ANNUAL REPORT

2023

M1 KLINIKEN AG KEY FIGURES

Statement of comprehensive income according to IFRS (in kEUR)

	fiscal year 2023	fiscal year 2022
Sales	316,319	285,291
EBT	16,446	10,233
Net profit	11,667	7,070

Balance sheet according to IFRS (in kEUR)

	fiscal year 2023	fiscal year 2022
Short-term assets	110,588	107,307
Long-term assets	102,364	89,718
Total assets	212,953	197,025
Short-term liabilities	58,248	37,466
Long-term liabilities	11,481	16,508
Equity	143,224	143,051
Total liabilities and equity	212,953	197,025

Shares

Share class	Bearer shares
Number of shares	19,643,403
WKN / ISIN	A0STSQ / DE000A0STSQ8
Ticker symbol	M12
Trading places	Frankfurt, Xetra, Dusseldorf, Stuttgart, Berlin, Hanover, Hamburg, Munich, Tradegate, gettix, Quotrix
Market segment	Entry Standard (Open Market)
Designated Sponsor, Listing Partner	mwb fairtrade
Coverage	Bankhaus Metzler, M.M. Warburg & Co., First Berlin
Market capitalization	EUR 220.0 mn (as of 31.12.2023 – Xetra, previous year EUR 178,0 mn)

CONTENT

Dear Shareholders,
Ladies and Gentlemen,

The past financial year 2023 was very pleasing for M1 Kliniken AG. Revenue increased by around 11% overall compared to the previous year, from EUR 285.3 million to EUR 316.3 million.

In the lucrative "Beauty" segment, M1 Kliniken AG increased its sales by almost 18% year-on-year to over EUR 70.8 million (prev. year EUR 60.2 million) and continued to grow profitably. The EBIT margin in this segment increased from around 12% to over 20% for the first time, namely to 21.9%, which once again confirms the sustainability of this business model. EBIT in this segment increased from EUR 7.0 million in the previous year to EUR 15.5 million.

Overall, an operating result (EBIT) of EUR 15.7 million (prev. year EUR 9.3 million) and a net profit for the year of EUR 11.7 million (prev. year EUR 7.1 million) were generated. EBIT therefore improved by 68.0% and net profit for the year by 65.0%. Group equity increased by 0.2 million euros to 143.2 million euros.

The restructuring measures initiated in the 2022 financial year were successfully implemented in 2023. The goal of reducing costs in all key areas of the Group and optimizing operational processes was achieved.

In the past financial year, the M1 Group further expanded its market position in the field of aesthetic medicine and opened four new specialist medical centers in Germany and abroad. As of 31.12.2023, the M1 clinic network thus consisted of 58 locations.

The domestic Beauty locations were able to increase their EBIT margin even more significantly from 18.3% to 27.9% and increase their operating result from 9.4 million euros to 15.7 million euros.

Two additional locations were opened abroad last year. The International Beauty segment generated an almost balanced operating result of -0.19 million euros for the first time (prev. year loss of 2.4 million euros). New store openings, particularly abroad, are initially characterized by the gradual development of the brand and regular customers and generally take around 24 months to break even. In the new locations in Eastern Europe, it was possible to break even operationally in the first year after opening (due to lower material and personnel costs).

Due to the ongoing reduction in personnel and material costs in relation to sales as a result of the efficiency enhancement program, EBITDA improved from 15.4 million euros in the previous year to 21.0 million euros. The EBITDA margin rose from 5.4% to 6.6% in the 2023 financial year.

The M1 Group's operating profit 2023 (EBIT) increased by around 6.4 million euros and amounted to 15.7 million euros. The EBIT margin increased from 3.3% to 5.0%.

An operating cash flow of 7.8 million euros was generated in the 2023 financial year (prev. year 20.8 million euros including a decrease in inventories of 7.6 million euros). By taking advantage of particularly lucrative purchasing conditions, inventories increased by 17.9 million euros as of 31 December 2023. Without this increase in inventories, the operating cash flow would have amounted to 25.7 million euros.

Free cash flow, taking into account payments for investments, amounted to -1.5 million euro (prev. year 19.6 million euros). 17.1 million euros of the free cash flow was used to purchase HAEMATO AG shares. Without these payments, free cash flow would have amounted to 15.6 million euros. The shares in HAEMATO AG increased from 68.3% to 82.0% as of 31 December 2023.

Due to new findings on changed market conditions, an updated validation of the economic viability of the project to develop our own botulinum toxin was carried out in November 2023 under the leadership of HAEMATO AG. After reviewing various options, the Executive Board of HAEMATO AG decided to end the cooperation with the Korean manufacturer Huons BioPharma and to discontinue the project to develop its own botulinum toxin. Instead, a Dutch mail-order pharmacy was acquired at the end of November 2023, opening up an enormous growth area for M1 Kliniken AG and at the same time significantly expanding the value chain of its healthcare services. With this acquisition, M1 Kliniken AG is strengthening two pillars of its growth strategy: increasing the security of supply for the steadily growing network of outpatient medical-aesthetic treatment centers in Europe as well as deepening the value chain and further increasing gross and EBIT margins. In addition, a long-term supply and purchase agreement was concluded for a new botulinum toxin from a European manufacturer, which will secure supplies for the coming years and guarantee lucrative margins.

In terms of the general market environment and the overall economic situation, geopolitical tensions and persistently high energy prices, which are the drivers of generally high inflation, are having a negative impact. These factors can have a negative impact on consumer spending.

However, thanks to our attractively priced range of treatments for aesthetic medicine, the unbroken global trend towards a steady increase in these treatments and the long-term contractual security of our business activities, we are confident that we will be able to overcome these challenges. We are well positioned for further development. In 2024, we will continue to drive profitable sales growth at our locations in Germany and abroad. The plan is to grow from the current 61 locations to around 80-100 locations by the end of 2025. The "Beauty" segment is expected to generate an EBIT margin of at least 20%.

Due to the positive business development, the Supervisory Board and Management Board have decided to propose a dividend of 0.50 euros per dividend-bearing share to the Annual General Meeting.

The Management Board expects significant sales and earnings growth for the 2024 financial year. In the Beauty segment, it expects sales of 80 to 90 million euros (financial year 2023: 70.8 million euros) and earnings before interest and taxes (EBIT) of 18 to 22 million euros (financial year 2023: 15.5 million euros).

Finally, we would like to thank our employees for their outstanding performance in the past financial year. The entire workforce has shown that it is capable of dealing with special challenges and working as a team to achieve our common goals. We would therefore like to thank them for their outstanding commitment in these special times.

Berlin, May 2024

Attila Strauss
(Management Board)

Kilian Brenske
(Management Board)

2 SUPERVISORY BOARD REPORT

Monitoring and cooperation with the Management Board

In the 2023 financial year, the Supervisory Board of M1 Kliniken AG performed the duties incumbent upon it in accordance with the law and the Articles of Association with great care. The Management Board was advised by the Supervisory Board in its activities. The Supervisory Board was directly and promptly involved by the Management Board in all decisions of fundamental importance to the company. The Management Board informed the Supervisory Board regularly, verbally, by telephone and in writing, promptly and comprehensively about the course of business, the economic situation of the company and the Group, significant business transactions, corporate planning including questions of business policy and risk management, the development of costs and earnings, liquidity and investment measures. The Supervisory Board was able to satisfy itself that the management of the company was in order. No topic-related committees were formed within the Supervisory Board.

Meetings, consultations and resolutions

The Supervisory Board held six ordinary meetings in the 2023 financial year. All meetings were quorate. The meetings focused on the following topics, among others:

15.02.2023
- Share price development, operational highlights, organizational development and staff reductions
- Development of the M1 specialist centers
- Scheduling of next dates and annual audit

02.05.2023
- Discussion of the preliminary annual financial statements 2022 and the other submissions pursuant to Section 170 AktG

16.05.2023
- Discussion of the audited annual financial statements for 2022 and the other submissions pursuant to Section 170 AktG
- Resolution on the approval of the annual financial statements and consolidated financial statements for 2022
- Discussion and resolution of the proposal to the Annual General Meeting of M1 Kliniken AG on the appropriation of profits for the 2022 financial year
- Discussion of the Management Board's report on relationships with affiliated companies for the 2022 financial year and the auditor's report
- Discussion and adoption of the Supervisory Board's report to the Annual General Meeting for the 2022 financial year
- Resolution on the agenda of the Annual General Meeting on 19 July 2023
- Proposal for the election of the auditor for the 2023 financial year

18.07.2023
- Preliminary discussion of the Annual General Meeting on 19 July 2023

11.10.2023
- Share price development, operational highlights and development of the M1 specialist centers
- Development of the Group in 2023 in the various divisions and countries
- Explanation of the half-year figures and key figures

12.12.2023
- Share price development and research
- Operational highlights and development of the M1 specialist centers
- Takeover of a Dutch mail-order pharmacy
- Explanation of the figures for the third quarter of 2023
- Outline planning for the coming financial year

In addition, the company's situation, in particular the changes, measures and consequences of the Ukraine crisis and rising inflation, strategic development and its operational implementation, the current competitive, organizational and personnel situation, investment planning as well as the company's annual report and interim report were discussed at all meetings. Further informal meetings and conference calls were also held between the Supervisory Board and the Management Board for this purpose, which were used as an opportunity to discuss short-term changes in business policy developments and strategic options.

Annual financial statements

The Supervisory Board satisfied itself of the correctness of the management. The annual financial statements prepared by the Management Board, the consolidated financial statements and the Group management report of M1 Kliniken AG for the financial year ending 31 December 2023, including the accounting, were audited by wetreu NTRG, Kiel, the auditor appointed by the Annual General Meeting, and issued with an unqualified audit opinion.

The prepared annual financial statements, the consolidated financial statements and the Group management report of M1 Kliniken AG, the proposal for the appropriation of the balance sheet profit and the auditor's reports were distributed to each member of the Supervisory Board in good time before the balance sheet meeting. At the balance sheet meeting on 7 May 2024, the auditor reported on the key findings of its audit and was available to answer questions from the Supervisory Board members. We audited the annual financial statements prepared by the Management Board and the consolidated financial statements. At the Supervisory Board meeting on 7 May 2024, we acknowledged and approved the annual financial statements and the consolidated financial statements prepared by the Management Board and, following our own review of the annual financial statements, the consolidated financial statements and the proposal for the appropriation of net retained profits, we have no objections.

We have also examined the Executive Board's proposal to pay a dividend of EUR 0.50 per dividend-bearing share from the net retained profits and to carry forward the remaining net retained profits to new account. We consider this proposal to be appropriate and therefore concur with it.

The Supervisory Board has approved the annual financial statements and consolidated financial statements prepared by the Management Board on the basis of its own examination. The annual financial statements are thus adopted.

Dependency report

M1 Kliniken AG prepared a dependent company report for its financial year ended 31 December 2023 in accordance with Section 312 AktG.

The dependent company report was audited by wetreu NTRG, Kiel, the auditor appointed by the Annual General Meeting, in accordance with Section 313 (1) AktG. The auditor issued a separate written report on the results of the audit. As there were no objections to the Executive Board's report, the audit certificate was issued on 7 May 2024 in accordance with Section 313 (3) AktG. At the balance sheet meeting on 7 May 2024, the auditor reported on the results of its audit and confirmed that the factual information in the dependent company report is correct, that the consideration paid by the company for the legal transactions listed in the report was not inappropriately high or that disadvantages were compensated and that there are no circumstances that indicate a materially different assessment of the measures listed in the report than that of the Executive Board.

The dependent company report was submitted to the Supervisory Board for review in good time before the balance sheet meeting in accordance with Section 314 AktG. At its meeting on 7 May 2024, the Supervisory Board comprehensively reviewed the dependent company report for completeness and accuracy. The Supervisory Board concluded that there were no objections to the declaration by the Executive Board at the end of the report on relationships with affiliated companies and approved the dependent company report.

Members of the Supervisory Board

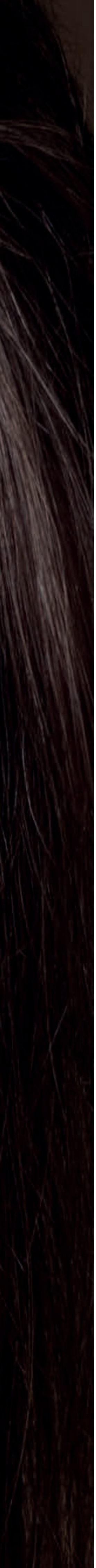
In the period from 1 January to 31 December 2023, the Supervisory Board consisted of the Supervisory Board members Uwe Zimdars (Chairman), Prof. Dr. Dirk Hempel (Deputy Chairman) and Prof. Dr. Dr. Sabine Meck (Member).

Other

The Supervisory Board would like to thank the Management Board and all employees for their outstanding achievements in the further expansion of the Group. The Supervisory Board looks forward to continuing the successful cooperation.

Berlin, 7 May 2024

Uwe Zimdars
(Chairman of the Supervisory Board)



3 GROUP MANAGEMENT REPORT

3.1 COMPANY PROFILE

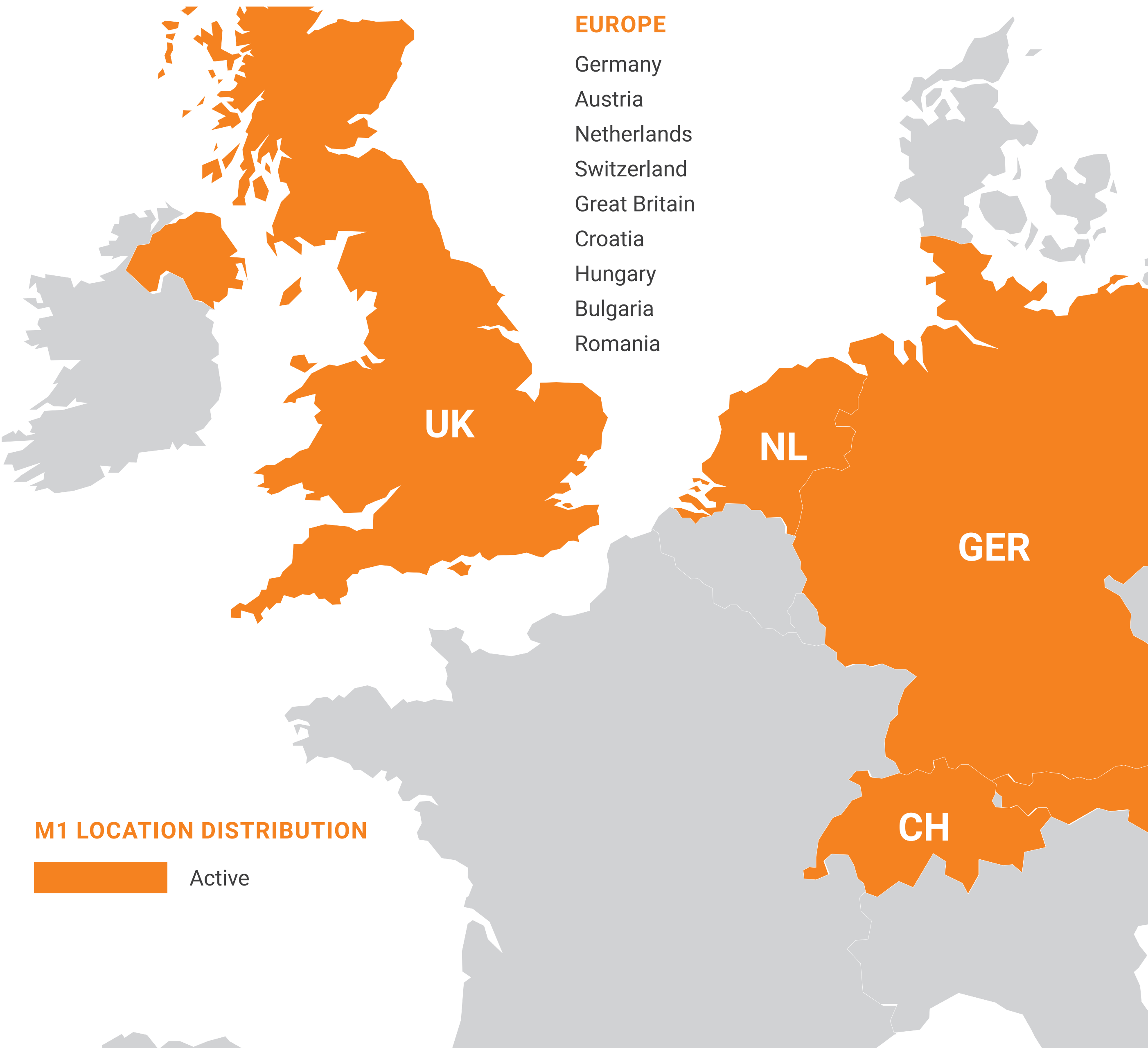
With our guiding principle of "cutting-edge medicine through specialization" and steady growth, we have developed into the leading provider of healthcare services in the field of beauty medicine and the distribution of pharmaceuticals and medical products in the areas of "Specialty Pharma" and "Aesthetic Medicine" in recent years.

The business model of M1 Kliniken AG is based on **two fields of activity** ("segments"):

In the "Beauty" segment, M1 focuses its activities on medical-aesthetic beauty treatments and operations as well as the operation and provision of medical infrastructures for partner companies.

In the "Trade" segment, the Group sells pharmaceuticals and medical products in the cost-intensive therapeutic areas of oncology, HIV/AIDS, neurology, rheumatology, other chronic diseases and aesthetic medicine.

The Group does not conduct its own research activities. On the other hand, the Group is active in the development and approval of treatment products in order to be able to comprehensively serve the value chain in the provision of medical-aesthetic treatments with (its own) products and services in the long term.



