounded to the nearest euro unless otherwise indicated.

6.1.4. Changes in Significant Accounting Policies

The new standards adopted by the IASB were observed from the date of their entry into force.

The following standards and interpretations as well as amendments to existing standards are mandatory for the first time for reporting periods beginning on or after January 1, 2020:

- Amendments to the references to the framework in the IFRS standards
- Amendments to IAS 1 and IAS 8: Definitions of „material“
- Amendments to IFRS 3: Definitions of a business operation
- Reform of reference interest rates (amendments to IFRS 9, IAS 39 and IFRS 7)

In the future, the following standards and interpretations as well as amendments to existing standards are to be applied:

- Reference rate reform - Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) - effective from January 1, 2021
- Onerous contracts - costs of fulfilling contracts IAS 37 - commencing January 1, 2022
- Annual Improvements to IFRS Standards 2018-2020 - commencing January 1, 2022
- Property, plant and equipment: revenue before planned use (amendments to IAS 16) - commencing October 1, 2022
- References to the Framework (Amendments to IFRS 3) - commencing January 1, 2022
- Classification of liabilities as short-term and long-term - commencing January 1, 2023
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts - effective from January 1, 2023
- Sale or Contribution of Assets between an Investor and an Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - pending

6.1.5 Consolidation Scope

The consolidated financial statements include the financial statements of the parent company and its subsidiaries. Subsidiaries are companies controlled by the Group. The Group controls an entity if it is exposed to or entitled to fluctuating returns from its investment in the entity and has the ability to control those returns through its power of control over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidations carried out are as follows:

- HAEMATO PHARM GmbH (from April 1, 2013, date of initial consolidation)
- HAEMATO MED GmbH (from May 22, 2013, date of initial consolidation)
- Sanate GmbH (from September 24, 2013, date of initial consolidation)

In connection with a capital increase carried out at HAEMATO AG, HAEMATO AG has taken over all shares of the former HAEMATO PHARM AG, which now operates as HAEMATO PHARM GmbH. HAEMATO PHARM GmbH was acquired by the parent company. HAEMATO PHARM GmbH operates in the pharmaceutical sector.

The share capital of HAEMATO PHARM GmbH amounts to EUR 500,000.00. HAEMATO PHARM GmbH has its own business operations as defined by IFRS 3. After deduction of the identifiable net assets (assets less liabilities), goodwill amounted to kEUR 34,584. The consideration transferred includes benefits from expected synergies, sales growth and future market developments. These advantages, which cannot be accounted for separately from goodwill, add up to the abovementioned goodwill.

HAEMATO MED GmbH was founded on May 22, 2013 by HAEMATO AG. No differences arose in the course of initial consolidation. The share capital amounts to EUR 25,000.

HAEMATO PHARM GmbH founded Sanate GmbH on September 24, 2013. No difference arose in the course of initial consolidation. The share capital amounts to EUR 25,000.

The shareholdings of HAEMATO AG in the subsidiaries are as follows on the reporting date December 31, 2020:

Name and registered office of the company	Share in %
HAEMATO PHARM GmbH*, Schönefeld	100,00
HAEMATO MED GmbH**, Schönefeld	100,00
Sanate GmbH***, Schönefeld	100,00

* HAEMATO AG holds all shares in HAEMATO PHARM GmbH.

** HAEMATO AG holds all shares in HAEMATO MED GmbH.

*** HAEMATO PHARM GmbH holds all shares in Sanate GmbH.

6.1.6 Principles of Consolidation

The annual financial statements of all Group companies are prepared on the basis of uniform accounting and valuation methods on the balance sheet reporting date of HAEMATO AG (parent company).

The acquisition of business operations is accounted for using the purchase method if the Group has gained control. The consideration transferred in a business combination and the identifiable net assets acquired are generally measured at fair value. Costs associated with the acquisition were generally recognized in profit or loss as incurred. With the exception of deferred tax assets or deferred tax liabilities, the identifiable assets and liabilities acquired were measured at fair value.

Goodwill represents the excess of the aggregate of the consideration transferred and the net fair value of the identifiable assets acquired and liabilities assumed on the acquisition date.

If the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary and all related non-controlling interests and other components of equity.

Any resultant gain or loss is recognized in the statement of comprehensive income. Any retained interest in the former subsidiary is measured at fair value on the date control is lost.

All intercompany assets, liabilities, equity, income, expenses and cash flows in connection with business transactions between Group companies are eliminated in full during consolidation.

Tax deferrals were made on consolidation transactions affecting income to the extent that the differing tax expense is likely to be offset in later financial years.

6.1.7 Estimates and Assumptions

The preparation of the consolidated financial statements requires estimates and assumptions that may influence the amounts of assets, liabilities and financial obligations as of the reporting date and the income and expenses of the reporting year. The actual amounts may differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recorded prospectively.



The Executive Board takes discretionary decisions in the application of the accounting and valuation methods. In addition, the acquisition of the shares in HAEMATO PHARM GmbH required an impairment test of the acquired goodwill on the balance sheet reporting date. In order to test goodwill for impairment, it is necessary to determine the value in use of the cash-generating unit to which the goodwill has been allocated. The calculation of the value in use requires an estimate of future cash flows from the cash-generating unit and an appropriate discount rate for the present value calculation.

Some of the Group's accounting policies and disclosures require the determination of fair values for financial and non-financial assets and liabilities. In determining the fair value of an asset or liability, the Group uses observable market data wherever possible. Based on the input factors used in the valuation techniques, the fair values are allocated to different levels in the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2: Valuation parameters that are not quoted prices included in Level 1, but which are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. as derivatives of prices).

Level 3: Valuation parameters for assets or liabilities that are not based on observable market data.

If the inputs used to determine the fair value of an asset or liability can be assigned to different levels of the fair value hierarchy, the fair value measurement is allocated in full to the level of the fair value hierarchy corresponding to the lowest input that is significant to the measurement as a whole.

The Group recognizes reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the amendment occurred.

The principles used by management to assess the appropriateness of the valuation allowances on receivables are the maturity structure of the receivable balances, the creditworthiness of customers and changes in payment terms. In the event of deterioration in the financial situation of customers, the extent of the derecognitions actually to be made may exceed the extent of the expected derecognitions.

The expected actual income tax must be calculated for each taxable entity and the temporary differences arising from the different treatment of certain balance sheet items between the IFRS consolidated financial statements and the tax accounts must be assessed.

Where temporary differences exist, these differences generally result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. Management must make judgments when calculating actual and deferred taxes. Deferred tax assets are recognized to the extent that it is probable that they can be utilized. The use of deferred tax assets depends on the ability to generate sufficient taxable income within the scope of the respective tax type. Various factors must be taken into account to assess the probability of the future usability of deferred tax assets, such as past earnings, operational planning and tax planning strategies.

If the actual results differ from these estimates or if these estimates have to be adjusted in future periods, this could have an adverse effect on the net assets, financial position and results of operations. If there is a change in the assessment of the recoverability of deferred tax assets, the recognized deferred tax assets must be written down with effect on income.

6.2 Notes to the Consolidated Balance Sheet – Assets

In preparing the financial statements of the associated Group companies, transactions denominated in currencies other than the functional currency (EUR) of the Group are translated at the exchange rates prevailing on the date of the transaction. As of the balance sheet reporting date, all monetary items in foreign currency are translated at the exchange rate applicable on the reporting date. Non-monetary items in foreign currency that are measured at fair value are converted at the exchange rates prevailing at the date of the fair value measurement.