3.2 ORGANISATION AND BUSINESS SEGMENTS

In the "Beauty" business segment, M1 manages a private clinic for plastic and aesthetic surgery (Schlossklinik in Berlin-Köpenick), the medical specialist centers for aesthetic and plastic medicine at locations throughout Germany and abroad as well as the product supply of these specialist centers. Under the "M1 Med Beauty" brand, the network of locations comprised a total of 58 specialist centers at the end of 2023 (prev. year 54), 38 of which are located in Germany (prev. year 36). The doctors working at these specialist centers offer a focused range of beauty treatments of the highest quality and at attractive prices. In Berlin, M1 operates a specialist surgical clinic (private clinic in accordance with Section 30 of the German Trade Regulation Act) - one of the largest and most modern facilities of its kind in Europe. The number of customers who appreciate this attractive range of services is constantly increasing.

In a second segment, "Trade", the Group sells EU original pharmaceuticals as parallel imports and re-imports, generics and biosimilars as well as other medical products. It sells off-patent and patent-protected pharmaceuticals in growth markets for high-priced specialty pharmaceuticals in the HIV and oncology indication areas as well as in the areas of rheumatism, neurology, cardiovascular diseases and anaesthetics. In the field of medical products, the HAEMATO Group concentrates on high-quality aesthetic medicine products for doctors, pharmacists and wholesalers.

We are also constantly gaining extensive product experience in connection with aesthetic medical treatments. In the "Retail" segment, we use this product experience for product selection and product development to market branded products to doctors, pharmacies and wholesalers. On this basis, we launched a constantly expanding range of cosmetic products under the brand name "M1 Select" in 2018.

AUSTRALIA

Melbourne

Sydney

Brisbane

Perth

Gold Coast

3.3 ECONOMIC REPORT

3.3.1 Economic and industry-specific conditions

a) General economic conditions

The core market for business activities in the past financial year was Germany, although the international national markets served will also become increasingly important in the coming years. In the past financial year, further expansion into Eastern Europe was driven forward with the opening of M1 specialist centers in Sofia (Bulgaria) and Bucharest (Romania). We are now represented in four countries there and see great potential for further high-margin business due to relatively low personnel and material costs at a relatively high price level for medical-aesthetic treatments.

While **global GDP** (gross domestic product) grew by around 6.1% in the coronavirus year 2021, GDP rose by 3.7% to USD 100.1 trillion in 2022.[1] According to the Kiel Institute for the World Economy (IfW Kiel), the global economy is currently expanding at a moderate pace, with momentum varying greatly from region to region. While the economy in the United States has been strong until recently, the economy in the eurozone is in a phase of stagnation; in the United Kingdom and Japan, production even declined noticeably in the second half of 2023. The economic differences are likely to narrow in the forecast period, but a strong upturn is not in sight: the expansion in the United States is losing some momentum in the face of declining fiscal stimulus, while the economy in Europe and Japan is gradually picking up as the dampening effects of the inflation shock fade. The emerging slight recovery in global trade is also having a stimulating effect.

However, economic activity in China is likely to expand only modestly in the forecast period due to structural problems, with average annual growth in 2024 noticeably weaker than in the previous year. Not least for this reason, the increase in global production - measured on a purchasing power parity basis - will be slightly lower at 2.8% in 2024 than in 2023 (3.1%). For the coming year 2025, the Kiel Institute again expects growth of 3.1%. Although unemployment in the advanced economies will increase slightly in the near future, it will remain at a historically low level. Inflation has fallen significantly compared to the peak at the end of 2022, but has only fallen slightly recently. The rise in prices for services in particular is proving to be stubborn, meaning that inflation rates are not expected to fall sustainably close to the target levels again until 2025. Risks for the global economy are primarily of a geopolitical nature and result from the uncertainties surrounding the US presidential elections. For example, an escalation of trade conflicts would have a negative impact on global economic activity.[2]

According to the Federal Ministry for Economic Affairs and Climate Protection, the phase of economic weakness in Germany will continue at the turn of 2023/24. After a price-, season- and calendar-adjusted calendar-adjusted decline in GDP of 0.25% at the end of 2023, current early indicators do not yet point to a rapid economic recovery. However, with a downward trend in inflation, rising real wages and a gradual recovery in the global economy, key negative factors for the German economy should ease over the course of this year and a recovery driven primarily by the domestic economy should set in. There have recently been signs of stabilisation in key areas of incoming domestic orders; however, weak foreign demand, particularly from the eurozone, continues to be a burden. The industrial economy is not expected to recover until later in the year, when there is a domestic economic revival and exports pick up again. Early indicators paint a mixed picture: While consumer sentiment among private households is trending upwards, the business situation in the retail sector tends to be rated as unsatisfactory according to surveys conducted by ifo and the HDE trade association. The inflation rate is expected to have totalled 3.7% in December, compared to 3.2% in November. The main reason for this was a base effect due to the so-called December emergency aid at the end of 2022. At the beginning of this year, the inflation trend is likely to be characterised by tax and fiscal measures. As the year progresses, however, inflation-reducing factors will continue to dominate (falling producer and import prices, the ECB's tight monetary policy, appropriate wage settlements and normalisation of profit margins).[3]

Outlook: The Kiel Institute assumes that an economic recovery in **Germany** will be a long time coming. The early indicators signal that economic output will do little more than stagnate in the first half of the year. Overall, the Kiel Institute is now forecasting an increase in gross domestic product of just 0.1% for the current year (winter forecast: 0.9%). Gross domestic product is not expected to increase visibly again until next year by 1.2% (winter forecast: also 1.2%). With the lack of recovery so far, there are increasing signs that the German economy is primarily burdened by structural problems and that the scope for expansion is correspondingly smaller. Overall, the Kiel Institute assumes that gross domestic product in 2025 will only be a meagre 2% above the 2019 level. In view of the weak economic momentum, the labor market is proving to be quite robust. Employment is likely to increase again slightly in the current year, before turning downwards as a result of demographic change. The continuing severe shortage of skilled workers will also lead to significantly rising wages in response to the high inflation of recent years. As consumer price inflation is falling noticeably, real disposable income will rise again this year for the first time in three years and stimulate private consumption. Exports are likely to fall noticeably once again this year before returning to a moderate expansionary course as global trade gradually picks up again. The weak economic environment will have a clear impact on corporate investment. The government's financing deficit is likely to decrease, primarily due to the consolidation measures of 2.1% in relation to gross domestic product in 2023 to 0.8% in 2025.[4]

b) Industry-specific conditions

“Beauty“ segment

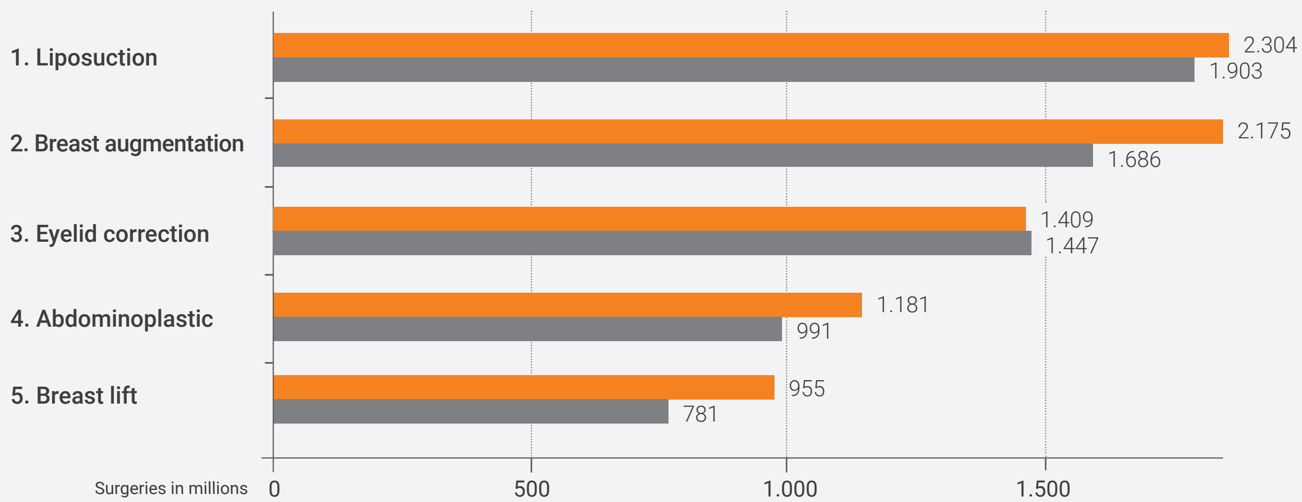
The global cosmetic market remained a growth market in 2022 (more recent data is not available), both for surgical and outpatient procedures.

Based on figures from the global industry association of plastic surgeons ISAPS for 2022, the number of total aesthetic surgical procedures rose by 16.7% compared to 2021 (prev. year +18.5%) and the number of non-surgical aesthetic cosmetic procedures by 7.2% (prev. year +19.9%).

According to ISAPS, surgical interventions increased by 41.3% (previously 33.3%) and non-surgical interventions by 57.8% (previously 54.4%) over the last four years.[5]

In the surgical field, the two most popular procedures, liposuction and breast augmentation, increased by 21.1% (prev. year 24.8%) and 29.0% (prev. year 3.8%) respectively. The third and fourth most popular aesthetic operations were upper eyelid lifts and abdominoplasty (prev. year rhinoplasty).[6]

Most frequent cosmetic surgeries worldwide in 2022 vs. 2021 (ISAPS 2023)



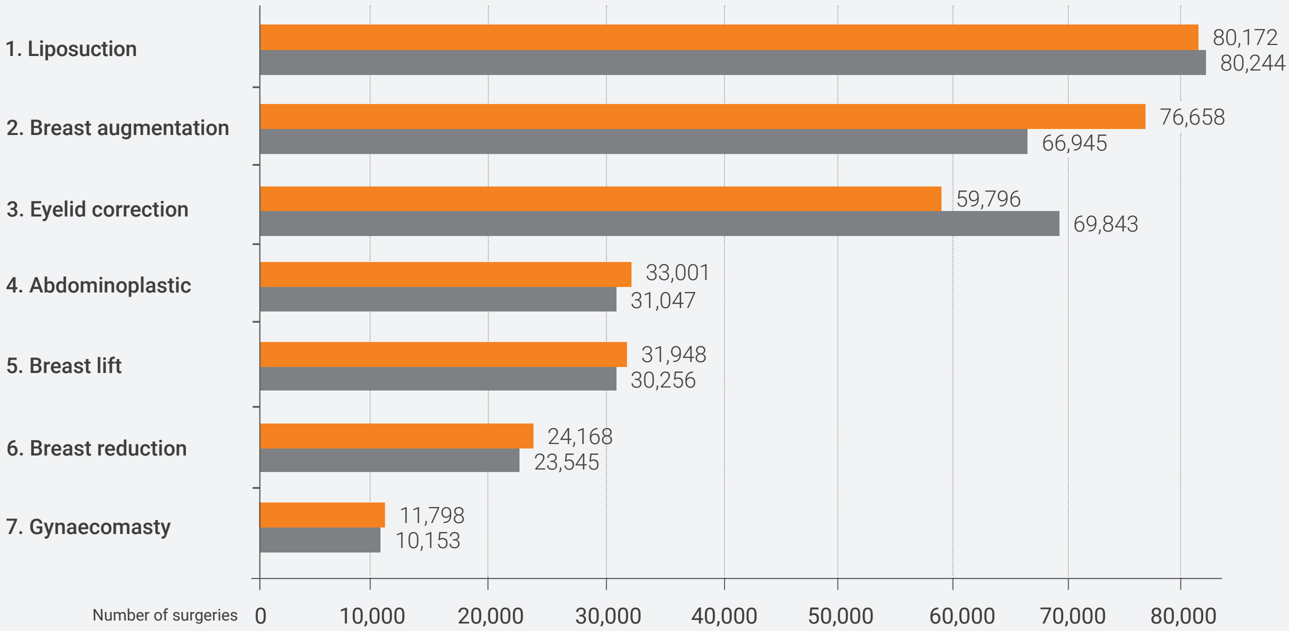
In terms of non-surgical procedures, the most popular treatment, "botulinum toxin injections", increased by 26.1% (prev. year 17.7%). The second most popular treatment is "hyaluronic acid injections", which is down 18.3% on the previous year. If we look at the last 4-year period, although we see an increase of 15,6%.[7]

The countries with the most surgical and non-surgical treatments are as follows:

The countries with the most surgical and non-surgical treatments

In Germany, the number of treatments developed in a slightly more differentiated way in 2022. In 2022, liposuction was once again the frontrunner with an almost unchanged number of procedures (around 80,000). Breast augmentation is now back in second place among the most popular operations with around 76,650 procedures (prev. year 66,950 procedures) and eyelid correction is in third place with 59,800 procedures (prev. year second place with 69,800 procedures).

Most frequent cosmetic surgeries in Germany in 2021 vs. 2022 (ISAPS 2023)



The number of non-surgical "injectables" in Germany fell from 570,586 treatments in 2021 to 496,785 treatments in 2022, which is around 13% and 5.3 percentage points less than the global average.

“Trading“ segment

Four sectors dominate industry in Germany: the automotive, mechanical engineering, chemical and electrical industries. The chemical-pharmaceutical industry is still the third largest industrial sector in Germany after automotive and mechanical engineering. In terms of turnover, the chemical-pharmaceutical industry in Germany is only just behind mechanical engineering (269.3 billion euros) at 261.2 billion euros. The pharmaceutical industry is an important part of the chemical industry. Pharmaceutical products account for just under 24 percent of total chemical production. The industry is one of the most productive and research-intensive economic sectors in Germany.[8]

In the calendar year 2023, sales of pharmaceuticals in the overall pharmaceutical market (pharmacy and clinic) rose by 5.7% (prev. year 5.4%) to 59.8 billion euros (prev. year 56.5 billion euros). Growth in the pharmacy market sub-segment (volume 51.4 billion euros) was 5.0% (prev. year 5.5%) and in the clinic market sub-segment (volume 8.4 billion euros) a remarkable 10.4% (prev. year 4.9%). After sales had increased by 2.3% in the previous year 2022, sales (counting units such as capsules, strokes, sachets etc.) fell by 2.0% overall in 2023. While the (smaller) clinic market (which only accounts for around 8% of the total volume) still recorded an increase of 2.5%, the sales volume in the (significantly larger) pharmacy market declined by 2.3%.[9]

The pharmacy market recorded a slight sales growth of just under 2.0% in the calendar year 2023 (prev. year 5.5%). Around 1.7 billion packs (-4%) worth 47.5 billion euros (at the pharmaceutical company's selling price, including vaccines and test diagnostics) were dispensed to patients. The market segment for prescription-only preparations grew by 2.6% (prev. year 5%) in terms of sales in 2023 as a whole, which corresponds to a monetary value of 41.4 billion euros (around 791 million packs). Sales of non-prescription medicines dispensed via pharmacies and mail order fell by 8% to around 903 million packs (prev. year 980 million packs). This corresponds to a fall in turnover of 2.3% to 6.2 billion euros. Sales of prescriptions on private prescriptions and green prescriptions rose by +10% and +14% respectively in 2023. The mail-order market for over-the-counter (OTC) medicines and non-prescription medicines grew by 4% in value terms (prev. year 9.5%) to around 3.2 billion euros in 2023 and by just under 2% in volume terms (prev. year 12%) to 276 million packs. The largest segment within the OTC mail order category continues to be OTC medicines. Their market share is 49% by value and 60% by sales volume.[10]

SHI pharmaceutical expenditure will show slight growth in turnover and sales in 2023. After deducting discounts from manufacturers (Section 130a (1) SGB V) and pharmacies (without taking into account savings from discount agreements), they will amount to 52 billion euros in 2023. This figure is 3.4% higher than in the previous year. Savings for the statutory health insurance system due to mandatory manufacturer discounts and rebates from reimbursement amounts will amount to just under 10 billion euros in 2023 (growth of +32%). There are also savings for private health insurers due to compulsory manufacturer discounts and rebates from reimbursement amounts. This calculated volume amounts to 1.4 billion euros (+26%). In the hospital, manufacturer discounts and rebates increased by 12% to 260 million euros.[11]

3.3.2 Business performance

The M1 Group is active in the growing market for aesthetic medicine and plastic surgery and carries out aesthetic medical treatments in the self-pay segment (‘Beauty’ segment).

In the ‘Trade’ segment, the Group distributes European pharmaceuticals, imported pharmaceuticals and medical devices as a pharmaceutical manufacturer. It also offers medicinal products from other manufacturers that are authorised in Germany as part of the wholesale licence.

Sales increased by 10.9% to EUR 316.3 million in 2023 (prev. year EUR 285.3 million). In the past financial year, the M1 Group further expanded its market position in the field of aesthetic medicine and opened four new specialist medical centres in Germany and abroad. As of 31 December 2023, the M1 clinic network thus consisted of 58 locations.

On 24 November 2023, M1 Kliniken announced that it was acquiring Nutri Care GmbH, Schönefeld, and its wholly owned subsidiary, the Dutch mail-order pharmacy ‘Direct Apotheke Venlo B.V.’. With this acquisition, M1 Kliniken AG is tapping into an enormous growth area and at the same time significantly expanding the value chain of its healthcare services. Direct Apotheke Venlo B.V. from Maasbree (NL) is one of the fast-growing providers in the pharmacy mail-order business for aesthetic medicines with the current core markets of Germany and the Netherlands. In the 2022 financial year, the company recorded sales in the double-digit million range and continues to grow.

Net profit for the 2023 financial year amounted to EUR 11.67 million (prev. year EUR 7.07 million).

3.3.3 Net assets, financial position and results of operations

a) Earnings position of the M1-Group (IFRS)

The company's situation continues to be characterized by the growth of our operating business and the dynamic development of the market for medical-aesthetic treatments as well as specialty pharmaceuticals and medical devices.

The M1 Group's sales are mainly generated in the area of trade in medicinal products and medical devices approved in the European Economic Area (EEA) ("Trade" segment) and in the area of aesthetic medicine ("Beauty" segment).

Sales in the "Beauty" segment rose by 17.6% to over EUR 70.8 million (prev. year EUR 60.2 million). The EBIT margin in this segment increased from 11.7% (EUR 7.0 million) in the previous year to 21.9% (EUR 15.5 million). The domestic Beauty locations were able to increase their EBIT margin even more significantly from 18.3% to 27.9% and increase their operating result from EUR 9.4 million to EUR 15.7 million.

Sales in the "Trade" segment increased from EUR 225.1 million in 2022 to EUR 245.5 million in the 2023 financial year. The EBIT margin in this segment fell from 1.0% (EUR 2.3 million) in the previous year to 0.1% (EUR 0.3 million). This was due to one-off value adjustments on inventories in the "Diagnostics" segment, which led to an extraordinary write-down of EUR 2.6 million. Without this effect, the EBIT margin in the "Trade" segment would have been higher than in the previous year.

The development of sales was in line with M1's expectations. In the coming years, we expect rising sales in the Beauty segment and stable margins in the Retail segment, although sales in this segment are expected to continue to change in both directions.

The ratio of cost of materials to sales increased to 84.1% in the 2023 financial year (prev. year 81.5%). This is due to the aforementioned special write-down and the increase in the mandatory manufacturer discount on pharmaceuticals from 7% to 12%.

Personnel expenses have fallen again. While a reduction of 5.3% was achieved in the previous year, personnel expenses in the financial year fell by 17% from EUR 20.9 million (2022) to EUR 17.4 million. At 5.5%, the personnel expense ratio is significantly lower than in the previous year (2022: 7.3%).

Other operating expenses amounted to EUR 13.5 million, a year-on-year decrease of 24.4% (2022: EUR 17.9 million). The main cost items include advertising/sales promotion and travel expenses, the cost of goods sold, insurance and consulting costs.

External service costs, which fell from EUR 1.4 million in the previous year to EUR 0.9 million, and the cost of goods sold (primarily freight), which fell from EUR 1.6 million to EUR 1.3 million, made a significant contribution to expenses, but also to the reduction in other operating expenses. Occupancy costs increased by 19.1% to EUR 2.0 million compared to the previous year (EUR 1.7 million) due to higher energy prices.

The financial result fell slightly from EUR 0.9 million (2022) to EUR 0.7 million. This includes investment income of EUR 1.3 million (prev. year EUR 0.9 million). Interest income and interest expenses lead to net expenses of EUR 0.6 million, which are slightly higher than in the previous year (EUR 0.2 million). This is primarily due to the sharp rise in average interest rates in 2023 compared to the previous year.

b) Financial position of the M1-Group (IFRS)

With cash and cash equivalents of EUR 22.4 million (prev. year EUR 35.1 million) and other current financial assets of EUR 4.1 million (prev. year EUR 17.1 million) at the end of the year, the financial position can be described as very stable. Inventories increased from EUR 27.6 million (2022) to EUR 45.5 million - mainly due to the realization of lucrative purchasing opportunities.

Financial management is geared towards always settling liabilities within the payment period and collecting receivables within the payment targets.

Non-current assets are 140% covered by equity (prev. year 159%).

The development of the Group's liquidity can be seen in the cash flow statement, which is presented below. Cash and cash equivalents decreased by EUR 12.7 million when looking at the balance sheet items on the balance sheet dates shown.

At EUR 7.8 million (prev. year EUR 20.8 million), cash flow from operating activities was EUR 12.0 million lower than in the previous year. This is mainly due to the increase in inventories, which are responsible for a cash outflow of EUR 17.2 million, while in the previous year the decrease in inventories generated a cash inflow of EUR 7.6 million, resulting in a delta of EUR 24.8 million.

The cash flow from investing activities of EUR -9.4 million (prev. year EUR -1.1 million) is characterized in particular by investments in financial assets (EUR 10.3 million, previous year 0). This is largely attributable to the HAEMATO subgroup.

Cash flow from financing activities is negative at EUR -27.8 million (prev. year EUR -22.4 million) and is significantly influenced by the bank liabilities repaid by HAEMATO AG in the past financial year (EUR 3.6 million), payments for repaid loans (EUR 24.7 million), net payments from transactions from the purchase and sale of treasury shares (EUR 7.6 million), the repayment of rights of use (EUR 4.2 million) and the payment of dividends to minority shareholders (EUR 2.0 million).

The financial development of the M1 Kliniken Group in the reporting period is shown in the cash flow statement with indirect calculation of cash flows from operating activities as follows:

Cash flow statement (in kEUR)	**Financial year 2023**	**Financial year 2022**
Cash flow from operating activities	7,809.5	20,768.9
Cash flow from investing activities	-9,363.6	-1,116.3
Cash flow from financing activities	-27,820.8	-22,367.7
Consolidation-related changes & Other	72.5	-6.2
Changes in cash and cash equivalents due to changes in the scope of consolidation	13,012.0	0
Net cash flow	**-16,290.5**	**-2,721.3**
Liquid funds at the beginning of the period	35,146.0	37,867.3
Liquid funds at the end of the period	18,855.5	35,146.0
Liabilities due at any time at the end of the period	3,525.4	0

Further information on the cash flow for the past financial period can be found in the cash flow statement in the consolidated financial statements and in the notes to the consolidated financial statements.

The M1 Group is planning investments primarily as part of the further expansion of the infrastructure operated by clinics and specialist centers. These investments will be in the mid six-figure range in 2024 and are to be financed largely from own funds.

c) Asset position of the M1-Group (IFRS)

The capital structure can be described as good. Equity rose from EUR 143.05 million to EUR 143.22 million in the 2023 financial year. The equity ratio fell to 67.3% (prev. year 72.6%), which is due to the increase in total assets as a result of higher inventories and increased intangible assets (equity investments).

Current assets increased from EUR 107.3 million on 31 December 2022 to EUR 110.6 million on 31 December 2023. These primarily include cash in hand and bank balances (EUR 22.4 million; previous year EUR 35.1 million), trade receivables (EUR 28.0 million; previous year EUR 21.8 million), inventories (EUR 45.5 million; previous year EUR 27.6 million) and other current financial assets (EUR 4.1 million; previous year EUR 17.1 million).

Inventories increased to EUR 45.5 million compared to the previous year (prev. year EUR 27.6 million) due to the utilization of particularly attractive purchasing opportunities as at the reporting date.

Non-current assets increased to EUR 102.4 million (prev. year EUR 89.7 million). In particular, these include property, plant and equipment (incl. right-of-use assets in accordance with IFRS 16) of EUR 13.8 million (prev. year EUR 17.2 million), intangible assets (incl. goodwill) of EUR 87.4 million (prev. year EUR 60.3 million) and other non-current financial assets of EUR 0.9 million (prev. year EUR 12.0 million).

The economic situation can be described as good overall.

3.3.4 Financial performance indicators of the M1-Group (IFRS)

We use **sales and EBT** (earnings before taxes) as **key performance indicators** for our internal corporate management.

Sales increased by 10.9% to EUR 316.3 million in the reporting year (prev. year EUR 285.3 million). **EBT** amounted to EUR 16.4 million (prev. year EUR 10.2 million), an increase of 60.7%. EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to EUR 21.0 million (prev. year EUR 15.4 million), which represents an increase of 36.3%.

The M1 Group is profitable overall and the economic situation can be described as good.

3.3.5 Non-financial performance indicators of the M1-Group (IFRS)

In the area of non-financial performance indicators, the M1 Group monitors customer reviews of the medical-aesthetic treatments carried out in the clinic and in the network of specialist centers in the "Beauty" segment. The aim is to continuously increase the number of positive Google reviews, for example, which ultimately has a positive impact on the strength of the brands on which the market presence is based (e.g. "M1 Med Beauty"). The image development of the brands is constantly monitored and negative reviews are dealt with immediately in customer care.

3.4 RESULTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

3.5 FORECAST REPORT

3.5.1 Macroeconomic outlook

According to the German government's forecast, gross domestic product (GDP) will only grow by 0.2% in 2024 compared to the previous year. Germany would therefore be in a state of stagnation. The government expects economic output to be significantly weaker in 2024 than in autumn 2023 and has revised its forecast downwards by 1.1 percentage points. The effects of rising prices in the energy sector and generally high inflation as well as the general weakness of the global economy, partly due to the consequences of the war in Ukraine, are having a much greater impact on the German economy than was assumed six months ago. The forecast for the coming year 2025 has also been revised downwards. According to the Kiel Institute's assessment, the upturn will take longer to materialise, but will continue to shape the economic picture in the near future, albeit to a lesser extent. Since the Kiel Institute's winter forecast, most leading indicators have disappointed and real economic activity in the final quarter of 2023 was even weaker than forecast by the Kiel Institute with a decline of 0.3%. Industrial production, in particular, has been on a clear downward trend until recently; apparently, the still quite high order backlogs were less able to support new business, which had been weakening for some time, than had been expected. As a result, the manufacturing industry is weaker than expected, while the slump in construction activity in the fourth quarter is probably overstated due to the weather. In addition to the stagnating residential construction and weak exports, the slump in equipment investments stands out on the utilisation side, after these had previously defied the stagnating overall economic development over the course of last year. As expected, private consumption showed a slight upward trend and public consumption even expanded strongly in the past six months. Overall, the German economy was in a weak state around the turn of the year. It is fitting that overall economic capacity utilisation is now in line with the estimates of the output gap, which had already signalled underutilisation, according to company surveys. For the start of the year, the Kiel Institute expects another - albeit only slight - decline in economic activity, which should be followed by a moderate recovery as the year progresses. This will be largely driven by a gradual revival in private consumption and a gradual upturn in foreign business. However, the respective driving forces - rising mass purchasing power in Germany and increasing foreign demand - will be weaker or will materialise later than previously expected. In addition, corporate investment activity is now expected to be significantly weaker. All in all, gross domestic product is likely to virtually stagnate in the current year with an increase of 0.1% and grow by 1.2% in the coming year.[12]

On 21 February, the Federal Cabinet approved the Annual Economic Report 2024. With the annual economic report, which is presented at the beginning of each year, the federal government presents its economic and financial policy priorities and its economic forecast for the current year and comments on the annual report of the German Council of Economic Experts. In the annual projection, the federal government assumes that the German economy will slowly recover from these burdens over the course of 2024 and regain momentum. Overall, the annual projection for this year anticipates an increase in price-adjusted gross domestic product of 0.2%. According to the projection, the economy will return to a growth path in 2025 with growth of 1.0%. Growth impetus is likely to come primarily from private consumption. The rise in consumer prices is likely to slow noticeably and, after an average annual rate of 5.9% in the previous year, continue to fall significantly to 2.8% in the current year. In 2025, the inflation rate of 1.9% is likely to be close to the ECB target of 2.0% again. The German government assumes that the labour market will continue to develop positively in the coming years. The increase in employment is likely to continue, albeit at a slightly slower pace than in the previous year. Following a slight annual average increase in unemployment this year, a decline is expected in 2025 as the economy recovers.[13]

According to the fall forecast of the German Association of Research-Based Pharmaceutical Companies (VFA), production is expected to increase by around 2% in 2024, but the association sees the high prices for preliminary products as a risk that restricts the pharmaceutical industry's financial scope. However, this is urgently needed for investments.[14]

At 52.9 billion euros, pharmaceutical expenditure by the statutory health insurance scheme (GKV) reached a new high last year. In a ten-year comparison, an increase of 88% was recorded, reported the Scientific Institute of the AOK (Wido). Patent-protected drugs now account for every second euro of the costs, while they only cover a small part of the supply. According to the report, patent-protected drugs generated a turnover of 27.8 billion euros in the SHI system last year. Ten years ago, expenditure totalled 13.9 billion euros. This means that costs have doubled since 2013. At the same time, according to the figures, patent-protected medicines only covered a small proportion of healthcare provision - namely 6.8%. In 2013, this figure was still around twelve per cent.[15]

The volume of expenditure on pharmaceuticals will increase by 7.95% nationwide in 2024. This is 3.8 billion euros more than in 2023. The KBV (Kassenärztliche Bundesvereinigung) and the “GKV-Spitzenverband“ have agreed on this increase in the framework specifications for 2024. An increase of 2.55% is currently expected for therapeutic products. The comparatively strong increase in expenditure in the pharmaceutical sector can be explained in particular by legislative measures. For example, the manufacturer discount for finished medicinal products will fall again to seven percent from 1 January 2024. This will increase expenditure on medicines. The SHI Financial Stabilisation Act raised the discount to 12% for a limited period in 2023, which led to rather moderate growth in pharmaceutical expenditure in 2023.[16]

3.5.2 Entrepreneurial outlook

We continue to assess the medium-term development of the M1 Group as positive and expect the growth trajectory to continue in the coming years.

The company anticipates a further improvement in the business environment in 2024. Following its global containment, the coronavirus pandemic is no longer a limiting factor. Similarly, the acts of war in Ukraine and the Israel-Gaza conflict are not having a negative impact on the consumer behavior of the M1 Group's customers.

In the "Beauty" segment, the company expects an increase in the number of treatments at the locations and further practice openings. By the time the financial statements were prepared, three further practices had already been opened in Germany in 2024, increasing the number of specialist medical centers to 61 locations. Further locations in Germany and abroad are currently being prepared for opening in 2024.

By increasing capacity utilization in the existing locations and through new locations, the company expects growth of around 10% in the Beauty segment in 2024 compared to the previous year.

This will also affect the earnings situation in the Beauty segment, with the planned new openings having a negative impact on the Beauty segment's earnings. The increase in sales will be accompanied by a disproportionately low rise in fixed costs.

The company's performance in the "Trading segment" is also expected to remain positive, although it is difficult to make a concrete sales and earnings forecast. to give.

The pharmaceutical industry offers great growth potential, with the expansion of market share in the parallel import business seen as the core business and the basis for opening up new business areas. In the "Specialty Pharma" area of the Trading segment, the focus is less on increasing sales and more on securing or increasing relative margins. The ongoing price pressure on the tax side for parallel-imported pharmaceuticals via manufacturers and health insurance funds remains. However, high inflation and further geopolitical uncertainties do not allow any concrete earnings forecasts to be made. Compared to previous years, expenses for the procurement of goods and transportation services are expected to increase. This effect is to be offset by further consistent portfolio adjustments - towards high-margin products and an additional cost efficiency program that has been running since mid-2021.

The positive development of both divisions will therefore also lead to an improvement in the financial position and contribute to a positive operating cash flow.

The above forecasts are based on the assumption that geopolitical crises will not worsen and that the coronavirus pandemic can be considered over.

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

3.6 OPPORTUNITY AND RISK REPORT

3.6.1 Risk management system

The M1 Group uses a risk management system to systematically identify significant and existential risks in order to assess their impact and develop suitable measures.

The main aim of the risk management system is to avoid financial losses, defaults or disruptions or to implement suitable countermeasures without delay. As part of this system, the Management Board and Supervisory Board are informed of risks at an early stage. Monitoring liquidity and the development of earnings are important mechanisms for early detection. Controlling and quality management are responsible for monitoring operating performance and identifying deviations from plan in good time. If necessary, the respective department heads decide together with the respective management personnel on the appropriate strategy and measures for managing risks.

3.6.2 Risk report

The M1 Group operates its own facilities for medical services and provides infrastructure services for third parties and engages in trading activities in the pharmaceutical and medical products market. The health and well-being of the patients we care for (directly and indirectly) sets high standards for dealing with risk factors and the measures established to control risk factors.

Thanks to the M1 Group's many years of experience in its relevant markets and the leading market position it has now established, M1 is in a position to manage the risks that arise and to control the occurrence of risk events with the least possible impact.

The healthcare industry, and in particular the market segments in which M1 primarily operates, offer a wide range of entrepreneurial opportunities that M1 can exploit thanks to its integrated business model. Balancing entrepreneurial opportunities and the inherent risks associated with them is the basis of M1's business approach. In doing so, M1 essentially considers six risk areas from which risk situations can arise for the Group.

a) Industry-specific risks

“Beauty“ segment

The healthcare system in Germany - and in most other international markets - is heavily regulated. Changes in legislation relating to the provision of services in the market segments relevant to M1 can have an impact on M1's corporate strategy and operational performance. The organizational structures and individual (medical) qualifications required to offer the medical services provided by M1 are of particular relevance. To this end, M1 closely monitors legislative measures (together with relevant specialist lawyers), analyzes which developments (could) arise as part of risk and opportunity management and assesses their impact on the Group's sales and earnings situation.

For some years now, the healthcare market has been experiencing a shortage of skilled staff in both nursing and medical roles. The federal government has developed various recruitment strategies for this in recent years, but these have not yet been able to compensate for the shortage of specialists in the long term. The staff shortage is also noticeable for M1 and is perceived as a limiting factor in the realization of growth targets. In addition, it must be ensured at all times that newly hired staff meet M1's high professional requirements. Finally, we are realizing pressure on the development of personnel costs at M1, as the labour market in the healthcare sector has already developed into a 'demand market' for job seekers. In this respect, M1 is working on the high reputation of the company in the personnel market in order to be able to realize the highest possible and constant supply of employees.

In the area of beauty treatments, there is a risk that society's perception of beauty will change. Should a different ideal of beauty develop that conflicts with the services provided by M1, this could represent a significant corporate risk. Due to its market-leading position and the high number of customer contacts, M1 is in a position to identify developments in the 'beauty awareness' of its target customers at a very early stage and to draw conclusions from this with regard to the range of services required for optimal market coverage.