6.2.1 Cash and Cash Equivalents

Cash and cash equivalents are measured at cost. They comprise cash and other short-term highly liquid financial assets with a maximum term of three months at the time of acquisition.

6.2.2 Trade Account Receivables

The trade account receivables, which totaled kEUR 14,214 (previous year: kEUR 10,944), are valued at the transaction price in accordance with IFRS 15.

Our trade account receivables do not contain a significant financing component. Impairment losses are recognized if, as a result of one or more events that occurred after the initial recognition of the asset, there is objective evidence that the expected future cash flows have changed adversely. The criteria leading to an impairment of trade account receivables are based on the probability of default of the receivable and the expected creditworthiness of the customers.

6.2.3 Inventories

Inventories are stated at the lower of historical cost or net realizable value. The net realizable value is the expected sales proceeds less costs still to be incurred. The cost of inventories is generally determined using the individual allocation method and includes the cost of acquisition and the costs incurred in bringing the inventories to their present location and condition. In the case of inventories of the same type, which are available in larger quantities and are interchangeable, the cost of acquisition or production is allocated using the average cost method. In the case of internally unfinished and finished goods, production costs also include production-related overheads based on normal capacity utilization.

	31.12.2020 EUR	31.12.2019 EUR
Raw, auxiliary and operating materials	766,571	611,021
Unfinished goods, services in progress	0	0
Finished products and goods	32,871,341	53,555,670
Claims for return of goods	1,441,253	1,090,120
Advance payments on inventories	40,317	184,068
Inventories	35,119,482	55,440,878



6.2.4 Other short-term Financial Assets

A financial instrument is a contract that represents a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized as soon as HAEMATO becomes a party to the contractual provisions of the financial instrument. In the case of purchases or sales of financial assets at market conditions, HAEMATO determines the trading date for both initial financial recognition and disposal.

Financial instruments are initially recognized at fair value. For subsequent valuation, the financial instruments are allocated to one of the valuation categories listed in IFRS 9 Financial Instruments (financial assets measured at amortized cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through profit or loss).

Transaction costs which are directly attributable to the acquisition or issue are taken into account in determining the book value if the financial instruments are not measured at fair value through profit or loss.

Other current financial assets consist exclusively of loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and include only principal and interest and are measured at amortized cost.

6.2.5 Other short-term Assets

Other short-term assets include receivables from VAT credits, prepaid expenses and creditors with debit balances. Other short-term assets include kEUR 58,092 from the acquisition of M1 Aesthetics GmbH. This was financed by a capital increase through contributions in kind. The shares in M1 Aesthetics GmbH will be transferred from M1 Kliniken AG to HAEMATO AG as per contract on January 1, 2021.

6.2.6 Income Tax Receivables

Income tax receivables include adjustment amounts for any income tax refunds for years not yet finally assessed, but excluding interest refunds. The amount is calculated on the basis of the best possible estimate of the expected tax payment (expected value or most probable value of the tax receivable). Tax receivables from uncertain tax positions are recognized in the balance sheet if it is predominantly probable and therefore sufficiently certain that they can be realized.

6.2.7 Intangible Assets

Intangible assets are measured at acquisition or production cost, less accumulated amortization. If necessary, accumulated impairments are taken into account.

Intangible assets with indefinite useful lives are reviewed annually to determine whether the assessment of indefinite useful life can be maintained. A change from an indefinite to a definite useful life is made prospectively. Intangible assets with finite useful life are generally amortized on a straight-line basis over their useful life (three to ten years). The amortization period for intangible assets with finite useful life is reviewed at least at the end of each financial year. Changes relating to the expected useful life are treated as changes to estimates. Amortization of intangible assets with finite useful life is included in functional costs.

EUR	Concessions, industrial property rights and similar rights and assets and licenses	Goodwill	Acquired intangible assets	Advance payments on intangible assets	Σ Intangible assets
Acquisition and production costs					
January 1, 2019	6,647,103	34,583,689	9,912,944	1,079,763	52,223,498
Additions	521,308	0	0	227,201	748,509
Disposals	0	0	0	-7,011	-7,011
Transfers	0	0	0	0	0
December 31, 2019	7,168,411	34,583,689	9,912,944	1,299,953	52,964,996
January 1, 2020	7,168,411	34,583,689	9,912,944	1,299,953	52,964,996
Additions	675,080	0	0	1,192	676,272
Disposals	0	0	0	0	0
December 31, 2020	7,843,491	34,583,689	9,912,944	1,301,145	53,641,268
Depreciation/ Appreciation					
January 1, 2019	-4,680,439	0	-8,866,035	0	-13,546,473
Depreciation	-669,774	0	-499,730	0	-1,169,504
December 31, 2019	-5,350,213	0	-9,365,765	0	-14,715,977
January 1, 2020	-5,350,213	0	-9,365,765	0	-14,715,977
Depreciation	-640,969	0	-305,186	0	-946,155
December 31, 2020	-5,991,182	0	-9,670,951	0	-15,662,133
Book values					
December 31, 2019	1,818,198	34,583,689	547,179	1,299,953	38,249,018
December 31, 2020	1,852,309	34,583,689	241,993	1,301,145	37,979,135

6.2.8 Tangible Assets

Tangible assets are reported at cost less accumulated depreciation. If necessary, accumulated impairments are taken into account. Where relevant, acquisition or production costs include the estimated costs of dismantlement and removal of the asset and restoration of the site.

Scheduled depreciation is applied on a straight-line basis. Depreciation corresponds to the pattern of consumption of future economic benefits. Property, plant and equipment are depreciated on a straight-line basis over various useful lives (three to 15 years).

If the book value exceeds the estimated recoverable amount, an impairment loss is recognized on that amount. The recoverable amount is determined by the net sales proceeds or – if higher – the present value of the estimated future cash flow from the use of the asset.

EUR	Land, lease-hold and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, factory and office equipment	Rights of use	Advance payments and assets under construc- tion	Σ Property, plant and equipment
Acquisition and production costs						
January 1, 2019	47,359	646,756	1,819,011	0	0	2,513,126
Additions	0	5,305	184,369	1,577,338	154,579	1,921,591
Disposals	0	0	-89,647	-11,537	0	-101,184
December 31, 2019	47,359	652,061	1,913,733	1,565,801	154,579	4,333,533
January 1, 2020	47,359	652,061	1,913,733	1,565,801	154,579	4,333,533
Additions	0	101,075	71,255	525,457	5,373	703,160
Disposals	0	0	-48,642	-16,353	0	-64,996
Transfers	0	0	159,952	0	-159,952	0
31. Dezember 2020	47,359	753,136	2,096,298	2,074,904	0	4,971,697
Depreciation/ Appreciation						
January 1, 2019	-34,658	-200,611	-1,231,026	0	0	-1,466,295
Depreciation	-5,207	-66,149	-162,582	-511,810	0	-745,748
Appreciation	0	0	0	11,537	0	11,537
Disposals	0	0	33,435	0	0	33,435
December 31, 2019	-39,865	-266,760	-1,360,172	-500,274	0	-2,167,071
January 1, 2020	-39,865	-266,760	-1,360,172	-500,274	0	-2,167,071
Depreciation	-565	-66,175	-151,902	-527,084	0	-745,727
Appreciation	0	0	0	16,353	0	16,353
Disposals	0	0	27,926	0	0	27,926
December 31, 2020	-40,430	-332,935	-1,484,148	-1,011,004	0	-2,868,518
Book values						
December 31, 2019	7,494	385,301	553,561	1,065,527	154,579	2,166,462
December 31, 2020	6,929	420,201	612,150	1,063,900	0	2,103,180

6.2.9 Other long-term Financial Assets

Equity instruments of listed companies are reported under other long-term financial assets. The shares were allocated to the category “at fair value through profit or loss”. Subsequent measurement of equity instruments is at the market value on the respective reporting date.