Furthermore, new market players could enter into competition with us whose concept is aligned with ours. If these new market participants develop their own unique selling propositions, this could also represent an entrepreneurial risk. M1 closely monitors the competitive environment in its own market segments and observes individual emerging competitors and supply chains. In principle, we recognize that the field of providers is growing and that there are also isolated attempts to establish "supply chains" in the market based on the M1 model. M1 sees this increasingly differentiated competition as a positive signal for its own strategy and the high potential of the selected market segments. The competitive advantage, which will last for several years, puts M1 in a position to adequately counter new competitors and new forms of supply and to maintain and even expand its own relative market position.

“Trading“ segment

Statutory regulatory measures throughout the European Union, strong pressure on margins in the pharmaceutical market and the permanent change in the parallel import market due to exchange rate risk and price differences in the procurement of medicines can have a negative impact on our sales and earnings situation. The original manufacturers are still trying to impose quotas on individual European markets or use single-channel distributors to make exports more difficult. Furthermore, original manufacturers are trying to make exports more difficult by maintaining high list prices and concluding subsequent discount agreements. There is also a fundamental risk that the selling prices in the various EU countries will gradually converge or that export bans will be imposed in individual countries or for individual preparations.

With the SHI Financial Stabilisation Act of 2022, the temporary increase in the manufacturer discount for reimbursable pharmaceuticals from 7 to 12 percent for 2023 will be reduced to 7 percent again as of 1 January 2024, thus relieving some of the burden on the retail sector. The lucrative ‘Lifestyle and Aesthetics’ segment is to be further expanded, thereby supporting the focus on permanently higher margins.

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

b) Reputational/ quality risks

Risks that could damage M1's reputation arise primarily in the "Beauty" segment from patient and customer satisfaction. Quality deficiencies in the performance of treatments, hygiene standards and the products used may be relevant here.

To avoid risks arising from inadequate quality of the treatments performed, M1 pursues a comprehensive medical quality management system. This begins with the fact that only doctors carry out medical treatments in the field of injection therapies. This is a basic requirement in the M1 specialist centers, as the quality of the treatments is ultimately inextricably linked to the brand image of the M1 brands used. In the surgical field, only specialists are entrusted with the treatments.

Since 2017, M1 has set up its own training institute ("M1 Academy"), where highly qualified supervisors train new doctors joining the practice as part of a structured program lasting several weeks and familiarize them with the range of treatments. Internal audits are also carried out regularly by the supervisors in the further course of activities. In addition, further training events are held several times a month to provide in-depth information on treatment methods and introduce new products. Regular conferences are also held in the surgical area by the clinic management and the medical director to improve treatment procedures.

In the market segments served by M1, the company pursues a clear strategy of only offering a limited number of treatments. These are the treatments most in demand on the market. This consistent specialization gives the doctors a high degree of routine, which ultimately leads to high-quality treatment.

A comprehensive hygiene plan, which was developed by a leading hospital hygienist in Germany, has been established in all clinics operated by M1 as well as the practices. An audit checklist has been developed for this purpose, which is regularly worked through by the practices and also checked during unannounced additional audits.

M1 also pursues a comprehensive quality strategy with regard to the materials used (treatment products, instruments, etc.). As a matter of principle, the company only works with the market leaders in its relevant market segments in the area of treatment products. Products are sourced worldwide for this purpose. Publications and the opinions of global supervisory bodies are analysed when assessing product safety. In the case of treatment instruments, attention is paid to longevity, treatment safety and risk-free use.

The trading segment already has a large number of legally prescribed guidelines, strict compliance with which ensures a high standard of quality.

c) Earnings-oriented risks

The main cost items in the treatment-related business area of M1 ('Beauty' segment) consist of material costs (treatment materials), personnel costs and infrastructure costs.

The procurement of medicines, medical devices and medical technology may have a negative impact on the earnings situation due to general price increase trends. The treatment materials used are procured from a limited number of internationally operating suppliers. A change in the pricing policy of these suppliers would have a direct impact on the earnings situation if the suppliers cannot be replaced. M1 counters this risk by clearly diversifying the range of treatment products it offers. This reduces the de facto dependence on individual suppliers. In addition, M1 is active on international procurement markets and uses the price leeway resulting from this approach.

General price increase trends and wage trends also have a negative impact on earnings.

If it is not possible in the medium term to absorb these burdens in the price or through efficiency increases, this will have a negative impact on earnings. In this context, the focus of M1 is primarily on the optimal utilization of existing capacities, whereby rising costs can be spread over a higher number of treatments. In the area of infrastructure services, there is the option of passing on rising costs to customers. In addition, infrastructure services are preferably concluded on the basis of long-term contracts (e.g. rental agreements) so that general price increase trends can be controlled. Finally, there is a risk that users (independent doctors or medical service providers) of the practice infrastructure provided by M1 may get into financial difficulties as a result of their own poor decisions, leading to a loss of reimbursements for infrastructure services provided. M1 monitors this risk by closely monitoring the provision of medical services (customer evaluations) and continuously analyzing the economic performance of its partners in order to be able to take measures at an early stage.

In addition to the costs of providing services, the prices that can be realized in the sales market are a key lever for the Group's sales and earnings. Here, the M1 Group positions itself as a leading price competitor for (beauty) medical services and products. Should other financially strong companies attempt to enter the market as competitors, this could lead to price competition, which would put pressure on margins. The M1 Group's strong financial position enables it to implement this strategy sustainably.

In the "Trade" segment, competitive risks have increased due to new competitors in the sector. We expect to be able to further expand our market share in the medium term thanks to our strong direct sales. However, additional costs or investments may be expected in the course of further organizational optimizations. The Group could be negatively impacted by competitors with greater financial or organizational resources. If the aggressive pricing policy continues to increase through the awarding of discount agreements, this will have a negative impact on the earnings situation or lead to losses in market share.

Finally, the M1 Group's comprehensive insurance cover should be mentioned to cushion further earnings risks. In addition to medical malpractice insurance ("Beauty" segment), which financial risks arising from treatment errors, the company is liable as a pharmaceutical manufacturer in accordance with the German Medicinal Products Act (AMG). Finally, business interruption insurance has been taken out for the operation of the company's own clinic, which covers the cost risks arising from an interruption of clinic operations as a result of a property damage event.

d) Financial risks

Financial risks may arise in relation to the default of receivables, changes in interest rates and ensuring the Group's solvency at all times.

The risks from possible bad debt losses are countered by active receivables management. In the area of medical treatments, this ensures that customer payments are generally realized before the treatments are carried out or immediately after completion of the treatments. As a result, almost no end customer receivables are at risk of default. In the case of customers for infrastructure services, M1 continuously analyzes the economic and quality-related development of customers in order to be able to take security measures at an early stage if necessary. In the trade and key account segment, M1 regularly checks the creditworthiness of its partners and compliance with the payment terms granted. In individual cases, the provision of collateral is required for larger receivables items.

There are no significant currency risks that could affect the company's net assets, financial position and results of operations. Deliveries of goods from foreign currency countries are processed within very short periods of time. Services in non-euro countries were only offered to a limited extent in 2023.

The financial security of the M1 Group is essentially guaranteed by its high equity ratio. In 2017 and 2018, M1 Kliniken AG carried out two capital increases, which generated a total cash inflow of around EUR 30 million. This ensures the Group's solvency at all times. The available liquidity is managed conservatively with the aim of not suffering any capital losses (e.g. through 'custody fees').

The Group makes use of credit lines granted by a syndicate of banks. These agreements define financial covenants, non-compliance with which can lead to termination options for individual lenders. The credit lines provided are regularly not utilized in full. Thanks to a rolling corporate and financial planning system, we are able to react to changes in funding requirements at short notice at all times.

We also finance ourselves in the Retail segment via customer factoring.

In addition, there is a loan for M1 Kliniken AG, which was concluded in 2020. The loan taken out by M1 Kliniken AG is a so-called KfW Entrepreneur Loan with a term of five years. Repayment begins after one year.

Leasing and financing instruments are used selectively to further conserve liquidity. For example, the Schlossklinik operated in Berlin-Köpenick was transferred to a sale-and-lease-back model in 2015 and the funds invested in the development of the property were released. The areas of the practice network are leased exclusively on the basis of long-term contracts, meaning that no acquisition costs are incurred for the properties.

e) Infrastructural risks

M1 defines infrastructural risks primarily as risks from the IT area and in the area of personnel management. IT risks relate to the reliability (availability) of the IT systems operated and security against cyber attacks on the company. The internal IT department has been strengthened in recent years and the hardware systems operated have been expanded to meet future requirements. Structures are operated redundantly so that if the main system fails, a replacement system ensures the availability of applications.

The application landscape is characterized by a network of linked individual applications. Individual applications can be taken off the network in the event of problems without affecting the availability of other IT applications.

A special IT infrastructure and extensive firewall systems are used to provide extensive protection against hacker attacks. Regular backups of data are carried out.

The Group pays a great deal of attention to data protection. The requirements of the EU's GDPR directive have been implemented across the Group. The corresponding data protection guidelines were revised for this purpose.

Dependence on key personnel is seen as an infrastructural risk. M1 counters this risk with the partially redundant distribution of tasks within the Group. In addition, it is monitored to ensure that individual persons do not combine too many critical bottleneck functions. The simultaneous provision of medical treatments also means that the absence of individual practitioners can be quickly compensated for by redeploying staff.

In the area of structural infrastructure, the clinic approval of the Schlossklinik in Berlin-Köpenick in accordance with Section 30 of the German Trade Regulations (GewO) is a significant risk. Regular inspections by the licensing authorities have confirmed that M1 meets the highest quality requirements. The license to operate the clinic has been granted without restriction. The failure of individual locations in the practice network is of a less extensive nature for the provision of the medical treatments carried out there. The practice network, which is now tightly woven, makes it possible to carry out treatments at other locations. In addition, the requirements for operating a practice space can be met relatively quickly, meaning that the loss of a location can be compensated for within a few months.

f) Economic risks

The past corona pandemic has shown that overarching social developments (here: lockdown orders from the authorities) can arise that can have a significant impact on society's ability to act.

The coronavirus pandemic has also shown our society that supply chains can collapse and consumer behavior can change quickly and with hardly predictable consequences. The state intervened in public life with extensive measures aimed at reducing the scope of social contacts. Even if the coronavirus pandemic can be considered overcome, it cannot be ruled out that similar developments will have an impact on our social life in the future. This could have a significant negative impact on the overall economic environment of the Group's business development.

However, the overall economic environment in Germany is positive in the long term. Private consumption in particular will support overall economic growth again in the future. This also includes the services of the M1 market segments. Demand for M1 services will continue to grow in the long term. According to management estimates, it is also partly independent of overall economic development.

3.6.3 Opportunities report

In addition to the risk areas under review, M1 has also defined areas of opportunity in whose development the Group would like to actively participate in the coming years.

“Beauty“ segment

The medical beauty market is and will remain a growth market with an estimated annual growth rate of around 10%. Thanks to our specialization in aesthetic medicine and the development and marketing of pharmaceutical, medical and medical technology products for aesthetic medicine and cosmetic dermatology and the associated price leadership, the M1 Group is expected to participate in this growth at an above-average rate.

Efficiency in the treatment of patients is promoted by the consistent focus on a limited range of indications. The high quality of the treating physicians also contributes to this, which in turn is supported by the high number of individual treatments carried out.

“Trading“ segment

The healthcare market is and will remain a stable market with further growth prospects. Thanks to our specialisation in the therapeutic areas of oncology, HIV and other chronic diseases as well as aesthetic medicine products, we will participate in this growth by, for example, expanding our range of high-margin products.

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

Overall, the same applies to both business segments: we will counter competition on the market, especially a possible increase in competition, with our experience, innovations, reliability and a high level of service and quality.

By listing M1 Kliniken AG on the stock exchange, we see the possibility of acquiring further funds to realise the growth course we have embarked upon.

As part of further growth, it will be possible to gradually transfer functions to even better-qualified personnel and thus anchor additional expertise in the Group.

M1's personnel policy is based on flat hierarchies, a participative management style and the opportunity for employees to take on additional tasks (and areas of responsibility) as the company grows. By streamlining the organisational structure, employees are in direct contact with the company management and are therefore particularly motivated, which leads to greater efficiency.

3.6.4 General statement

M1's risk portfolio consists of a number of risk positions (e.g. economic situation, legislation) that cannot be controlled by M1. M1 regularly monitors these risks and considers the resulting changes for the Group.

Influenceable risks are monitored by control systems so that negative developments can be absorbed and cushioned. We continue to see risks to future development in a competitive environment that may be characterised by new competitors, rising procurement prices, a stagnating sales price level and the limitation of 'production resources' (e.g. materials, personnel). In view of our financial stability, we are well equipped to deal with future risks. There are currently no recognisable risks that could jeopardise the continued existence of the company.

For the 2024 financial year, we do not expect the opportunity and risk landscape for the M1 Group to change significantly overall. In total, we are well protected against external and internal risks.

3.7 RISK REPORTING ON THE USE OF FINANCIAL INSTRUMENTS

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

The companies in the Group have a solvent customer base. Bad debts are the absolute exception.

Liabilities are paid within the agreed payment periods.

The company pursues a conservative risk policy when managing its financial positions. If default and credit risks are identified for financial assets, appropriate value adjustments are made. The company has an adequate debtor management system in place to minimize default risks. In addition, we always check the creditworthiness of our customers before entering into a new business relationship.

3.8 REPORT ON BRANCHES

The Group does not operate any branches.

3.9 FINAL DECLARATION ACCORDING TO § 312 (3) SEC (3) AKTG

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

Berlin, 19 April 2024
M1 Kliniken AG

Attila Strauss (Executive Board)	Kilian Brenske (Executive Board)

4 GROUP FINANCIAL STATEMENT

4.1 GROUP - PROFIT AND LOSS STATEMENT

as of 31 December 2023*

	Notes	Jan. – Dec. 2023 in EUR	Jan. – Dec. 2022 in EUR
Sales	5.5.1	316,318,613	285,291,186
Other operating income	5.5.1	1,674,982	1,482,971
Cost of goods and services	5.5.1	-266,075,250	-232,510,854
Personnel expenses	5.5.1	-17,374,736	-20,945,967
Other operating expenses	5.5.1	-13,533,131	-17,907,365
Operating result before depreciation | EBITDA		21,010,479	15,409,971
Depreciation	5.5.1	-5,310,589	-6,062,423
Operating result | EBIT		15,699,889	9,347,548
Income from investments		1,310,964	854,639
Interest and similar income		784,211	641,292
Interest and similar expenses		-1,347,091	-827,941
Write-ups from the valuation of financial assets		-1,995	217,727
Financial result	5.5.2	746,089	885,717
Earnings before taxes | EBT		16,445,978	10,233,264
Taxes on income and earnings	5.5.3	-4,779,292	-3,163,226
Net profit/loss		11,666,686	7,070,038
Profit or loss attributed minority interests		-1,392,404	-2,752,684
Shares of the shareholders of the parent company		10,274,283	4,317,354
Net profit/loss after minority interests		10,274,283	4,317,354
Earnings per share (in EUR)**	5.5.4	0.54	0.24

* accounting according to IFRS
** according to IAS 33

4.2 GROUP - BALANCE SHEET - ASSETS

as of 31 December 2023*

	Notes	31.12.2023 in EUR	31.12.2022 in EUR
Cash and cash equivalents	5.6.1	22,380,940	35,146,022
Trade account receivables	5.6.1	28,020,505	21,773,271
Inventories	5.6.1	45,526,279	27,586,629
Other short-term financial assets	5.6.1	4,103,389	17,102,402
Other short-term non-financial assets	5.6.1	6,679,413	3,403,131
Income tax assets	5.6.1	3,877,925	2,295,538
Short-term assets		110,588,451	107,306,993
Intangible assets	5.6.1	87,362,620	60,270,552
Fixed assets	5.6.1	13,793,274	17,177,883
Other long-term financial assets	5.6.1	938,832	12,002,661
Other long-term non-financial assets	5.6.1	269,699	266,654
Long-term assets		102,364,425	89,717,750
TOTAL ASSETS		**212,952,877**	**197,024,743**

* accounting according to IFRS

4.3 GROUP - BALANCE SHEET - LIABILITIES/EQUITY

as of 31 December 2023*

	Notes	31.12.2023 in EUR	31.12.2022 in EUR
Short-term provisions	5.6.2	1,382,946	1,304,228
Liabilities from income taxes		5,886,142	2,672,756
Trade account payables	5.6.2	33,256,330	19,221,643
Short-term lease liabilities	5.6.2	2,970,720	3,376,706
Other short-term financial liabilities	5.6.2	4,374,810	2,841,912
Other short-term non-financial liabilities	5.6.2	4,399,782	2,708,880
Other short-term non-financial liabilities	5.6.2	5,977,515	5,339,949
Short-term liabilities		58,248,243	37,466,074
Long-term provisions	5.6.2	11,007	54,395
Long-term lease liabilities	5.6.2	7,823,715	10,324,044
Other long-term financial liabilities	5.6.2	1,875,000	3,125,000
Deferred tax liabilities	5.6.2	1,771,461	3,004,607
Long-term liabilities		11,481,183	16,508,046
Subscribed capital		19,643,403	19,643,403
Subscribed capital-treasury stock		-517,484	-1,328,384
Capital reserve		49,907,438	49,907,438
Capital reserve-treasury stock		-5,856,639	-12,623,007
Retained earnings		50,116,813	39,899,081
Adjustment for minority interests		29,973,405	47,530,177
Equity differences from currency exchange		-43,486	21,916
Equity	5.6.2	143,223,451	143,050,624
TOTAL LIABILITIES AND EQUITY		**212,952,877**	**197,024,743**

* accounting according to IFRS

4.4 GROUP - CASH FLOW STATEMENT

as of 31 December 2023*

	Jan. - Dec. 2023	Jan. - Dec. 2022
Net profit for the period	11,666,686	7,069,933
Depreciation of assets	5,310,589	5,862,423
Increase / decrease in long-term provisions	-43,388	-5,386
Increase / decrease in short-term provisions	2,178,825	-600,122
Increase / decrease due to fair value measurement	1,995	-217,622
Increase / decrease in inventories	-17,178,504	7,597,297
Increase / decrease in trade receivables and other assets and other assets	5,176,345	-4,377,019
Increase / decrease in trade accounts payable and other liabilities and other liabilities	1,015,365	4,970,281
Profit / loss from the disposal of fixed assets	-35,463	125,269
Interest expenses / income	629,701	198,829
Other investment income	-1,310,964	-854,639
Income tax expense / income	4,779,128	3,163,226
Income tax payments	-4,380,854	-2,163,600
Cash flow from operating activities	7,809,462	20,768,871
Cash outflows for investments in intangible fixed assets	-554,606	-609,511
Proceeds from disposals of non-current assets	49,429	73,474
Proceeds from disposals of property, plant and equipment	-454,898	-1,162,544
Cash inflows/outflows from disposals/investments of financial assets	-10,272,652	-
Cash inflows/outflows for short-term financial investments	-126,491	-
Proceeds / payments from changes in financial assets	-	-71,478
Interest income	694,101	627,494
Income from investments	1,301,511	26,285
Cash flow from investing activities	-9,363,606	-1,116,279
Payment from equity contributions	-3,628,542	-13,404,803
Repayment of loans (within the scope of consolidation)	-24,743,415	-
Cash outflow from the acquisition of treasury shares	7,577,269	-2,146,020
Interest expenses	-887,977	-399,251
Payments to company owners and minority shareholders	-1,980,858	-1,823,469
Amortisation of rights of use	-4,157,240	-4,594,128
Cash flow from financing activities	-14,808,790	-22,367,670
Changes in cash and cash equivalents due to changes in the scope of consolidation	13,011,973	0
Change in liquidity from exchange rate changes	72,460	-6,202
Net cash flow	**-16,290,474**	**-2,721,281**
Cash and cash equivalents at the beginning of the period	35,146,022	37,867,304
Cash and cash equivalents at the end of the period	18,855,548	35,146,022
Liabilities due at any time at the end of the period	3,525,392	-
Cash and cash equivalents at the end of the period	22,380,940	35,146,022
Change in cash and cash equivalents	**-12,765,083**	**-2,721,281**

* accounting according to IFRS

4.5 GROUP - STATEMENT OF CHANGES IN EQUITY

as of 31 December 2023*

Statement of Changes in Equity in EUR	1. Subscribed capital	2. Subscribed capital (treasury stock)	3. Capital reserve	4. Capital reserve (treasury stock)	5. Retained earnings	6. Equity differences from exchange rate conversions	7. Adjustments for minority intrests	8. Total equity
1 January 2022	**19,643,403**	**-1,063,547**	**49,907,438**	**-10,741,825**	**37,394,858**	**-115,172**	**44,877,243**	**139,902,399**
Net profit	-	-	-	-	4,317,354	-	2,752,684	7,070,038
Capital increase	-	-	-	-	-1,823,469	-	-	-1,823,469
Dividends	-	-264,837	-	-1,881,183	28,272	-	-99,750	-2,217,498
Changes in the scope of consolidation	-	-	-	-	14,132	-		14,132
Other changes in equity	-	-	-	-	-32,066	137,088	-	105,021
31 December 2022	**19,643,403**	**-1,328,384**	**49,907,438**	**-12,623,007**	**39,899,081**	**21,916**	**47,530,177**	**143,050,624**
1 January 2023	**19,643,403**	**-1,328,384**	**49,907,438**	**-12,623,007**	**39,899,081**	**21,916**	**47,530,177**	**143,050,624**
Net profit	-	-	-	-	10,274,283	-	1,392,404	11,666,686
Capital increase	-	-	-	-	-1,980,858	-	-	-1,980,858
Dividends	-	-	-	-	1,876,718	-	-18,949,175	-17,072,457
Changes in the scope of consolidation	-	810,900	-	6,766,369	0	-	-	7,577,269
Other changes in equity	-	-	-	-	47,589	-65,402	-	-17,813
31 December 2023	**19,643,403**	**-517,484**	**49,907,438**	**-5,856,639**	**50,116,813**	**-43,486**	**29,973,405**	**143,223,451**

* accounting according to IFRS

5 GROUP ANNEX / NOTES

5.1 GENERAL INFORMATION

5.1.1 Reporting company

The parent company is M1 Kliniken AG, which was founded in the financial year 2007. The company is entered in the commercial register of the Berlin-Charlottenburg district court under HRB 107637 B and has its registered office at Grünauer Strasse 5, 12557 Berlin, Germany.

The business model of M1 Kliniken AG is based on two areas of activity ("segments"): In the "Beauty" segment, M1 concentrates its activities on medical-aesthetic beauty treatments and the operation and provision of medical infrastructures.

In the "Trade" segment, the Group trades in original EU pharmaceuticals (as parallel imports and re-imports), generics and biosimilars as well as medical products and devices and high-quality aesthetic medicine products.

5.1.2 Basis of preparation of the financial statements

M1 Kliniken AG, based in Berlin, Germany, is listed on the Basic Board ('Freiverkehr') of the Frankfurt Stock Exchange. In the 2017 financial year, voluntary consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applicable in the European Union. Since the 2018 financial year, M1 Kliniken AG has exceeded two size criteria of Section 293 HGB on two consecutive reporting dates and is therefore obliged to prepare consolidated financial statements in accordance with the requirements of commercial law. The consolidated financial statements of M1 Kliniken AG for the period from 1 January to 31 December 2023 were prepared in accordance with the requirements of Section 315e (1) HGB in conjunction with Section 315e (3) HGB. (3) HGB in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applicable in the European Union. In addition, the notes to the consolidated financial statements contain certain disclosures on HGB regulations in accordance with Section 315e (1) HGB.

Unless otherwise stated, the figures for the financial year and the previous year are shown in EUR. With the exception of the subsidiaries in Switzerland, the UK, Hungary and Australia, the euro is also the functional currency of the other companies included in the consolidated financial statements.

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

The new standards adopted by the IASB were observed from the date on which they came into force.

Accounting and valuation were based on the going concern assumption.

The balance sheet of the M1 Kliniken Group has been prepared on the basis of maturity, whereby assets and liabilities expected to be realized or repaid within twelve months of the balance sheet date are classified as current in accordance with IAS 1. In accordance with IAS 1.56, deferred tax assets and deferred taxes are reported in full under non-current assets and non-current liabilities.

The consolidated income statement was prepared using the nature of expense method. A consolidated statement of comprehensive income has not been presented, as there were no effects at the M1 Kliniken Group in the reporting year or in the previous year that would have had to be shown in other comprehensive income.

The accounting and valuation methods applied generally correspond to the methods applied in the previous year.

To improve the clarity of presentation, individual items are summarized in the balance sheet and income statement. The breakdown of these items is shown in the notes. Rounding differences to the mathematically exact values may occur in the presentation.

5.1.3 New standards and interpretations

M1 Kliniken AG has applied the following new or amended standards and interpretations for the first time in the current financial year:

- IFRS 17 Insurance contracts - starting from 01.01.2023
- Disclosures on accounting policies - Amendments to IAS 1 and IFRS Practice Statement 2- effective from 01.01.2023
- Definition of accounting estimates - Amendments to IAS 8 - effective from 01.01.2023
- Deferred taxes relating to assets and liabilities arising from a single transaction - amendments to IAS 12 - effective from 01.01.2023

The first-time application of these standards and their amendments have no material impact on the consolidated financial statements.

The following standards and interpretations as well as amendments to existing standards are to be applied in future:

- Non-current liabilities with ancillary conditions - amendments to IAS 1 - starting from 01.01.2024
- Amendments to IFRS 16 with regard to sale and leaseback transactions - starting from 01.01.2024
- Supplier financing agreements (amendments to IAS 7 and IFRS 7) - starting from 01.01.2024
- Lack of exchangeability - amendments to IAS 21 - starting from 01.01.2025

5.2 DISCRETIONARY DECISIONS, ESTIMATES AND ASSUMPTIONS

In preparing the consolidated financial statements, assumptions and estimates have been made in some cases which have affected the amount and disclosure of the assets and liabilities, income and expenses recognized. The actual values may deviate from the assumptions and estimates made at a later date. Corresponding changes would be recognized in profit or loss at the time when better knowledge becomes available. All assumptions and estimates are made to the best of our knowledge and belief in order to give a true and fair view of the net assets, financial position and results of operations of the Group.

The Management Board exercises significant judgment in applying the accounting policies described below.

M1 Kliniken AG tests goodwill and other non-current assets with finite useful lives for impairment annually if there are indications of impairment in accordance with the provisions of IAS 36. The basis for the impairment test is the comparison between the carrying amount of an asset and the recoverable amount that can be generated from the asset or group of assets or cash-generating unit. The recoverable amount is the higher of fair value less costs to sell and value in use.

The determination of the fair value of assets and liabilities is based on management judgment. In particular, M1 Kliniken measures the investment in HAEMATO AG and Nutri Care GmbH with their investments at fair value. In the case of Nutri Care GmbH, this is primarily based on a valuation report by an external expert.

The basis used by management to assess the appropriateness of valuation allowances on trade receivables is, in particular, the maturity structure of the receivables balances, the creditworthiness of customers and changes in payment terms. Due to the prompt settlement of receivables from medical treatments and the close monitoring of the solvency of other customers, value adjustments play a subordinate role.

In the area of revenue recognition, the separate performance obligations contained in the contracts with customers must be examined. For each separate performance obligation identified, an assessment must be made as to whether the requirements for revenue recognition over time are met.

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. If temporary differences exist, these differences generally lead to the recognition of deferred tax assets and liabilities in the consolidated financial statements. Management must make judgments when calculating current and deferred taxes. Deferred tax assets are recognized to the extent that it is probable that they can be utilized. The utilization of deferred tax assets depends on the possibility of generating sufficient taxable income within the scope of the respective tax type.

Various factors must be taken into account when assessing the probability of the future usability of deferred tax assets, such as past earnings, operational planning and tax planning strategies. If the actual results deviate from these estimates or if these estimates have to be adjusted in future periods, this could have a negative impact 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 and recognized in profit or loss.

5.3 SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

5.3.1 Scope of consolidation

In addition to M1 Kliniken AG, the following subsidiaries were fully consolidated in the consolidated financial statements of M1 Kliniken AG, Berlin, as of 31 December 2023. The control results from the fact that M1 Kliniken AG directly or indirectly holds more than 50% of the voting rights of the subscribed capital of a company and/or can control the financial and business policy of a company in such a way that it benefits from its activities.

M1 Med Beauty Berlin has been consolidated since 1 August 2013. The business purpose of M1 Med Beauty Berlin GmbH is the provision of services in the field of aesthetic medicine. The share capital of M1 Med Beauty Berlin GmbH amounts to EUR 25,000. M1 Med Beauty Berlin GmbH has its own business operations within the meaning of IFRS 3. After deducting the identifiable net assets (assets less liabilities), goodwill of EUR 115,723 was recognized. The consideration transferred includes, among other things, benefits from sales growth and future market developments. These benefits, which cannot be recognized separately from goodwill, add up to the aforementioned goodwill. In the 2021 financial year, M1 Med Beauty Berlin GmbH acquired M1 Verwaltungs GmbH at a nominal equity value of EUR 25,000. M1 Verwaltungs GmbH was subsequently merged into M1 Med Beauty Berlin GmbH, whereby the nominal carrying amounts of M1 Verwaltungs GmbH were transferred to M1 Med Beauty Berlin GmbH. The merger did not have any effect on earnings.

Pursuant to Section 264 (3) HGB, a corporation that is not capital market-oriented within the meaning of Section 264d HGB and is included as a subsidiary in the consolidated financial statements of a parent company domiciled in an EU member state must comply with the provisions of Subsection 1. "Annual financial statements of the corporation and management report" to the second section of the HGB as well as those of the third and fourth subsections of the section "Audit" and "Disclosure, audit by the operator of the Federal Gazette" do not apply if all of the requirements specified in Section 264 (3) HGB are met. This applies to M1 Med Beauty Berlin GmbH, which is why it has waived the preparation of notes and a management report in its own 2023 annual financial statements.

Beauty Now GmbH was founded by M1 Kliniken AG on 16 December 2015. The initial consolidation did not result in any differences. The purpose of the company is the ownership, operation and management of beauty institutes, the brokerage and provision of services in the field of beauty and health care as well as beauty and health care, the license-free consulting of alternative practitioners, medical professionals and cosmetic professionals in the field of cosmetics and aesthetic medicine, the acquisition, management and sale of real estate, in particular real estate in the health sector and the acquisition, management and sale of investments. The share capital amounts to EUR 100,000.

Saname GmbH was founded by M1 Kliniken AG on 22 May 2013. The initial consolidation did not result in any differences. The purpose of the company is the acquisition, management and sale of own and third-party real estate, in particular real estate in the healthcare sector, as well as the management and sale of investments. The share capital amounts to EUR 25,000.

Sanabona GmbH was founded by M1 Med Beauty Berlin GmbH on 18 July 2017. The initial consolidation did not result in any differences. The object of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.

Sanawert GmbH was founded on 18 July 2017 by M1 Med Beauty Berlin GmbH. The initial consolidation did not result in any differences. The purpose of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.

Sanaselect GmbH was founded by M1 Med Beauty Berlin GmbH on 18 July 2017. The initial consolidation did not result in any differences. The object of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.

Sanaestate GmbH was founded by M1 Med Beauty Berlin GmbH on 18 July 2017. The initial consolidation did not result in any differences. The object of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.

M1 Med Beauty Australia Pty Ltd. was founded on 2 August 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Australia Pty Ltd. has its own business operations within the meaning of IFRS 3. The corporate purpose of M1 Med Beauty Australia Pty Ltd. is the provision of services in aesthetic medicine. The subscribed capital of the company amounts to AUS$ 100. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carryforward of the company as of 31 December 2019 in the amount of EUR 259,681 was offset in Group equity.

M1 Med Beauty UK Ltd. was founded on 22 October 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty UK Ltd. has its own business operations within the meaning of IFRS 3. The corporate purpose of M1 Med Beauty UK Ltd. is the provision of services in aesthetic medicine. The company's subscribed capital amounts to GBP 10,000. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carried forward by the company as of 31 December 2019 in the amount of EUR 210,667 was offset in Group equity.

M1 Med Beauty Austria GmbH was founded on 20 December 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Austria GmbH has its own business operations within the meaning of IFRS 3. The corporate purpose of M1 Med Beauty Austria GmbH is the provision of services in the field of aesthetic medicine. The company's subscribed capital amounts to EUR 35,000. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carryforward of the company as of 31 December 2019 in the amount of EUR 287,986 was offset in Group equity.

M1 Med Beauty Netherlands B.V. was founded on 21 December 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Netherlands B.V. has its own business operations within the meaning of IFRS 3. The business purpose of M1 Med Beauty Netherlands B.V. is the provision of services in aesthetic medicine. The company's subscribed capital amounts to EUR 10,000. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carried forward by the company as of 31 December 2019 in the amount of EUR 418,300 was offset in Group equity.

M1 Med Beauty Croatia d.o.o. was founded on 21 December 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Croatia d.o.o. has its own business operations within the meaning of IFRS 3. The business purpose of M1 Med Beauty Croatia d.o.o. is the provision of services in aesthetic medicine. The company's subscribed capital amounts to 50,000 kuna. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carried forward by the company as of 31 December 2019 in the amount of EUR 2,370 was offset in Group equity.

M1 Med Beauty Swiss GmbH was founded on 22 February 2019 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Swiss GmbH has its own business operations within the meaning of IFRS 3. The corporate purpose of M1 Med Beauty Swiss GmbH is the provision of services in aesthetic medicine. The company's subscribed capital amounts to CHF 200,000. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carryforward of the company as of 31 December 2019 in the amount of EUR 309,178 was offset in Group equity.

By agreement dated 10 June 2020, M1 Kliniken AG acquired a 48.2% stake in HAEMATO AG with effect from 1 July 2020 as part of a non-cash capital increase at M1 Kliniken AG. In this context, MPH Health Care AG contributed the shares it previously held in HAEMATO AG to M1 Kliniken AG and subscribed to the newly issued shares of M1 Kliniken AG. As of 1 July 2020, HAEMATO AG was consolidated at equity in the consolidated financial statements of M1 Kliniken AG, as the shareholding was below 50%.

In the course of July 2020, M1 Kliniken AG took over entrepreneurial control of HAEMATO AG. As there was also the option of calling an Extraordinary General Meeting of HAEMATO AG at any time and, based on the historically known attendance rates at the Annual General Meetings of HAEMATO AG, it can be assumed that the 48.2% share in the share capital of HAEMATO AG is sufficient to determine the resolution situation at the Annual General Meeting, HAEMATO AG was fully consolidated in the consolidated financial statements of M1 Kliniken AG from 1 August 2020.

In the 2023 financial year, the investment in HAEMATO AG was increased through further partial purchases. As of 31 December 2023, the investment amounted to 82.0% of the total of 5,229,307 shares issued.