	Financial Assets EUR
Acquisition and production costs	
January 1, 2019	6,882,048
Additions	0
Disposals	0
December 31, 2019	6,882,048
January 1, 2020	6,882,048
Additions	0
Disposals	0
December 31, 2020	6,882,048
Depreciation/ Appreciation	
January 1, 2019	11,441,709
Depreciation	-744,483
Appreciations	18,777
Disposals	0
December 31, 2019	8,364,946
1. Januar 2020	8,364,946
Depreciation	-5,383,342
December 31, 2020	2,981,604
Book values	
December 31, 2019	15,246,994
December 31, 2020	9,863,652

6.2.10 Other long-term assets

The other long-term assets are security deposits, which are valued at the nominal value of the deposited amounts.



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6.3 Notes to the Consolidated Balance Sheet – Liabilities

6.3.1 Short-term Accruals

Accruals are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the amount of the accrual.

The amount recognized as an accrual is the best estimate on the balance sheet reporting date of the expenditure required to settle the present obligation. The risks and uncertainties inherent in the obligation must be taken into account. If an accrual is measured on the basis of the estimated cash flows required to settle the obligation, these cash flows are discounted if the interest effect is material.

The provisions schedule (in kEUR) is as follows:

Accruals in kEUR	01.01.2020	Usage	Liquidation	Supply	31.12.2020
Audit and annual financial statement costs	52	52	0	54	54
Personnel / vacation entitlements	127	127	0	119	119
Remunerations to the Supervisory Board	30	30	0	20	20
Other	1,148	1,060	65	1,319	1,342
	1,357				1,535

6.3.2 Income Tax Liabilities

Income taxes are calculated based on the respective national tax results and regulations for the year. In addition, the current taxes reported in the financial year also include adjustments for any tax payments for years not yet finally assessed, but excluding interest payments and penalties for back taxes. Tax accruals are set up in cases where it is probable that amounts recognized in the tax returns cannot be realized (uncertain tax positions). The amount is determined by the best possible estimate of the expected tax payment (expected value or most probable value of the tax uncertainty).

in kEUR	01.01.2020	Usage	Liquidation	Supply	31.12.2020
Income tax liabilities	661	661	0	152	152

As a result of an ongoing tax audit for the years 2001 to 2005, the tax authorities intended not to recognize the tax loss carryforwards arising up to August 2, 2005, due to a loss of economic identity at that time in accordance with section 8 (4) KStG/ section 10a GewStG.

We do not share the legal opinion communicated to us by the tax authorities, and the Federal Fiscal Court has also decided otherwise in a similar case. For this reason, we have not formed any tax accruals for the fiscal years in question. The lawsuit went in our favor. However, the tax office is now attempting to disprove the loss carryforwards for the 2003 assessment year. We are in the process of taking legal action in this regard; if necessary, we would exhaust all legal remedies. As a result of a change in case law, the tax office recognized a portion of the previously unrecognized losses in March 2009. The maximum risk is now kEUR 154.

6.3.3 Trade Account Payables

Trade account payables are recognized at amortized cost using the effective interest method. It is assumed that the fair values correspond to the book values of these financial instruments due to their short maturities.

6.3.4 Leasing Liabilities

According to IFRS 16, the HAEMATO Group capitalizes leasing contracts from operating leasing as rights of use and depreciates them over the term of the contracts. The lease payments constitute liabilities which are classified as short-term or long-term liabilities depending on their term and are discounted. For further details, please refer to point 4.

	31.12.2020 EUR	31.12.2019 EUR
Right of use	1,063,900	1,065,527
Deposit	-1,500	0
Deferred expenses	116	116
Σ Assets page	1,062,515	1,065,643
Liabilities	1,080,606	1,080,852
Short-term leasing liabilities	539,340	518,236
Long-term leasing liabilities	541,266	562,616
Accrued expenses	-368	-6
Σ Liabilities page	1,080,238	1,080,845
Depreciation	-527,084	-511,810
Interest expenses	-27,279	-39,055
Σ Profit and loss account	-554,363	-550,865
Leasing expenses	551,843	535,663
Σ Correction of leasing expenses	551,843	535,663

6.3.5 Other short-term Financial Liabilities

Short-term financial liabilities to banks and other financial liabilities are recognized at amortized cost using the effective interest method. Other financial liabilities are mainly short-term liabilities to banks from loans and overdrafts, loans received and accounts receivable with credit balances. The Executive Board is currently in negotiations with banks to refinance the working capital lines.

6.3.6 Short-term Liabilities

Other short-term liabilities are carried at amortized cost using the effective interest method. These are mainly liabilities from wage taxes and social security.

6.3.7 Contractual and Refund Liabilities

Refund liabilities include obligations from sales transactions that constitute financial instruments. A refund liability arises if HAEMATO receives a consideration from a customer and expects that the customer will be refunded this consideration in whole or in part. A refund liability is measured in the amount of the consideration that is not expected to be received by the company and is therefore not included in the transaction price.

A liability for reimbursement is recorded for sales with a right of return.

	31.12.2020 EUR	31.12.2019 EUR
Rights of return	1,563,173	1,179,018
Discount contracts / manufacturer discounts	5,418,649	3,198,603
Contractual and refund liabilities	6,981,822	4,377,622

6.3.8 Long-term Accruals

Long-term accruals relate to retention obligations with a remaining term of more than one year.

6.3.9 Long-term financial Liabilities

Long-term financial liabilities include liabilities to banks and were recognized at amortized cost using the effective interest method.

6.3.10 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and liabilities are calculated on temporary differences between the tax bases of assets and liabilities and their book values in the balance sheet, including differences from consolidation, as well as for yet unused tax loss carryforwards and tax credits.

Measurement is based on the tax rates expected to apply to the period in which an asset is realized or a liability is settled. The tax rates and tax laws used as a basis are those that are enacted or substantively enacted by the balance sheet date. HAEMATO applies impairments on deferred tax assets if it is not probable that future taxable profit will be available in a sufficient amount to offset the deductible temporary differences, tax loss carryforwards and tax credits.

For tax-deductible temporary differences associated with investments in subsidiaries, a deferred tax asset is recognized only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and corresponding taxable income can be expected.

Deferred tax assets and deferred tax liabilities are only offset if a legal right to offset current tax assets and current tax liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same authority on the same taxable entity.

No deferred tax assets were reported on the reporting date.

A deferred tax liability is recognized for all taxable temporary differences, unless the deferred tax liability arises from

- goodwill for which amortization is not tax-deductible, or
- the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

However, for taxable temporary differences associated with investments in subsidiaries, a deferred tax liability is recognised unless the timing of the reversal of the temporary difference cannot be controlled by the Company and it is probable that this will not occur in the foreseeable future. Deferred tax as at December 31, 2020 relates to the following:

Temporary differences in kEUR	31.12.2019	recognized in income	recognized directly in equity	31.12.2020
Valuation of intangible assets	133	-74	0	59
Fair value valuation of financial instruments	66	-65	0	1
Fair value measurement of financial assets	0	0	0	0
Other valuation differences	4	-4	0	0
Deferred tax liabilities	203			60

It was necessary to recognize deferred taxes as liabilities in connection with the fair value measurement of existing financial instruments. The amount by which the IFRS values measured at fair value exceed the tax balance sheet values amounts to kEUR 4 (previous year: kEUR 273). Applying the effective tax rate of 24.225% and other components results in a deferred tax liability of kEUR 1 (previous year: kEUR 66).

The different statutory valuation methods under tax law and commercial law as well as the recognition under IFRS result in deviations in the calculation of accruals. Together with the valuation of assets and liabilities denominated in foreign currencies at the mean spot exchange rate on the balance sheet date, these different valuations result in deferred tax liabilities of kEUR 0 (previous year: kEUR 4).

The remaining deferred taxes (effective tax rate of 24.225%), which amount to kEUR 59 (previous year: kEUR 133) at the reporting date, result from the first-time consolidation of a subsidiary acquired in 2009 or 2013. During initial consolidation, intangible assets were disclosed whose book values as of December 31, 2020 were kEUR 242 (previous year: kEUR 547).

6.3.11 Equity

Please refer to the statement of changes in equity for information on the development and composition of the Group.

Subscribed Capital

The Company's share capital of EUR 4,753,916 is divided into 4,753,916 no-par value shares with a nominal value of EUR 1.00 each.

In 2005, a capital increase of EUR 6.75 m was carried out by converting reserves, EUR 2.0 m of which came from shareholder contributions (withdrawal from the capital reserve) and EUR 4.75 million from the company's previously taxed profits. In the 1st quarter of 2007, 235,066 new shares were issued; in this respect, reference is made to the resolution of the Annual General Meeting of 18 July 2005, in which the Executive Board was authorized to increase the share capital with the approval of the Supervisory Board. The subscription price (for existing shareholders) and the issue price amounted to EUR 6.00 per share. The difference between the subscription or issue price and the nominal value of EUR 5.00 per share was transferred to the capital reserve.

A further capital increase of EUR 4.6 m was carried out in 2011 by converting reserves, EUR 1.1 m of which came from shareholder contributions (withdrawal from the capital reserve) and EUR 3.5 m from the company's already taxed profits (withdrawal from retained earnings). The Executive Board of the company passed a resolution in the 1st quarter of 2013 using the Authorized Capital 2012 and with regard to Article 4 (6) of the Articles of Association, to increase the share capital of the Company by EUR 6,926,299 to EUR 20,778,898 against contribution in kind of EUR 13,852,599.00 by issuing 6,926,299 new ordinary bearer shares as no-par value shares.

In the second quarter of 2017, the share capital was increased to EUR 21,980,000 through the issue of 1,201,102 new shares with a nominal value of EUR 1.00 each. The new shares were issued at a subscription price of EUR 6.20. The premium of EUR 6.25 m was transferred in full to capital reserves.

HAEMATO AG has terminated all participation certificates issued by the company (ISIN: DE000A0EQVT2/WKN: A0EQVT) in accordance with § 3 Para. 1 of the terms and conditions for participation certificates in the version of the resolution of the creditors' meeting of December 21, 2009 with effect from December 31, 2017 with publication in the Official Federal Gazette on September 26, 2017.

In accordance with § 3 Para. (2) of the terms and conditions of the profit participation certificates, the company made use of its option to grant the profit participation certificate holders shares in HAEMATO AG instead of the amount repayable. To this end, subscription shares with a nominal value of EUR 887,154 were issued in the 2018 financial year as part of a conditional capital increase on June 9, 2016 (Conditional Capital 2016/I). The share capital now amounted to EUR 22,867,154.

According to the decision made at the Annual General Meeting on 21 July 2020, the share capital was reduced in a ratio of 10:1. The share capital of the company then amounted to EUR 2,286,715 and is divided into 2,286,715 no-par value shares.

In accordance with the approval of the Supervisory Board on December 15, 2020, the share capital of HAEMATO AG was increased by EUR 2,467,201 to EUR 4,753,916. For this purpose, 2,467,201 new no-par value bearer shares with a nominal value of EUR 1.00 were issued. The increase of the share capital is carried out within the framework of a capital increase through contributions in kind. For this purpose, 100% of the shares in M1 Aesthetics GmbH will be transferred with effect from January 1, 2021 in accordance with a notarial share contribution and transfer agreement. In return, M1 Kliniken AG subscribes for the shares issued for the purpose of the acquisition.



Authorized Capital

In accordance with the resolution passed by the Annual General Meeting on July 4, 2018, the Executive Board was authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before July 3, 2023 by issuing a total of up to 8,522,799 new no-par value bearer shares in return for cash or non-cash contributions, up to a maximum amount of EUR 8,522,799 (Authorized Capital 2018/I).

Conditional Capital

By resolution of the Annual General Meeting on June 9, 2016, the share capital of the Company is conditionally increased by up to EUR 9,502,295 by issuing a total of up to 9,502,295 new no-par value bearer shares (Conditional Capital 2016/I).

As part of a conditional capital increase on June 9, 2016 (Conditional Capital 2016/I), subscription shares with a nominal value of EUR 887,154 were issued in financial year 2018.

Reacquired treasury stock

At the time of repayment in 2018, the company held 1,030 of the terminated profit participation certificates. HAEMATO AG received 17,201 own shares through repayment in the form of shares.

After the capital measure from July 2020, the acquired treasury shares amount to 1,719. Parallel to this, the capital reserve of the treasury shares increases to kEUR 101.3.

Retained Earnings

Retained earnings include the past earnings of the companies included in the consolidated financial statements, to the extent that they were not distributed, as well as income from the sale of treasury shares in the years 2006 to 2007 and 2013, respectively, which were not recognized in the consolidated income statement but directly in equity.

6.3.12 Contingent Liabilities

HAEMATO AG is liable to HYPO NOE Gruppe Bank AG as a joint borrower with MPH Health Care AG in connection with a promissory note loan of EUR 3 m. This loan was paid out to MPH Health Care AG. This loan was fully taken by MPH Health Care AG on the reporting date.

We estimate the claims from contingent liabilities to be low due to the current creditworthiness and previous payment behavior of the beneficiaries. We have no discernible indications that would require a different assessment.

The other financial obligations are within the scope of normal business transactions.

6.4 Notes to the Statement of Comprehensive Income

Principles of Revenue Recognition

Revenue from the sale of pharmaceuticals is recognized when the customer obtains control of the product. This is generally the case when the customer acquires ownership of the products. As a rule, the transfer of power of disposal takes place at the time the goods are handed over to the shipping company.

In principle, payment from the sale of medicinal products is made by the customer when the customer obtains control of the products.

Segment Reporting According to IFRS 8

IFRS 8 requires entities to report financial and descriptive information about its reportable segments. Reportable segments are operating segments that meet certain criteria. Business segments are components of the Group for which separate financial information is available.

Segment reporting must therefore necessarily be based on the company's internal reporting system (management approach). The internal management of the company thus forms the basis for segment reporting.