HAEMATO AG was founded on 10 May 1993. The company is registered in the commercial register of the Berlin-Charlottenburg district court under HRB 88633 and has its registered office in Berlin. The business address is Lilienthalstr. 3a, 12529 Schönefeld. The HAEMATO Group is active in the pharmaceutical sector with a focus on the growth markets of high-priced specialty pharmaceuticals in the indication areas of oncology and HIV as well as in the areas of rheumatism, neurology and cardiovascular diseases and in the "Lifestyle and Aesthetics" segment.

After deducting the identifiable net assets (assets less liabilities), the initial consolidation of HAEMATO AG resulted in goodwill of EUR 25,907,033. The consideration transferred includes, among other things, benefits from sales growth and future market developments. These benefits, which cannot be recognized separately from goodwill, add up to the aforementioned goodwill.

HAEMATO AG prepares its own consolidated financial statements in accordance with IFRS regulations. Revenue of EUR 281,509 thousand was generated for the 2023 financial year (prev. year EUR 248,142 thousand). The operating result amounted to EUR 10,570 thousand in 2023 (prev. year EUR 8,295 thousand). HAEMATO AG's consolidated net income for the year, which was influenced by one-off effects of EUR 2,905 thousand from the write-down on an approval project for a proprietary botulinum toxin, amounted to EUR 7,740 thousand (prev. year EUR 8,193 thousand).

In connection with a capital increase carried out at HAEMATO AG in 2013, HAEMATO AG acquired all shares in the former HAEMATO Pharm AG, which now trades as HAEMATO Pharm GmbH. HAEMATO Pharm GmbH was acquired by the parent company. HAEMATO Pharm GmbH is active in the pharmaceutical sector through a) the trade in medicinal products, pharmaceutical products and medical devices, b) the manufacture of medicinal products, pharmaceutical products and medical devices, c) the repackaging, filling and labeling of medicinal products, pharmaceutical products and medical devices and d) the import, export and re-import of medicinal products, pharmaceutical products and medical devices. The share capital of HAEMATO Pharm GmbH amounts to EUR 500,000. HAEMATO Pharm GmbH has its own business operations within the meaning of IFRS 3.

HAEMATO Med GmbH was founded by HAEMATO AG on 22 May 2013. The initial consolidation did not result in any differences. The business purpose of HAEMATO Med GmbH is the manufacture, distribution, import, export and re-import of medical products. HAEMATO Med GmbH has its own business operations within the meaning of IFRS 3. The share capital amounts to EUR 25,000.

HAEMATO Pharm GmbH founded Sanate GmbH on 24 September 2013. This was renamed into Dr. Holz Pharmaservice GmbH (DHP) in 2022. There was no difference in the initial consolidation. DHP has its own business operations within the meaning of IFRS 3. The share capital amounts to EUR 25,000.

The shareholdings in the subsidiaries as at the reporting date are as follows:

Company name	Location of the company	Date of initial consolidation	Share in%
M1 Med Beauty Berlin GmbH	Berlin	1 August 2013	100.0%
Saname GmbH	Schönefeld	22 May 2013	100.0%
BEAUTY Now GmbH	Berlin	16 December 2015	100.0%
Sanabona GmbH*	Berlin	18 July 2017	100.0%
Sanawert GmbH*	Berlin	18 July 2017	100.0%
Sanaselect GmbH*	Berlin	18 July 2017	100.0%
Sanaestate GmbH*	Berlin	18 July 2017	100.0%
M1 Med Beauty Australia Pty Ltd.	Melbourne	1 January 2020	100.0%
M1 Med Beauty UK Ltd.	London	1 January 2020	100.0%
M1 Med Beauty Austria GmbH	Vienna	1 January 2020	100.0%
M1 Med Beauty Netherlands B.V.	Venlo	1 January 2020	100.0%
M1 Med Beauty Croatia d.o.o.	Zagreb	1 January 2020	100.0%
M1 Med Beauty Swiss GmbH	Zürich	1 January 2020	100.0%
M1 Med Beauty Hungary Kft.	Budapest	1 October 2020	100.0%
HAEMATO AG	Berlin	1 July 2020	68.4%
HAEMATO PHARM GmbH*	Schönefeld	1 July 2020	68.4%
HAEMATO Med GmbH*	Schönefeld	1 July 2020	68.4%
Dr. Holz Pharmaservice GmbH* (ehemals Sanate GmbH)	Berlin	1 July 2020	68.4%
M1 Aesthetics GmbH*	Schönefeld	6 July 2013	68.4%
Nutri Care GmbH*	Schönefeld	1 December 2023	100.0%
Direct Apotheke Venlo B.V.*	Maasbree	1 December 2023	100.0%
M1 Telemedizin GmbH*	Schönefeld	1 December 2023	100.0%
Adhoc Pharma B.V.*	Groningen	1 December 2023	100.0%

* indirect participation

Unless the company was founded or acquired in the past financial year, the shareholding ratios have only changed in HAEMATO AG compared to the previous year. Due to individual share purchases at HAEMATO AG in the course of the past financial year, the shareholding ratio increased from 68.4% to 82.0%.

5.3.2 Principles of consolidation

The annual financial statements of all Group companies are prepared on the basis of uniform accounting and valuation methods in accordance with IFRS 10.B92 as at the reporting date of M1 Kliniken AG (parent company). The financial year of M1 Kliniken AG and its subsidiaries included in the consolidated financial statements corresponds to the calendar year.

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the total consideration transferred, measured at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration that represents a financial asset or a financial liability are recognized in the income statement in accordance with IFRS 9. A contingent consideration that is classified as equity is not remeasured and its subsequent settlement is recognized in equity.

For each business combination, the non-controlling interests in the acquired company are measured either at fair value or at the corresponding share of the identifiable net assets of the acquired company. HAEMATO AG has minority interests in the currently consolidated subsidiaries.

Costs incurred as part of the business combination are recognized as an expense. When the Group acquires a company, it assesses the appropriate classification and designation of the financial assets and liabilities assumed in accordance with the contractual terms, economic circumstances and conditions prevailing at the time of acquisition.

Goodwill is initially recognized at cost, which is measured as the excess of the consideration transferred over the fair value of the identifiable assets acquired and liabilities assumed of the Group. If this consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is recognized in the statement of comprehensive income.

After initial recognition, goodwill is measured at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the cash-generating units of the Group that are expected to benefit from the business combination. This applies regardless of whether other assets or liabilities of the acquired company are allocated to these cash-generating units.

If goodwill has been allocated to a cash-generating unit and a division of this unit is sold, the goodwill attributable to the division sold is taken into account as part of the carrying amount of the division when determining the result from the sale of this division. The value of the portion of goodwill disposed of is determined on the basis of the relative values of the operation disposed of and the remaining portion of the cash-generating unit.

Receivables and liabilities between the consolidated companies as well as intercompany sales, other intercompany income and the corresponding expenses are consolidated. Intercompany profits and losses are eliminated unless they are of minor significance.

Tax deferrals in accordance with IAS 12 were made on consolidation transactions affecting income to the extent that the deviating tax expense is expected to be offset in later financial years.

5.4 REMARKS ON THE ACCOUNTING AND VALUATION METHODS

5.4.1 Revenue recognotion

Revenue is measured at the fair value of the consideration received or to be received.

Provision of medical services

Revenue from the provision of medical services in the "Beauty" segment is recognized if the following conditions are met:

- the component that determines the character of the service is fully implemented,
- the amount of revenue can be reliably determined,
- it is probable that the economic benefits associated with the transaction will flow to the Group and
- the costs incurred or to be incurred in connection with the service can be reliably determined.

Advance payments made by customers for the provision of medical services amounted to EUR 427,679 as of 1 January 2023 and were recognized as revenue in the reporting year. As of 1 January 2022, there were advance payments made by customers in the amount of EUR 558,243, which were recognized as revenue in the course of the 2022 financial year.

As of 31 December 2023, there were customer prepayments of EUR 313,846, which will be recognized in revenue in the course of the 2024 financial year.

Trade of goods

Revenue from the sale of goods in the "Trade" segment is recognized if the following conditions are met:

- the customer has obtained power of disposal over the transferred goods (transfer of control),
- the Group retains neither a right of disposal, as is usually associated with ownership, nor effective power of disposal over the goods sold,
- the amount of revenue can be reliably determined,
- it is probable that the economic benefits associated with the transaction will flow to the Group and
- the costs incurred or to be incurred in connection with the sale can be reliably determined.

Dividends and interest income

Dividend income from shares is recognized when the Group's legal claim to payment has arisen. The prerequisite is that it is probable that the economic benefits will flow to the Group and the amount of the income can be reliably determined. Interest income is recognized when it is probable that the economic benefits will flow to the Group and the amount of the income can be measured reliably.

Interest income is recognized on an accrual basis in accordance with the outstanding nominal amount using the relevant effective interest rate. The effective interest rate is the rate that exactly discounts the expected future cash receipts through the life of the financial asset to the net carrying amount of the asset at initial recognition.

5.4.2 Income tax expense

Tax expense

The tax expense for the period comprises current and deferred taxes. Taxes are recognized in the income statement unless they relate to items that are recognized directly in equity or in other comprehensive income. In this case, taxes are also recognized in equity or in other comprehensive income.

Deferred taxes

Deferred taxes are recognized using the liability method for all temporary differences between the tax carrying amounts of assets and liabilities and the respective IFRS consolidated carrying amounts. However, if a deferred tax arises from 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 accounting nor taxable profit or loss, the deferred tax is not recognized. Deferred taxes are measured using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled. Deferred taxes are calculated on the basis of a corporation tax rate of 15.0% (plus a solidarity surcharge of 5.5% on corporation tax). Trade tax is calculated at a rate of 240% (M1 Aesthetics GmbH, HAEMATO Pharm GmbH, HAEMATO Med GmbH, HAEMATO AG) and 410% (M1 Med Beauty Berlin GmbH, M1 Kliniken AG). This leads to a trade tax burden of 8.40% and 14.35% respectively on the taxable result. The Group's total tax burden for the German companies is ultimately made up of the respective trade tax and corporation tax including solidarity surcharge.

Deferred tax assets are recognized to the extent that a tax benefit from offsetting against taxable annual results is probable.

Deferred tax liabilities in connection with temporary differences relating to investments in subsidiaries are generally recognized unless the timing of the reversal of the temporary differences is not probable in the foreseeable future.

5.4.3 Foreign currency conversion

When preparing the financial statements of the associated Group companies, transactions denominated in currencies other than the functional currency (euro) of the respective Group company are translated at the exchange rates valid on the date of the transaction. On the balance sheet date, all monetary items in foreign currencies are translated at the applicable closing rate. In general, foreign currency translations are not required for the preparation of the consolidated financial statements. This is of minor significance for the consolidated financial statements, as the Group has operated in the euro environment for the most part to date. There were no significant changes from currency translation compared to the previous year. The individual financial statements of foreign companies with a functional currency other than the euro were translated at the closing rate of the corresponding foreign currency.

5.4.4 Earnings per share

Earnings per share are calculated by dividing the profit for the year by the number of shares issued. In accordance with IAS 33.19, the number of ordinary shares of the weighted average number of ordinary shares in circulation during the period is to be used when calculating basic earnings per share. There are no facts that could dilute the earnings.

5.4.5 Financial instruments

The Group's financial instruments are measured in full in accordance with the provisions of IFRS 9.

a) Cash and cash equivalents

Cash and cash equivalents include cash, fixed-term deposits with remaining terms of up to three months and demand deposits, all of which are recognized at their nominal value. The cash and cash equivalents reported in the cash flow statement are defined in accordance with the company's cash management and are identical to cash and cash equivalents.

b) Financial assets

In addition to cash and cash equivalents, financial assets include in particular investments, loans and receivables granted by the company and other financial assets.

Financial assets must be recognized when a Group company becomes a party to the contractual provisions of the financial instrument. When a financial asset is recognized for the first time, it is measured at fair value, which generally corresponds to cost. Transaction costs are included in the initial measurement if the financial asset is not measured at fair value through profit or loss.

Depending on the categorization of the financial instruments, subsequent measurement is based on one of the following measurement categories:

- Financial assets measured at amortized cost
- Financial assets at fair value through profit or loss
- Assets measured at fair value through other comprehensive income.

A financial asset is measured at amortized cost if the contractual cash flows consist exclusively of interest and principal payments on the outstanding principal amount of the financial instrument (cash flow criterion) and the business model consists of holding the financial instrument. This includes the trade receivables of the M1 Kliniken Group as well as other receivables, bank balances and cash. These financial assets are subsequently measured using the effective interest method. Transaction costs and other premiums and discounts are also taken into account when determining the effective interest rate.

Financial assets are recognised at fair value through profit or loss if the financial asset is either held for trading or is required to be measured at fair value. This applies to all financial assets that do not fulfil the cash flow criterion or are subject to the ‘sell’ business model. Financial assets for trading purposes are not held. Similarly, no financial assets are recognised at fair value through other comprehensive income.

Financial assets are recognized directly in equity if the financial instrument meets the cash flow criterion and the business model consists of a combination of hold and sell. No financial assets in the M1 Kliniken Group fall into this category.

The M1 Kliniken Group does not hold any derivative financial instruments.

c) Financial liabilities

Financial liabilities are recognized when a Group company becomes a party to the contractual provisions of the financial instrument. As the M1 Kliniken Group has no financial liabilities or derivatives held for trading, all financial liabilities are measured at amortized cost.

When a financial liability is recognized for the first time, it is measured at fair value, which generally corresponds to the amount paid out; transaction costs are included in the initial measurement. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method. Transaction costs and other premiums and discounts are also taken into account when determining the effective interest rate.

d) Derecognition / impairment

Financial assets or a part of a financial asset are derecognized when M1 Kliniken AG loses the power of disposal over the contractual rights that make up the asset. Financial liabilities are derecognized when M1 Kliniken AG no longer has any contractual obligations resulting from this financial instrument.

Financial assets are subject to the impairment requirements of IFRS 9. Financial assets measured at fair value through profit or loss are exempt from impairment.

The amount of the impairment is measured according to the expected credit losses. Expected credit losses result from the difference between the contractually agreed cash flows and the expected cash flows, measured at present value using the original effective interest rate.

Expected credit losses are generally recognized in three stages. However, the impairment provisions in the M1 Kliniken Group mainly relate to trade receivables. In accordance with IFRS 9.5.5.15, a simplified approach is provided for these, in which expected credit losses are not recognized in stage 1. Instead, trade receivables are impaired in accordance with either stage 2 or stage 3. All trade receivables with no indication of impaired creditworthiness are recognized in stage 2. To determine the expected credit losses, updated observed historical default rates are used on each reporting date, adjusted for any necessary forward-looking components. Where possible, external sources are also used to determine the probability of default. The expected credit losses are calculated as the product of the calculated probabilities of default and the loss given default, which is set at 100% of the amount of the receivable.

If there are indications of impaired creditworthiness, a transition to level 3 is made with the result that, in addition to the continued recognition of a risk provision item, the effective interest rate is based on the net carrying amount. There are indications of impaired creditworthiness in particular if the debtor is experiencing financial difficulties in conjunction with an increased probability of insolvency. For trade receivables with an impaired credit rating, an individualized estimate of the expected credit loss is made.

The M1 Kliniken Group generally checks for default if contractual payments are more than 90 days overdue. In addition, internal or external information is also used in individual cases to indicate that the contractual payments cannot be made in full. Financial assets are derecognized if there is no reasonable expectation of future payment.

e) Offsetting of receivables and payables

Financial assets and liabilities are offset so that only the net amount is recognized in the balance sheet. This only occurs when there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

f) Fair value

The fair value of financial instruments that are traded on active markets (Level 1) is determined by the market price or publicly quoted price (bid price offered by the buyer for a long position and ask price for a short position) on the reporting date without deducting transaction costs. A comparable approach is used for financial instruments that are not themselves traded on a market, but for which corresponding values can be derived from such a market (Level 2).

The fair value of financial instruments that are not traded on an active market (Level 3) is determined using the discounted cash flow method and the requirements of IFRS 13.

Valuation techniques include the use of recent arm's length transactions between knowledgeable, willing parties, comparison with the current fair value of another financial instrument that is substantially the same, the use of discounted cash flow methods and other valuation models.

See section 5.6.1 (g) for further details on determining the fair values of the material investments.

5.4.6 Inventories

Inventories in the Beauty and Retail divisions are measured at the lower of cost plus any incidental acquisition costs (e.g. transportation, customs duties) and net realizable value. There are no work in progress or finished goods.

5.4.7 Fixed assets

Property, plant and equipment are recognized at cost less accumulated depreciation. On disposal of property, plant and equipment, the historical cost and accumulated depreciation are derecognized and any gain or loss from the disposal of the asset is recognized in the income statement under "Other operating income" or "Other operating expenses".

	Term of depreciation
Buildings	33 years
Machinery and equipment	5-8 years
Operating and office equipment	1-15 years

If necessary, impairments reduce the amortized cost. Property, plant and equipment was not revalued in accordance with the option under IAS 16.

Depreciation is calculated using the straight-line method. Depreciation corresponds to the pattern of consumption of future economic benefits. Property, plant and equipment are depreciated on a straight-line basis over various economically significant useful lives (1 to 15 years).

If the carrying amount exceeds the expected recoverable amount for an item of property, plant and equipment, an impairment loss is recognized in accordance with IAS 36. The recoverable amount is determined from the net sales proceeds or - if higher - the present value of the estimated future cash flow from the use of the asset.

The useful lives and amortization methods are reviewed regularly to ensure that the economic benefits are consistent with the amortization period.

In addition to the amortization of intangible assets and depreciation of property, plant and equipment, the scheduled impairment of right-of-use assets capitalized in accordance with IFRS 16 has also been recognized in depreciation and amortization since the 2019 financial year. This resulted in amortization of right-of-use assets in the amount of EUR 3,763,752 in the past financial year (prev. year EUR 4,211,021).