The HAEMATO Group is mainly active in one summarized business segment (Pharma) and mainly in one regional segment (Germany), so that there is a de facto exemption from the segment reporting obligation to a large extent.

However, IFRS 8.31 also requires single-segment groups to disclose certain disaggregated financial information. These are disclosure requirements that must be presented according to the following criteria.

Products and Services

All products (various pharmaceuticals) have been compiled into a group of comparable products. The statement of product-related sales revenues is not meaningful due to the large number of available drugs and is also not possible due to a lack of information. All revenues presented in the income statement relate primarily to the product group described above.

Geographical Information

The HAEMATO Group is mainly active in the geographical segment Germany.

Major Customers

No single external customer contributed 10% or more to consolidated revenue in the 2020 financial year.

Profit and Loss Statement

Expenses and income of the financial year are taken into account – irrespective of the time of payment – when they are realized. Proceeds from the sale of assets and proceeds from services are realized when the significant opportunities and risks have been transferred and the amount of the expected consideration can be reliably estimated.

6.4.1 Sales Revenues

Sales revenues are essentially revenues from the sale of pharmaceuticals.

6.4.2 Change in Inventory

The change in inventories includes reductions in outstanding operating cost accounts.

6.4.3 Other Operating Income

Other operating income totals kEUR 488 (previous year: kEUR 1,460). They mainly include income from currency translation, the reversal of provisions, insurance compensation and indemnity payments as well as employee benefits in kind.

6.4.4 Cost of Materials

The item cost of materials includes all expenses incurred in connection with the purchase of pharmaceuticals.

6.4.5 Personnel Expenses

The personnel expenses included in the income statement for 2020 amount to kEUR 6,845 (previous year: kEUR 6,308).

	31.12.2020 EUR	31.12.2019 EUR
Wages and salaries	-5,749,559	-5,284,668
Social security contributions and expenses for pensions and for support	-1,095,340	-1,023,084
Personnel expenses	-6,844,899	-6,307,752

6.4.6 Other Operating Expenses

The other operating expenses, which totaled kEUR 8,015 (previous year: kEUR 6,854), include a large number of individual items. These include, in particular, the cost of premises, insurance and contributions, repairs and maintenance, advertising and travel expenses, legal and consulting fees and other miscellaneous operating expenses.

6.4.7 Depreciation

Depreciation and amortization includes scheduled depreciation of tangible assets and amortization of intangible assets in the amount of kEUR 1,688 (previous year kEUR 1,915). Tangible and intangible assets are depreciated on a straight-line basis over different useful lives (three to 15 years).

6.4.8 Income from Investments

The income from investments mainly relates to dividends received.

Income from other financial assets in kEUR	2020	2019
Dividend income received	1	320

6.4.9 Other Interest and Similar Income

The interest results from the granting of loans or from interest for tax refunds.

kEUR	Interest income 2020	Interest income 2019
Income from loans and receivables granted	4	5
Income from interest for tax refunds	0	3

6.4.10 Interest and Similar Expenses

Interest is the cost of interest on loans taken out or the discounting of the rights of use of leasing liabilities. Interest expenses totalled kEUR 803 (previous year: kEUR 772), kEUR 27 (previous year: kEUR 29) is attributable to the discounting of leasing liabilities.

kEUR	2020	2019
Interest from rights of use	-27	-39
Financial liabilities recognized at amortized cost	- 776	- 733
Net result	- 803	- 772

6.4.11 Taxes on Income and Earnings

Income taxes comprise both current taxes on income and earnings and deferred taxes. Current income taxes are calculated based on the respective national tax results and regulations for the year. Deferred tax assets and liabilities are calculated on temporary differences between the tax bases of assets and liabilities and their book values in the balance sheet, including differences from consolidation, as well as for yet unused tax loss carryforwards and tax credits.

This item can be broken down as follows:

kEUR	2020	2019
Tax expense for the current period	-412	- 101
Deferred tax expense from valuation differences	0	- 1
Deferred tax income from valuation differences	143	130
	-269	19



Deferred taxes are calculated on a company-by-company basis using the currently applicable effective tax rate of 24.225 %.

The effective tax rate shown includes corporation tax and the solidarity surcharge (effective rate: 15.825 %) as well as trade tax (effective rate: 8.400 %) using the currently valid trade tax assessment rate for the municipality of Schönefeld.

6.4.12 Other Taxes

The other taxes are mainly vehicle tax.

6.4.13 Earnings per Share

Earnings per share are calculated by dividing the net income for the year by the number of shares issued. In accordance with IAS 33.19, the weighted average number of ordinary shares in circulation during the period must be used to calculate the undiluted earnings per share. Dilution effects are not to be taken into account.

The weighted average number of ordinary shares outstanding during the period is calculated as follows:

Period	Number of ordinary shares	Weighting	Weighted share
January 1 – December 31, 2019	22,867,154	365/365	22,867,154
January 1 – July 28, 2020	22,867,154	In accordance with the decision of the Annual General Meeting, the share capital was reduced in a ratio of 10:1.	
January 1 – December 16, 2020	2,286,715	351/366	2,192,997
December 17– December 31, 2020	4,753,916	15/366	194,832

EUR	2020	2019
Equity profit attributable to equity holders of the parent company of net income for period	-4,830,798	-1,172,641
Number of shares (weighted average)	2,387,829	22,867,154
Earnings per share	-2.02	-0.05

6.5 Notes to the Consolidated Cash Flow Statement

The cash flow statement shows how the HAEMATO Group's cash and cash equivalents have changed in the course of the reporting years due to inflows and outflows of funds. In this cash flow statement, the cash flows are divided into operating, investing and financing activities.

Cash and cash equivalents include short-term available liquid funds amounting to kEUR 7,542 (previous year: kEUR 2,101).

6.6 Other Information

6.6.1 Information on Members of the Corporate Bodies

Executive Board

Last name	First name	Power of representation	Profession	Remarks
Zimdars	Uwe	Jointly authorized to represent	Merchant	Until 30.06.2020
Kracht	Daniel	Jointly authorized to represent	Merchant	
Brenske	Patrick	Solely authorized to represent	Merchant	From 30.11.2020

Supervisory Board

Familiename	Vorname	Funktion	Beruf
Grosse	Andrea	Chairwoman	Lawyer
Prof. Dr. Dr. Meck	Sabine	Deputy chairwoman	University lecturer and science journalist
Dr. Braun	Marion	Member	Medical doctor

The total remuneration of the Supervisory Board in the 2020 financial year amounted to kEUR 45 (previous year: kEUR 45).

6.6.2 Number of Employees

The HAEMATO Group employed an average of 169 employees (previous year: 166 employees) in the reporting period.

Industrial employees	Salaried employees	of which are Senior Executives	Total
82	87	13	169

6.6.3 Financial Instruments

The book values correspond to the fair values of financial instruments for the respective classes of the Group's financial instruments as of December 31, 2020 in accordance with IFRS 9.

The fair value of a financial instrument is the price that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants on the measurement reporting date. In view of the varying influencing factors, the fair values shown can only be regarded as indicators of values that can actually be realized on the market.

The fair values of financial instruments were determined on the basis of the market information available on the balance sheet reporting date. The following methods and premises were used as a basis.

Due to the short maturities of cash and cash equivalents and trade account receivables, it is assumed that the fair values correspond to the book values.

Other short-term financial assets are measured at amortized cost. Due to the predominantly short maturities of these financial instruments, it is assumed that the fair values correspond to the book values.

The fair value of other long-term financial assets was determined on the basis of quoted, unadjusted prices in active markets for these or identical assets.

Other financial liabilities are measured at amortized cost. Due to the predominantly short maturities of these financial instruments, it is also assumed that the fair values correspond to the book values.

	31.12.2020 EUR	31.12.2020 EUR
	Book value	Measured at fair value
Financial instruments		
Financial assets	34,369,455	34,369,455
Cash and cash equivalents	7,541,941	7,541,941
Trade account receivables	14,214,310	14,214,310
Other short-term financial assets	2,749,552	2,749,552
Short-term financial assets measured at amortized cost	2,749,552	2,749,552
Other long-term financial assets	9,863,652	9,863,652
Long-term financial assets at fair value through profit or loss	9,863,652	9,863,652
Financial liabilities	-31,335,047	-31,335,047
Trade account payables	-13,027,575	-13,027,575
Other short-term financial liabilities	-18,307,472	-18,307,472
Short-term financial liabilities measured at amortized cost	-18,307,472	-18,307,472

	31.12.2019 EUR	31.12.2019 EUR
Financial instruments	Book value	Measured at fair value
Financial assets	31,052,928	31,052,928
Cash and cash equivalents	2,100,938	2,100,938
Trade account receivables	10,943,633	10,943,633
Other short-term financial assets	2,761,363	2,761,363
Short-term financial assets measured at amortized cost	2,761,363	2,761,363
Other long-term financial assets	15,246,994	15,246,994
Long-term financial assets at fair value through profit or loss	15,246,994	15,246,994
Financial liabilities	-48,519,007	-48,519,007
Trade account payables	-19,621,836	-19,621,836
Other short-term financial liabilities	-28,897,171	-28,897,171
Short-term financial liabilities measured at amortized cost	-28,897,171	-28,897,171

An analysis of net income/loss from financial investments in financial assets, broken down by measurement category, is provided below:

Income category in kEUR	2020	2019
Financial assets measured at amortized cost	4	8
Financial assets at fair value through profit or loss	-5.383	-726
Financial liabilities measured at amortized cost	- 803	- 772

Income from financial assets measured at amortised cost mainly relates to interest received.

The net profits or losses from equity and debt instruments measured at fair value through profit or loss essentially include income or losses from the valuation of these instruments.

The expenses (write-downs) from the valuation of financial assets amounting to kEUR 5,383 (previous year: kEUR 744) result mainly from the reporting date valuation of the shares in M1 Kliniken AG (1,063,547 shares) held by HAEMATO AG. The M1 shares were transferred to HAEMATO AG prior to the IPO of M1 Kliniken AG in 2015 and relate to compensation for the expenses generated when M1 was founded as well as the business value created.

Expenses from liabilities measured at amortised cost relate to interest expenses for short-term and long-term working capital loans.



6.6.4 Management of Financial Risks

The HAEMATO Group is generally exposed to risks resulting from changes in the general conditions caused by legislation or other regulations. As the business activities of the HAEMATO Group are mainly limited to Germany and, in most cases, such changes do not occur suddenly and surprisingly, there is usually enough time to react to changes. In addition, the HAEMATO Group is exposed to market price risks due to changes in exchange rates and interest rates. Risks also arise from investments in financial assets; these may be subject to fluctuations depending on the market prices prevailing on the respective reporting date. The Group is also subject to credit risks, which result primarily from its operating business (trade account receivables).

There are also liquidity risks that are related to credit and market price risks or are associated with a deterioration in the operating business. If these financial risks occur, the Group's earnings, financial and asset position will be negatively influenced. The guidelines underlying the risk management processes for the Group's financial risks are designed to ensure that risks are identified and analyzed throughout the Group. They also aim to limit and control risks appropriately and to monitor these using reliable and modern management and information systems. The guidelines and systems are regularly reviewed and adapted to current market and product developments. This is essentially an early detection system by monitoring liquidity and the development of earnings.

Credit Risk

Credit risk describes the risk of economic loss resulting from a business partner failing to meet its contractual payment obligations. The credit risk comprises both the direct risk of default and the risk of a deterioration in credit worthiness as well as concentration risks.

The maximum risk positions from financial assets that are generally subject to credit risk correspond to their carrying amounts (without taking into account any deposit securities that may be available). In these cases, the maximum risk position corresponds to the expected future payments.

Cash and Cash Equivalents

The Group's liquid funds comprise cash and cash equivalents. Cash and cash equivalents are mainly held at financial institutions with high credit ratings within Germany. The limits and their utilizations are constantly monitored. Liquid funds are therefore not subject to any significant credit risk.

Trade Account Receivables

Trade account receivables result mainly from the sales of pharmaceutical products. The credit risk includes the risk of default by customers, which include pharmaceutical wholesalers, manufacturers, pharmacies and hospital pharmacies. To identify credit risks, HAEMATO checks the creditworthiness of customers. In addition, a trade credit insurance policy was taken out to protect against bad debts. The majority of trade account receivables are secured by various forms of collateral. The securities include the retention of title and customer prepayments, for example. The maximum default risk of the financial assets is limited by the amount of the book values.

Liquidity Risk

The liquidity risk describes the risk that a company cannot adequately meet its financial requirements.

The Group manages liquidity risks by constantly monitoring forecast and actual cash flows and reconciling the maturity profiles of financial assets and liabilities. In addition, management is supplemented by maintaining sufficient liquid funds and credit lines with banks.

The following tables show the expected future cash flows of financial liabilities (undiscounted principal repayments) as of December 31, 2020 and December 31, 2019. Interest payments were not taken into account.

Financial liabilities measured at amortized cost	Book value 31.12.2020 TEUR	Cash flow up to 1 year kEUR	Cash flow > 1 year to 5 years kEUR	Cash flow > 5 years kEUR
Interest-bearing financial liabilities	18,100	18,100	0	0
Non-interest-bearing financial liabilities	13,235	13,235	0	0

Financial liabilities measured at amortized costs	Book value 31.12.2019 TEUR	Cash flow up to 1 year kEUR	Cash flow > 1 year to 5 years kEUR	Cash flow > 5 years kEUR
Interest-bearing financial liabilities	28,557	28,557	0	0
Non-interest-bearing financial liabilities	19,962	19,962	0	0

Non-interest-bearing financial liabilities of kEUR 13,028 (previous year: kEUR 19,622) are related to trade account payables and kEUR 208 (previous year kEUR 340) to other short-term financial liabilities.

In the 2020 financial year, interest-bearing financial liabilities include the working capital lines drawn from banks and loans received.

Interest Change Risk

The Group has taken debt capital for the operational implementation of its business model. In 2020, the bank liabilities of the HAEMATO Group amounted to a total of kEUR 18,100 (previous year: kEUR 25,157). Due to the low level of interest rates, there are currently only limited interest change risks.

Short-term liabilities to banks relate to loans which were concluded at the following conditions:

	Utilization in kEUR	Conditions
Loan of kEUR 8,000	5,100	3-month EURIBOR plus 1.50% p.a.
Loan of kEUR 5,000	4,000	2.9% p.a. on EONIA
Loan of kEUR 9,000	4,000	By arrangement adjustment according to EURIBOR
Loan of kEUR 5,000	5,000	2.95% p.a.