5.4.8 Leases

The Group pursues a strategy of renting or leasing some of the key assets required for its business operations. In addition to a number of company vehicles, this primarily includes the space at the clinic in Berlin-Köpenick as well as the space for the practice network and the warehouse for the retail division. The space is rented at suitable locations and tied to long-term rental agreements. As a rule, an initial rental period of five years is agreed, which can be extended once or several times. In the case of rental and lease obligations, the expected future rental and lease payments are capitalized when the rental and lease agreement is established and a corresponding rental and lease liability is recognized. The expense from rental and lease agreements is recognized under "Depreciation and amortization".

5.4.9 Intangible assets

M1 Kliniken AG capitalizes intangible assets if the asset is the economic property of the company as a result of past events, if it can be assumed that a future economic benefit will flow to the company from this asset and if the costs of the asset can be reliably determined. There are no internally generated intangible assets.

Concessions and similar rights

Concessions and similar rights are capitalized at cost and reported separately from goodwill as an intangible asset. Concessions and similar rights are amortized on a straight-line basis over the duration of this interval if a limited time interval is involved. If the right or asset is indefinite, an annual impairment test is carried out for the concession or right and any impairment is recognized in the income statement.

Software

Software is capitalized at cost and reported as an intangible asset separately from goodwill, provided that these software costs are not an integral part of the associated hardware. Software is amortized on a straight-line basis over a period of three or four years.

Goodwill

Goodwill is initially measured at cost, which is the excess of the total consideration transferred and the amount of non-controlling interests in the identifiable assets acquired and liabilities assumed of the Group.

Irrespective of whether there is any indication of impairment, the recoverable amount for the cash-generating unit to which the goodwill belongs is determined annually. If the carrying amount is higher than the recoverable amount, an impairment loss is recognized. If the recoverable amount is only 10% below the carrying amount, a theoretical impairment potential is determined using a sensitivity analysis. For this purpose, the underlying earnings before interest and taxes (EBIT) are reduced by 10% and the risk-free basic interest rate is increased by 1 percentage point and the effects on the capitalized goodwill are determined.

5.4.10 Impairment of long-term assets

Property, plant and equipment and intangible assets are always tested for impairment if events or changes in external circumstances indicate that the recoverable amount of the asset on the reporting date is lower than its carrying amount or if an annual impairment test is required. Intangible assets with an indefinite useful life must also be tested for impairment at least once a year.

The recoverable amount is calculated to determine whether there is a need for impairment. If this cannot be determined directly for the asset, it is determined using a cash-generating unit (CGU) to which the asset belongs. For this purpose, the future cash flows expected from the CGU are determined and measured using the discounted cash flow approach. The discount factor includes the risk-free interest rate and a risk premium, whereby the cost of capital is weighted according to the capitalization structure (equity/debt) of the cash-generating unit. If an asset belongs to several CGU`s, the jointly used assets are allocated to the individual cash-generating units.

If the carrying amount of an asset exceeds the recoverable amount, an impairment loss is recognized for property, plant and equipment and intangible assets carried at cost. The recoverable amount is the higher of fair value less costs to sell and value in use.

The fair value less costs to sell corresponds to the amount obtainable from the sale of the asset in an arm's length transaction between knowledgeable parties.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The recoverable amount must be estimated for each individual asset or, if this is not possible, for the smallest identifiable cash-generating unit.

If a cash-generating unit to which goodwill has been allocated is found to be impaired by more than the carrying amount of the goodwill, the goodwill is initially written off in full and the remaining impairment loss is allocated to the other assets of the CGU.

5.4.11 Equity

The company is listed on the Basic Board (Regulated Unofficial Market) of the Frankfurt Stock Exchange. At the end of the year, the company's share capital amounted to EUR 19,643,403 (prev. year EUR 19,643,403), which is divided into 19,643,403 shares (prev. year also 19,643,403 shares) with a nominal value of EUR 1.00 each.

With effect from 30 June 2020, a non-cash capital increase was carried out at M1 Kliniken AG as part of the contribution of the shares in HAEMATO AG held by MPH Health Care AG to M1 Kliniken AG. The 2,143,403 newly issued shares in M1 Kliniken AG were subscribed and taken over by MPH Health Care AG. The issue amount of EUR 10.20 per share, which exceeded the nominal value of the shares of EUR 1.00, was posted to the capital reserves.

As of 31 December 2022, HAEMATO AG held a total of 1,328,384 shares in M1 Kliniken AG, most of which were transferred to the company as consideration for the expenses incurred in connection with M1 and as a valuation of the share in the business idea even before the IPO of M1 Kliniken AG in 2015. The shares were deducted from equity as treasury stock in the consolidated financial statements of M1 Kliniken AG in accordance with IAS 32-33. As a result, equity was reduced by an amount of EUR 13,951,391. These shares were sold in the 2023 financial year and the treasury stock was reversed accordingly. At the same time, M1 Kliniken AG repurchased its own shares as part of a share buyback program (see 6.2.10).

5.4.12 Provisions and contingent liabilities

Provisions are recognized in accordance with IAS 37 for obligations that are uncertain in terms of their timing or amount, it is probable that an outflow of resources will be required to settle the obligation and the amount of the provision can be reliably estimated. A provision is only recognized if:

- a present obligation (legal or constructive) has arisen for the company as a result of a past event,
- it is probable (i.e. there is more evidence for than against) that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- a reliable estimate of the amount of the obligation is possible.

The amount recognized as a provision represents the best possible estimate of the amount required to settle the obligation existing at the balance sheet date, i.e. the amount that the company would have to pay to settle the obligation on the balance sheet date or to transfer it to a third party on that date if it could be reliably estimated.

Non-current provisions are discounted using a pre-tax interest rate if the effect is material. In the event of discounting, the increase in provisions due to the passage of time is recognized as a financial expense.

Contingent liabilities are liabilities that arise from a possible obligation as a result of a past event and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. Contingent liabilities may also arise from a present obligation that is based on past events but has not been recognized because:

- the outflow of resources embodying economic benefits is not probable with the fulfillment of this obligation or
- the amount of the obligation cannot be estimated with sufficient reliability.

If the probability of an outflow of resources embodying economic benefits for the company is low, no contingent liability is disclosed.

5.5 NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.5.1 Operating result

a) Sales

Sales revenue totaling EUR 316,318,613 (prev. year EUR 285,291,186) mainly relates to revenue from the sale of pharmaceuticals and medical products, medical services in the field of aesthetic medicine and the provision of infrastructure services.

In accordance with IFRS 15.121, outstanding performance obligations are not disclosed.

b) Other operating income

Other operating income amounted to EUR 1,674,982 (prev. year EUR 1,482,971).

The following table shows a breakdown of other operating income into its individual components.

	2023 in EUR	2022 in EUR
Insurance compensation and indemnities	145,595	196,010
Income from currency conversion	244,459	164,808
Other benefits in kind	57,078	89,899
Income related to other periods	7,687	263,249
Income from the release of accruals	153,451	530,753
Profit from the disposal of fixed assets	969,313	12,277
Other operating income	97,399	225,975
Total	**1,674,982**	**1,482,971**

c) Cost of goods and services

The cost of purchased goods and services, which totaled EUR 266,075,250 (prev. year EUR 232,510,854), mainly includes expenses incurred in connection with the purchase of pharmaceuticals and medical products.

It also includes expenses for purchased services (mainly fees) in the field of aesthetic medicine.

d) Personnel expenses

Personnel expenses decreased to a total of EUR 17,374,736 (prev. year EUR 20,945,967). EUR 15,132,945 of this relates to wages and salaries (prev. year EUR 17,735,546) and EUR 2,241,791 to social security contributions and pension expenses (prev. year EUR 3,210,421).

The M1 Kliniken Group had an average of 219 employees in the reporting period (prev. year 366 employees). Of these, 174 were employed full-time and 45 part-time. In addition, 2 trainees were employed at the end of the year.

e) Depreciation

Depreciation and amortization includes scheduled depreciation of property, plant and equipment and amortization of intangible assets in the amount of EUR 1,546,837 (prev. year EUR 1,651,402). An amount of EUR 3,763,752 was attributable to the amortization of right-of-use assets capitalized in accordance with IFRS 16 (prev. year EUR 4,211,021). Current assets were also amortized in the amount of EUR 0 (prev. year EUR 200,000).

Property, plant and equipment and intangible assets are depreciated on a straight-line basis.

	2023 in EUR	2022 in EUR
Depreciation of intangible assets	656,260	726,893
Depreciation on property, plant and equipment	890,577	924,509
Depreciation on rights of use	3,763,752	4,211,021
Depreciation of current assets	0	200,000
Total	**5,310,589**	**6,062,423**

f) Other operating expenses

Other operating expenses, which total EUR 13,533,131 (prev. year EUR 17,907,365), are divided into a large number of individual items, such as rent, advertising and travel expenses, packaging materials, freight costs, insurance premiums, external work, legal and consulting costs as well as annual financial statement and audit costs.

The following table shows a breakdown of other operating expenses into their individual components.

	2023 in EUR	2022 in EUR
Advertising and travel expenses	3,245,484	4,319,476
Space costs	1,976,323	1,659,756
Third-party services	895,208	4,248,385
Other items, including	7,416,116	7,679,747
- Costs of distribution of goods	1,309,021	1,574,637
- Insurances and fees	1,072,842	1,201,396
- Office supplies/telephone/internet/postage etc.	427,580	755,145
- Currency conversion	311,006	233,351
- Repairs & maintenance	395,236	601,375
- Legal and consulting costs	574,085	719,650
- Accounting / closing costs	420,006	415,802
- Other	724,347	0
Total	2,181,993	2,178,391
Grand total	**13,533,131**	**17,907,365**

Premises costs do not relate to the original rental payments, but to other rental and leasing costs (e.g. ancillary rental costs). The ‘external services’ reported in 2022 for the ‘Beauty Club’ customer loyalty programme were discontinued in 2023 and do not represent an expense for M1 Kliniken.

5.5.2 Financial result

Interest and similar income includes interest income totaling EUR 784,211 (prev. year EUR 641,292). The interest results from the granting of loans and the investment of cash and cash equivalents in fixed-interest investment products and with German banks.

Interest and similar expenses, which totalled EUR 1,347,091 (prev. year EUR 827,941), relate to the discounting of capitalized lease liabilities in accordance with IFRS 16 in the amount of EUR 413,690 (prev. year EUR 427,072) as well as interest on current and non-current liabilities in the amount of EUR 933,401 (prev. year EUR 400,869).

Income from investments amounts to EUR 1,310,964 and results from dividend claims and a claim to profit distribution from CR Opportunities GmbH (prev. year EUR 854,639).

The valuation of financial assets as part of the investment of the Group's liquidity resulted in net write-ups of EUR 1,177 (prev. year EUR 217,727).

5.5.3 Income taxes and earnings

Taxes on income and earnings amounted to EUR 4,779,128 (prev. year EUR 3,163,226).

	2023 in EUR	2022 in EUR
Taxes on income and earnings	**4,779,128**	**3,163,226**
Corporation tax incl. solidarity surcharge	3,973,805	1,481,855
Trade tax	2,030,137	832,863
Capital gains tax incl. solidarity surcharge	8,332	72,477
Deferred taxes	-1,233,146	776,031

As in the previous year, deferred taxes are calculated using different effective tax rates. With reference to IAS 12.81 c, the following tax rates are used:

Effective tax rate for companies located in	in%
Berlin, Germany	30.175
Schönefeld, Germany	24.225
Netherlands (from taxable profit > EUR 200,000)	25.000
Austria	24.000
Hungary	13.179

The statutory effective tax rate includes corporation tax and the solidarity surcharge (effective rate: 15.825%) as well as trade tax (effective rates: Berlin at 14.350% / Schönefeld at 8.400%).

	2023		2022	
Tax reconciliation	**in kEUR**	**in%**	**in kEUR**	**in%**
Earnings before taxes	16,446		10,233	
Tax rate	30.175%		30.175%	
Expected tax expense and tax rate	**4,963**	**30.2**	**3,088**	**30.2**
Tax reductions due to tax-free income	-657	-4.0	-258	-2.5
Tax reductions due to fair value measurements	-0	-0.0	-66	-0.6
Non-deductible expenses	22	0.1	31	0.1
Result of foreign subsidiaries	0	0.0	919	9.0
Tax rate differences	-812	-4.9	-562	-5.5
Release of deferred taxes	1,233	7.5	0	0.0
Other tax effects	30	0.2	13	0.1
Reported tax expense and effective tax rate	**4,779**	**29.1**	**3,163**	**30.9**

5.5.4 Earnings per share

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

Period	**Number of shares**		
1 January - 31 December 2023	19,643,403		
		2023 in EUR	**2022 in EUR**
Net income attributable to equity holders of the parent company		10,274,283	4,317,354
Number of shares (weighted average)		19,643,403	19,643,403
Less own shares		-517,484	-1,328,384
Earnings per share		0.54	0.24

5.6 NOTES TO THE CONSOLIDATED BALANCE SHEET

5.6.1 Assets

a) Cash and cash equivalents

Cash and cash equivalents comprise cash, fixed-term deposits with residual terms of up to three months and demand deposits, all of which are recognized at their nominal values.

	31.12.2023 in EUR	31.12.2022 in EUR
Cash registers	23,900	33,060
Bank deposits	22,357,040	35,112,962
Total	**22,380,940**	**35,146,022**

b) Trade account receivables

Trade receivables, which amount to a total of EUR 28,020,505 (prev. year EUR 21,773,271), are measured at amortized cost less any impairments. The expected credit loss model is used for this purpose, although this did not result in any significant effects. Impairments are initially recognized in allowance accounts, unless it can be assumed that the receivable will be wholly or partially uncollectible when the impairment occurs. In these cases, the gross value of the receivable is written down directly through profit or loss.

In the 2023 financial year, valuation allowances amounted to EUR 22,300 (prev. year EUR 79,283). As at the reporting date, there were no indications that the creditworthiness of the debtors was impaired.

Trade receivables include trade receivables from affiliated companies amounting to EUR 310,970 (prev. year EUR 2,881,841). Trade receivables are due within one year.

		remaining period	
Maturity	**31.12.2023 in EUR**	**up to 1 year in EUR**	**more than 1 year**
Trade account receivables	28,020,505	28,020,505	-
thereof: Trade account receivables from affiliated companies	310,970	310,970	-

		remaining period	
Maturity	**31.12.2022 in EUR**	**up to 1 year in EUR**	**more than 1 year**
Trade account receivables	21,773,271	21,773,271	-
thereof: Trade account receivables from affiliated companies	2,881,841	2,881,841	-

Due to the short terms of the trade receivables, it is assumed that the fair values correspond to the carrying amounts. As in the previous year, there are no overdue receivables from customers.

c) Inventories

Inventories are primarily goods held in the ordinary course of business and treatment materials used in the course of medical treatments. In the 2023 financial year, a total of EUR 2,178,757 of Covid rapid tests/antigen tests were written off on HAEMATO AG's inventory due to the sharp reduction in demand and limited shelf life and had to be destroyed. There was no need for write-downs in the area of treatment materials in the 2023 financial year (prev. year EUR 200,000).

	31.12.2023 in EUR	31.12.2022 in EUR
Inventories	45,526,279	27,586,629
Goods	44,744,980	26,247,072
Advance payments on inventories	255,859	678,239
Right to recollect products	525,440	661,318

d) Goodwill

Goodwill acquired in a business combination may not be amortized. Instead, the acquirer must allocate it to cash-generating units (CGUs) of the Group and test it for impairment in accordance with IAS 36, once a year or more frequently if events or changes in circumstances indicate that an impairment may have occurred.

If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the carrying amount of the goodwill allocated to the unit and then to the other assets on a pro rata basis. Any impairment loss on goodwill is recognized directly in the income statement. An impairment loss recognized for goodwill may not be reversed in future periods.

The goodwill of EUR 62,126,308 (prev. year EUR 34,299,237) reported in the consolidated balance sheet was allocated to HAEMATO AG at EUR 25,907,033, M1 Med Beauty Berlin GmbH at EUR 115,723, M1 Aesthetics GmbH at EUR 7,913,014, M1 Med Beauty Austria GmbH at EUR 331.860 to M1 Med Beauty Austria GmbH and EUR 27,858,678 to Nutri Care GmbH, which was consolidated for the first time in 2023, including its subsidiary Direct Apotheke B.V. and its indirect investment in Adhoc Pharma B.V. as a cash-generating unit.

in EUR	Acquisition and production costs			Value adjustments			Book value
	01.01. 2023	Accurals/ disposals	31.12. 2023	01.01. 2023	Depreciation/ Appreciation	31.12. 2023	31.12. 2023
Goodwill	**34,394,053**	**27,858,678**	**62,252,731**	**-94,817**	**-31,606**	**-126,423**	**62,126,308**
HAEMATO AG	25,907,033	-	25,907,033	-	-	-	25,907,033
M1 Aesthetics GmbH	7,913,014	-	7,913,014	-	-	-	7,913,014
M1 Med Beauty Berlin GmbH	115,723	-	115,723	-	-	-	115,723
M1 Med Beauty Austria GmbH	458,283		458,283	-94,817	-31,606	-126,423	331,860
Nutri Care GmbH inkl. deren Tochter-gesellschaften	-	27,858,678	27,858,678	-	-	-	27,858,678

in EUR	Acquisition and production costs			Value adjustments			Book value
	01.01. 2022	Accurals/ disposals	31.12. 2022	01.01. 2022	Depreciation/ Appreciation	31.12. 2022	31.12. 2022
Goodwill	**34,394,053**	**-**	**34,394,053**	-63,211	**-31,606**	**-94,817**	**34,299,237**
HAEMATO AG	25,907,033	-	25,907,033	-	-	-	25,907,033
M1 Aesthetics GmbH	7,913,014	-	7,913,014	-	-	-	7,913,014
M1 Med Beauty Berlin GmbH	115,723	-	115,723	-	-	-	115,723
M1 Med Beauty Austria GmbH	458,283	-	458,283	-63,211	-31,606	-94,817	363,466

The impairment test was based on the recoverable amount of the CGUs HAEMATO AG, M1 Aesthetics GmbH and M1 Med Beauty Berlin GmbH as the value in use based on a three-year plan with corresponding assumptions regarding sales and cost trends. The three-year plan was prepared on the basis of the companies' business expectations and business experience (in terms of sales and costs). No further growth factors are included for the terminal value after the detailed planning period.