An increase of interest on the variable-interest bank liabilities of the HAEMATO Group in the total amount of kEUR 13,100 by 1 percentage point leads to an increase of interest expenses of kEUR 131. A reduction of the interest rate of the variable interest-bearing bank liabilities of the HAEMATO Group by 1 percentage point leads to a reduction of the interest expenses of kEUR 131.

The remaining financial liabilities are not subject to any interest rate risk as the conditions are fixed until the end of the term.

Exchange Rate Risk

Exchange rate risks arise on financial instruments denominated in foreign currencies, i.e. in a currency other than the functional currency (EUR). Certain business transactions (purchase of goods) in the Group are denominated in foreign currencies, therefore risks arise from exchange rate fluctuations. The book values of the Group's monetary assets and liabilities denominated in foreign currencies on the reporting date are shown in the table below.

Local currency	Assets		Liabilities	
	31.12.2020 kEUR	31.12.2019 kEUR	31.12.2020 kEUR	31.12.2019 kEUR
Norway (NOK)	0.2	0.0	193.5	1.029.8
Great Britain (GBP)	0.4	0.2	772.7	157.5
Czech Republic (CZK)	0.3	0.0	0.0	0.0
Poland (PLN)	0.1	0.1	0.0	0.0
Romania (RON)	0.0	0.0	0.0	0.0
Denmark (DKK)	0.0	0.0	0.0	2.8

Table 1: Assets and liabilities of the group on the reporting date

Other Price Risks

Other price risks may result from rising purchase prices. There are currently no long-term supply contracts or similar measures that could limit these risks. The conclusion of such contracts would have a negative impact on the required flexibility of management in the composition of the drugs to be sold. These are strictly ordered according to actual demand.

6.6.5 Auditor's Fees

The shareholders of HAEMATO AG have elected the auditor Harry Haseloff as auditor at the annual general meeting on July 21, 2020.

The audit services relate to the audit of the consolidated financial statements and the annual financial statements and all services required for the audit of the financial statements, the audit of the accounting-related internal control system and the project-related accounting-related IT and process audits.

The auditor did not provide tax consulting services.

Provisions totaling kEUR 50 were set aside for the anticipated fee of the auditor Harry Haseloff for audits of the financial statements relating to the 2020 fiscal year and the Group.

6.6.6 Related Persons and Companies

Related parties within the meaning of IAS 24 “Related Party Disclosures” are basically members of the Executive Board and the Supervisory Board, their close family members, subsidiaries that are not fully consolidated and all companies that belong to the investment group of MPH Health Care AG. Please refer to section (42) regarding the Executive Board and Supervisory Board.

These related parties were not involved in any transactions with companies of the HAEMATO Group that were unusual in nature or condition. All transactions between related parties were concluded at arm’s length.

If transactions with these companies result in assets or liabilities, these are carried under other assets and other liabilities.

The following transactions were carried out with related parties:

Receivables / liabilities to / from related companies and persons	31.12.2020 kEUR	31.12.2019 kEUR
Payables to related parties	0	0
Liabilities to related legal entities	2	7,516

Transactions with related companies and persons	31.12.2020 T€EUR	31.12.2019 kEUR
Goods and services rendered	1,151	2,823
Goods and services received	9,910	15,596
Other operating expenses	138	0

6.6.7 Events after the Balance Sheet Reporting Date

Mr Daniel Kracht is leaving the HAEMATO Group at his own request with effect from March 1, 2021. From this date, Mr. Patrick Brenske is appointed sole member of the Executive Board.

Schönefeld, May 1, 2021

Patrick Brenske
(Management Board)



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6.6.8 Auditor's Report

After the final result of his audit, the auditor Harry Haseloff issued the following unqualified audit certificate for the annual financial statement as of December 31, 2020 and the management report 2020 of HAEMATO AG dated April 20, 2021:

„Auditor's Report

to the Supervisory Board of HAEMATO AG, Schönefeld:

Audit opinions

I have audited the consolidated financial statements of HAEMATO AG – consisting of the consolidated balance sheet as of December 31, 2020, consolidated statement of comprehensive income for the period from January 1, 2020 to December 31, 2020, consolidated cash flow statement for the period from January 1, 2020 to December 31, 2020, consolidated statement of changes in equity for the period from January 1, 2020 to December 31, 2020, notes to the consolidated financial statements, for the period from January 1, 2020 to December 31, 2020 and the Group management report, prepared in accordance with IFRS.

In my opinion, based on the findings of the audit

- the accompanying consolidated financial statements comply in all material respects with IFRS and the German commercial law provisions applicable to corporations and give a true and fair view of the net assets and financial position of the Group as of December 31, 2020 and its results of operations for the fiscal year from January 1, 2020 to December 31, 2020 in accordance with German principles of proper accounting;
- and the accompanying Group management report provides a suitable understanding of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with IFRS and German law and accurately presents the opportunities and risks of future development.
- In accordance with § 322 III 1 HGB, I declare that my audit has not led to any objections to the correctness of the consolidated annual financial statements and the Group management report.

Basis for the audit opinions

I conducted my audit of the consolidated financial statements and the Group management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

My responsibility under these rules and principles is further described in the section “Responsibility of the auditor for the audit of the Annual Financial Statements and the Management Report” of my audit opinion.

I am independent of the company in accordance with German commercial and professional regulations and have fulfilled my other German professional duties in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on the consolidated financial statements and the Group management report.

Management's Responsibility for the Consolidated Financial Statements and the Group Management Report

The legal representatives are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and German commercial law in all material respects, and for ensuring that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. In addition, the legal representatives are responsible for the internal controls they have determined necessary in accordance with German generally accepted accounting principles to enable the preparation of consolidated financial statements that are free from material misstatements, whether intentional or unintentional.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern. They are also responsible for disclosing, where relevant, matters relating to the continuation of the company's activities. In addition, they are responsible for accounting for the continuation of the company's activities on the basis of the accounting principle, unless there are actual or legal circumstances to the contrary.

In addition, the legal representatives are responsible for the preparation of the Group management report, which as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development in accordance with IFRS and German law.

Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a Group management report in accordance with IFRS or the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the Group management report.

Responsibility of the auditor for the audit of the Annual Financial Statements and the Management Report

My objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether intended or not, and whether the Group management report as a whole provides a suitable view of the Group's position and suitably presents my audit opinion on the consolidated financial statements and the Group management report in all material respects, is in accordance with German law and suitably presents the opportunities and risks of future development.

Adequate assurance is a high degree of certainty, but no guarantee that an audit conducted in accordance with § 317 HGB and taking into account the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement.

Misstatements may result from infringements or inaccuracies and are considered material if it could reasonably be expected that they will influence the economic decisions of addressees made individually or collectively on the basis of these consolidated financial statements and the group management report.

During the examination I exercise due discretion and maintain my critical attitude.

Beyond that:

- I identify and assess the risks of material misstatements, whether intentional or not, in the consolidated financial statements and management report, plan and perform audit procedures in response to these risks, and obtain audit evidence sufficient and appropriate to support my audit opinion. The risk that material misrepresentations are not detected is higher in the case of violations than in the case of inaccuracies, since violations may involve fraudulent interaction, forgery, intentional incompleteness, misleading representations or the repeal of internal controls.
- I gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the arrangements and measures relevant to the audit of the Group management report that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's systems.
- I assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives.
- I draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the evidence obtained, whether there is a material uncertainty in connection with events or circumstances that may raise significant doubts about the ability of the company to continue the business. If I come to the conclusion that there is material uncertainty, I am obliged to draw attention to the related information in the consolidated annual financial statements and in the consolidated management report in the audit report or, if this information is inappropriate, to modify my respective audit opinion. I draw my conclusions on the basis of the audit evidence obtained by the date of my audit opinion. However, future events or circumstances may prevent the company from continuing its business activities.
- I assess the overall presentation, structure and content of the consolidated financial statements including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a way that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS and German principles of proper accounting.
- I assess the consistency of the Group management report with the consolidated financial statements, its discussion of the law and the picture it conveys of the Group's position.
- I perform audit procedures on the forward-looking statements made by the legal representatives in the group management report. On the basis of sufficient suitable audit evidence, I particularly verify the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the appropriate derivation of the future-oriented statements from these assumptions. I do not express an independent opinion on these forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

I discuss with those responsible for monitoring the planned scope and timing of the audit and significant audit findings, including any shortcomings in the internal control system, which I identify during my audit.

Berlin, April 20, 2021



Dipl.-Kfm. Harry Haseloff
Auditor





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7. FURTHER INFORMATION

7.1 The Share

KEY FIGURES OF THE SHARE	2020	2019
Class of shares	Bearer shares	Bearer shares
Stock capital	EUR 4,753,916	EUR 22,867,154
Number of shares	4.753.916 (pieces)	22.867.154 (pieces)
WKN / ISIN	A289W / DE000A289W1	1619070 / DE0006190705
Icon	HAEK	HAE
Trading places	Xetra, Frankfurt, Stuttgart, Hamburg, Berlin, Tradegate, Dusseldorf, Munich	
Listing	Frankfurt Stock Exchange	
First trading day	December 5, 2005	
Market segment	Entry Standard (Open Market)	
Designated Sponsor, Listing Partner	ICF Kursmakler AG	
Specialist	ODDO SEYDLER BANK AG	
Coverage	GBC AG, First Berlin Equity Research GmbH	
Market capitalisation	EUR 109.34 m (as of 31.12.2020 - Xetra)	

7.2 Financial Calendar

April 21, 2021	Preliminary Results 2019
May 26, 2021	Annual Report 2019
May 31, 2021	Q1 Results
July 13, 2021	Annual General Meeting
August 31, 2021	Interim Report 2020
November 30, 2021	Q3 Results



7.3 Glossary

AMNOG

German law on the new regulation of the pharmaceutical market, which entered into force on 01/01/2011

Net profit

Balance of net income for the financial year, profit or loss carried forward and appropriation of earnings

Biosimilars

A follow-up product highly similar to a formerly patented biopharmaceutical

BtM

abbreviation for Betäubungsmittel (narcotic drugs)

Cash Flow

An economic measure that says something about a company's liquidity; represents the inflow of liquid funds during a period

Dividends

The profit per share of a stock corporation that is distributed to the shareholders

EBIT

Earnings before interest and taxes; says something about a company's operating profit over a certain period of time

EBITDA

Earnings before interest, taxes, depreciation and amortization: Depreciation & amortization are added to earnings before interest and taxes

Earnings per share

Earnings per share are calculated by dividing consolidated net income by the weighted average number of shares. This is calculated in accordance with IAS 33.

SHI

abbreviation for the Social Health Insurance

GSAV

abbreviation for Gesetz für mehr Sicherheit in der Arzneimittelversorgung (Act for More Safety in the Supply of Pharmaceuticals)

Patent

In application to the pharmaceutical market: Industrial property right for a newly developed active pharmaceutical ingredient; in the EU, market exclusivity is limited to 20 years

Oncology

Science that deals with cancer

Orphan Diseases

A group of diseases that are life-threatening or chronically debilitating and whose low prevalence in the population makes it a severe challenge for patients and healthcare authorities

Licensing

An official authorisation required to offer, distribute or supply an industrially manufactured, ready-to-use medicinal product

7.4 List of References

- 1 Cf. www.vad-news.de/parallelhandel/einwaende/
- 2 Cf. https://de.wikipedia.org/wiki/Wirtschaftskrise_2020/21
- 3 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Frühjahr 2021, S. 15
- 4 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Winter 2020, S. 2-4
- 5 Cf. Pressemitteilung BMWI vom 14.01.2021 „Die wirtschaftliche Lage in Deutschland im Januar 2021“, S. 1-2
- 6 Cf. IQVIA Marktbericht Classic 2021
- 7 Cf. BPI: Pharma-Daten 2020, S. 50
- 8 Cf. IQVIA Marktbericht Classic 2021, S. 5
- 9 Cf. IQVIA, Arzneimittelrends 2018: Einführung und Etablierung neuer Therapien, S.5
- 10 Cf. Pharma Fakten: Die Branche, www.pharma-fakten.de
- 11 Cf. www.boerse-online.de/nachrichten/meinungen/specialty-pharma-vom-nischenprodukt-zum-megatrend-1002139412
- 12 Cf. BMWI: Dossier Konjunktur und Wachstum vom 14.01.2021
- 13 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Frühjahr 2021, S. 2, 15
- 14 Cf. IQVIA Outlook 2024 (March 2020), S. 1, 8, 9
- 15 Cf. vfa, Pressemitteilung 001/2021 vom 01.01.2021
- 16 Cf. vfa, Pressemitteilung 001/2021 vom 01.01.2021
- 17 Cf. <https://probiosimilars.de/biosimilars/infopoint/>
- 18 Cf. IQVIA: Fokus Biosimilars, S. 2
- 19 Cf. <https://probiosimilars.de/standpunkte/nachhaltige-gesundheitsversorgung/>
- 20 Cf. Arbeitsgemeinschaft probiosimilars: Biosimilars in Zahlen 2019, S. 10-12
- 21 Cf. WIdO, Pressemitteilung: Gesetz wird Wettbewerb bei Biosimilars fördern, 29.01.2019
- 22 Cf. Arzneimittelrends 2018: Einführung und Etablierung neuer Therapien, S. 1
- 23 Cf. www.handelsblatt.com/politik/deutschland/corona-pandemie-rki-chef-wieler-die-dritte-welle-ist-die-schlimmste/27044488.html
- 24 Cf. <https://www.gkv-spitzenverband.de/krankenversicherung/arzneimittel/rahmenvertraege/rahmenvertraege.jsp>

7.5 Imprint & Contact



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Patrick Brenske

Supervisory Board

Chairwoman: Andrea Grosse

Deputy Chairwoman: Prof. Dr. Dr. Sabine Meck

Member: Uwe Zimdars

Registergericht

Berlin, Amtsgericht Charlottenburg, HRB 88633 B


Concept, design and realisation

HAEMATO AG

Photos

HAEMATO AG, Adobe Stock, Getty, iStockphoto

HAEMATO AG

The background features a series of white hexagonal icons on a light orange and grey gradient. The icons include a smartphone, a pair of scales, a stack of books, a hand holding a checkmark, a person in a suit with a checkmark, and a document with a checkmark. A large, glowing circular graphic is visible on the right side of the page.

At HAEMATO AG, we have been operating successfully for 15 years in the promising areas of HEALTH and SAFETY. Pharmaceutical drug safety and patient protection have always been our utmost priority. We see health and well-being as the most valuable asset that must be preserved and promoted by all means. Our creed applying to all our activities, processes and products is: Safety due to original quality and the strictest quality controls.

www.haemato.ag