The expected future cash flows were derived from this. The average of the three planning years was used to determine the cash flow for the terminal value. For the three-year plan, the management made detailed assumptions for sales and costs based on past value trends and expected future market trends. This calculation approach was used as in the previous year.

The cost of capital was calculated on the basis of the estimated cost of equity (including a premium for the market risk premium) and the cost of debt (less tax). This reflects the specific risks of the respective segments in which the CGUs operate. An assumption for 'typical' capital shares was chosen to determine the weighted average cost of capital.

As a result of the impairment tests carried out, there was no need to recognize impairment losses on the goodwill reported in the balance sheet.

A sensitivity analysis of the impairment test to changes in the most important assumptions for determining the recoverable amount was carried out for the goodwill of the CGUs HAEMATO AG, M1 Med Beauty Berlin GmbH and M1 Aesthetics GmbH.

The goodwill for M1 Med Beauty Austria GmbH arose on the transfer of the Austrian business operations from the former branch of M1 Med Beauty Berlin GmbH to M1 Med Beauty Austria GmbH in the 2019 financial year and represents expenses for the commissioning of the business. No regular impairment test is carried out for this goodwill and the goodwill is amortized over 15 years.

e) Intangible assets excluding goodwill

Intangible assets excluding goodwill relate primarily to investments in software.

in EUR	Acquisition/manufacturing costs				Value adjustments				Book value
	01.01. 2023	Accurals/ disposal	Transfer/ disposal	31.12. 2023	01.01. 2023	Current depreciation	Disposals	31.12. 2023	31.12. 2023
Concessions and similar rights	33,412,608	319,238	-	33,731,846	-8,630,135	-622,471	-	-9,252,606	24,479,240
Acquired intangible assets	9,912,944	-	-	9,912,944	-9,686,947	-7,998	-	-9,694,945	217,999
Advance payments made on intangible assets	962,845	300,574	-724,347	539,072	-	-	-	-	539,072
Total	**44,288,397**	**619,812**	**-724,347**	**44,183,862**	**-18,317,082**	**-630,469**	**-**	**-18,947,551**	**25,236,311**

in EUR	Acquisition/manufacturing costs				Value adjustments				Book value
	01.01. 2022	Accurals/ disposal	Transfer/ disposal	31.12. 2022	01.01. 2022	Current depreciation	Disposals	31.12. 2022	31.12. 2022
Concessions and similar rights	33,169,150	243,458	-	33,412,608	-7,938,291	-691,843	5,110	-8,630,135	24,782,473
Acquired intangible assets	9,912,944	-	-	9,912,944	-9,678,949	-7,998	-	-9,686,947	225,997
Advance payments made on intangible assets	596,793	366,052	-	962,845	-	-	-	-	962,845
Total	**43,678,887**	**609,510**	**-**	**44,288,397**	**-17,617,240**	**-699,841**	**5,110**	**-18,317,082**	**25,971,315**

f) Fixed assts

in EUR	Acquisition/manufacturing costs					Value adjustments					Book value
	01.01. 2023	AHK Additions / Transfers	AHK Disposal	Currency difference	31.12 2023	01.01. 2023	AHK Additions / Transfers	AHK Disposal	Currency difference	31.12. 2023	31.12. 2023
Properties	**36,443,609**	**1,582,686**	**-2,149,553**	**26,450**	**35,903,192**	**-19,265,726**	**-2,880,906**	**68,878**	**-32,163**	**-22,109,918**	**13,793,274**
Land and buildings	2,560,129	-	-	-	2,560,129	-2,560,128	-	-	-	-2,560,128	1
Technical equipment and machinery	928,000	7,092	-	-	935,092	-497,001	-80,067	-	-	-577,068	358,024
Operating and office equipment	8,745,883	464,834	-149,500	15,813	9,077,030	-5,404,245	-779,164	68,878	-4,056	-6,118,586	2,958,443
Rights of use	24,209,597	1,110,760	-2,000,053	10,637	23,330,941	-10,804,353	-2,021,675	-	-28,107	-12,854,136	10,476,806

in EUR	Acquisition/manufacturing costs					Value adjustments					Book value
	01.01. 2022	AHK Additions / Transfers	AHK Disposal	Currency difference	31.12 2022	01.01. 2022	AHK Additions / Transfers	AHK Disposal	Currency difference	31.12. 2022	31.12. 2022
Properties	**32,345,909**	**7,275,242**	**-3,133,469**	**-44,073**	**36,443,609**	**-17,078,571**	**-4,396,950**	**647,984**	**9,095**	**-19,265,726**	**17,177,883**
Land and buildings	2,604,088	-	-43,959	-	2,560,129	-2,597,724	-565	38,161	-	-2,560,128	1
Technical equipment and machinery	920,422	209,987	-202,409	-	928,000	-536,027	-89,161	128,187	-	-497,001	430,999
Operating and office equipment	8,406,838	952,557	-600,359	-13,152	8,745,883	-5,057,114	-830,229	481,635	1,462	-5,404,245	3,341,638
Rights of use	20,414,562	6,112,698	-2,286,742	-30,921	24,209,597	-8,887,707	-4,211,021	-	7,633	-10,804,353	13,405,245

g) Non-current financial assets

The investments held as non-current financial assets are measured at fair value through profit or loss. The investment in CR Opportunities GmbH was sold in full in the 2023 financial year. At EUR 12,000,000, the proceeds from the sale are equal to the carrying amount, meaning that there is no effect on profit under IFRS.

in EUR	Acquisition and production costs					Value adjustments				Book value
	01.01.2023	AHK Additions	Transfers	Consolidation	31.12.2023	01.01.2023	Transfers	Appreciation/ Depreciation	31.12.2023	31.12.2023
Shares in affiliated Companies	**8,735,014**	**928,021**	**-8,732,359**	**-**	**930,676**	**3,267,647**	**-3,267,647**	**8,156**	**8,156**	**938,832**
CR Opportunities GmbH	8,732,353	-	-8,732,353	-	-	3,267,647	-3,267,647	-	-	-
Other	2,661	928,021	-6	-	930,676	-	-	8,156	8,156	938,832

in EUR	Acquisition and production costs					Value adjustments				Book value
	01.01.2022	AHK Additions	Transfers	Consolidation	31.12.2022	01.01.2022	Transfers	Appreciation/ Depreciation	31.12.2022	31.12.2022
Shares in affiliated Companies	**8,735,014**	**-**	**-**	**-**	**8,735,014**	**3,267,647**	-	**-**	**3,267,647**	**12,002,661**
CR Opportunities GmbH	8,732,353	-	-	-	8,732,353	3,267,647	-	-	3,267,647	12,000,000
Other	2,661	-	-	-	2,661	-	-	-	-	2,661

h) Other financial and non-financial assets

In the 2023 financial year, other financial and non-financial assets mainly consisted of receivables from a customer and securities included in current assets.

	31.12.2023 in EUR	31.12.2022 in EUR
Other short-term financial assets	**4,103,389**	**17,102,402**
Receivables from affiliated companies	893,636	405,567
Other assets	2,835,086	4,344,178
Bonds	374,667	12,352,657
Loans with a remaining term of up to 1 year	0	0
Other short-term assets	**6,679,413**	**3,403,131**
Receivables from sales tax credits	2,941,123	2,711,144
Receivables from personnel	56,578	49,427
Accruals and deferred income	269,959	301,609
Further assets	3,411,753	340,951
Other long-term assets	**269,699**	**266,654**
Deposits	306,560	305,452
Prepaid expenses (Leasing)	-36,861	-38,798

5.6.2 Liabilities

a) Short-term provisions

Current provisions include the costs of preparing and auditing the financial statements of the consolidated companies, provisions for personnel expenses, legal and consulting costs and other provisions. The values to be recognized for these are to be clearly determined using clearly defined calculation algorithms.

Current Provisions	01.01.2023 in kEUR	Consumption in kEUR	Elimination in kEUR	Increase in kEUR	31.12.2023 in kEUR
Audit and year-end closing costs	144.4	140.0	0	147.3	151.7
Personnel / holiday entitlements	493.6	434.9	47.6	341.2	352.3
Supervisory board expenses	35.0	20.0	0	69.4	84.4
Other	631.2	372.5	48.1	583.9	794.5
Total	**1,304.2**	**967.4**	**95.7**	**1,141.8**	**1,382.9**

b) Liabilities from deliveries and services

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

c) Leasing liabilities

In accordance with IFRS 16, M1 Kliniken AG capitalizes leases from operating leases as rights of use and depreciates them over the term of the leases. The lease payments give rise to liabilities, which are divided into current and non-current liabilities depending on the term and are discounted.

	31 December 2023	31 December 2022
Right of use	10,476,806	13,405,245
Prepaid expenses	-42,861	-44,798
Σ **Assets**	**10,433,945**	**13,360,447**
Short-term leasing liabilities	2,970,719	3,376,706
Long-term leasing liabilities	7,823,715	10,334,828
Σ **Liabilities**	**10,794,434**	**13,711,534**
Depreciation	-3,763,752	-4,211,021
Interest expense	-413,690	-427,072
Σ **Income statement**	**-4,177,442**	**-4,638,093**
Leasing expenses	4,157,240	4,598,516
Σ **Correction of leasing expenses**	**4,157,240**	**4,598,516**
Delta net profit/loss for the year	**-20,202**	**-39,577**

d) Other short-term financial liabilities

Other current financial liabilities to banks and other financial liabilities are recognized at amortized cost using the effective interest method. Other financial liabilities are mainly current liabilities to banks from loans and overdrafts, loans received and debtors with credit balances.

e) Other current liabilities

Other current liabilities are recognized at amortized cost using the effective interest method. These are mainly liabilities from payroll taxes and VAT, social security liabilities and advance payments received for treatments in the Beauty segment.

f) Contractual and reimbursement liabilities

Refund liabilities include obligations from sales transactions that represent financial instruments. A refund liability arises when the company receives a consideration from a customer and expects that this consideration will be refunded to the customer in full or in part. A refund liability is measured in the amount of the consideration to which the company is not expected to be entitled and is therefore not included in the transaction price.

A liability for refunds is recognized for sales with a right of return.

	31 December 2023	31 December 2022
Return delivery rights	550,340	703,720
Discount contracts / manufacturer discounts	5,427,175	4,636,229
Contractual and reimbursement liabilities	**5,977,515**	**5,339,949**

g) Long-term provisions

Non-current provisions relate to the provision for retention obligations with a remaining term of more than one year.

h) Long-term financial liabilities

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

i) Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, including differences arising from consolidation, as well as for unused tax loss carry-forwards and tax credits. The valuation is based on the tax rates that are expected to apply to the period in which an asset is realised or a liability is settled. The tax rates and tax laws used are those that are enacted or substantively enacted at the balance sheet date. The company recognises an impairment against deferred tax assets when it is not probable that future taxable profit will be available against which the deductible temporary differences, tax loss carryforwards and tax credits can be utilised.

For tax deductible temporary differences associated with investments in subsidiaries, a deferred tax asset is recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the deductible temporary difference can be utilised.

Deferred tax assets and liabilities are only offset if there is a legal right to offset actual tax refund claims and actual tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same authority for the same taxable entity.

No deferred tax assets were recognised as at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- goodwill for which amortisation is not deductible for tax purposes, 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 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 can not be controlled by the Company and it is probable that this will not occur in the foreseeable future. Deferred tax as of 31 December 2023 relates to the following:

Temporary Differences in kEUR	01.01.2023	Recognised in profit or loss	Recognised directly in equity	31.12.2023
Valuation of intangible assets	1,105	635	-50	1,690
Fair value measurement of financial instruments	1,896	-1,891	0	5
Fair value measurement of financial assets	0	0	0	0
Other valuation differences	3	23	50	76
Deferred tax liabilities	**3,004**	**-1.233**	**0**	**1,771**

Deferred taxes from the measurement of intangible assets result from the initial consolidation of a subsidiary acquired in 2009 and 2013 in the HAEMATO AG subgroup and from different measurement approaches under commercial law and IFRS and amounted to EUR 1,690 thousand as at the reporting date (prev. year EUR 1,105 thousand). Allocations from the previous year were changed in the amount of EUR 50 thousand.

In connection with the fair value measurement of existing financial instruments, it was necessary to recognize deferred tax liabilities in the amount of EUR 5 thousand (prev. year EUR 1,896 thousand). These amount to the amount by which the IFRS carrying amounts measured at fair value exceed the tax base. In the past financial year, deferred taxes were reversed due to the sale of financial assets measured at fair value. Accordingly, there is no longer a difference in recognition between commercial law provisions and recognition under IFRS.

j) Equity

The company's share capital of EUR 19,643,403 (prev. year also EUR 19,643,403) is divided into 19,643,403 no-par value shares (prev. year also 19,643,403 shares) with a notional value of EUR 1.00 each. The increase in the company's share capital in 2020 was carried out using the authorized capital 2019 in the amount of EUR 2,143,403 as part of a non-cash capital increase against the contribution of 11,011,977 shares previously held by MPH Health Care AG shares in HAEMATO AG. The capital increase was entered in the commercial register on 30 June 2020. The new shares were fully subscribed and acquired by MPH Health Care AG.

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

In the 2023 financial year, following the resolution of the Annual General Meeting of M1 Kliniken AG on 19 July 2023, the unappropriated surplus will be carried forward in full to new account.

At the time of preparing the financial statements for the 2023 financial year, there is no proposal for the appropriation of the annual result for the 2023 financial year.

5.7 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows how the cash and cash equivalents of the M1 Kliniken Group have changed over the course of the reporting years as a result of cash inflows and outflows. In this cash flow statement, cash flows are broken down into operating, investing and financing activities. The cash flows from investing and financing activities are each presented using the direct method. Cash flows from operating activities, on the other hand, are presented using the indirect method. Cash and cash equivalents include cash and cash equivalents available at short notice amounting to EUR 18,855,548 (prev. year EUR 35,146,022).

In the cash flow from 'operating activities', the main items relate to the net profit for the period of EUR 11,666,686 (prev. year EUR 7,069,933), depreciation and amortization of EUR 5,310,589 (prev. year EUR 5,862,423), the increase in inventories of EUR 17,178,504 (prev. year decrease of EUR 7,597,297) and the cash inflow from the increase in trade receivables and payables and other assets and liabilities in the amount of EUR 8,307,151 (prev. year EUR 592,995).

The cash flow from 'investing activities' is characterized by proceeds from disposals of financial assets in the amount of EUR 8,732,353 (prev. year EUR 0) and payments for investments in financial assets in the amount of EUR 19,005,005 (prev. year EUR 0). This primarily includes the investment in the expansion of the investment in HAEMATO AG, in which around EUR 17 million was invested. Investment income of EUR 1,301,511 was recognized in cash in 2023 (prev. year EUR 26,285). In addition, interest income of EUR 694,101 (prev. year EUR 627,494) and investments in intangible assets and property, plant and equipment of EUR 1,009,504 (prev. year EUR 1,772,054) were recognized in cash.

In the past financial year, cash flow from financing activities was significantly influenced by the repayment of loans from Direct Apotheke Venlo B.V., which was newly incorporated into the Group. A total of EUR 7,577,268 was received from the reduction of treasury shares (prev. year EUR 0). Bank liabilities were reduced by EUR 3,628,542 (prev. year EUR 13,404,803). Payments for the repayment of rights of use amounted to EUR 4,157,240 (prev. year EUR 4,594,128.

5.8 SEGMENT REPORTING

The reportable segments in the M1-Kliniken Group are the ‘Beauty’ and ‘Retail’ segments.

The categorisation into operating segments follows the guidelines from the Group's internal management and controlling based on business activities. Segmentation is not based on regional aspects, as this is not (yet) a relevant control parameter for internal management purposes.

The "Beauty" segment includes the Schlossklinik in Berlin-Köpenick, the surgical activities in various affiliated clinics in Germany and the network of outpatient specialist centers. Aesthetic surgery services (primarily breast augmentation, eyelid lifts and liposuction) are performed in the clinics, while other aesthetic medical treatment services (primarily injections with hyaluronic acid and botulinum toxin) are performed in the network of specialist centers. End customers in this segment are natural persons for whom treatments are carried out and operators of aesthetic medicine practices.

The ‘Trade’ segment summarises all activities relating to trade in medicinal products and medical devices. This is a trading activity, whereby the position of distributor of products from contract manufacturers is increasingly coming into focus. The products are not processed or refined in this context. Instead, the M1-Kliniken Group uses its trading activities to increase its purchase volume from relevant suppliers as a basis for price negotiations. The target customers of this segment are reusers who use the products as part of their own business activities or resell them.

The segments have no internal sales within the Group.

There were no changes in segmentation or the allocation of individual activities to the segments in 2023.

	2023 in kEUR		2022 in kEUR	
Group sales	**316,319**		**285,291**	
Trade	245,491	77.6%	225,054	78.9%
Beauty	70,828	22.4%	60,237	21.1%

The Group does not generate more than 10% of consolidated sales with any one customer. In the previous year (2022), more than 10% of consolidated revenue was generated with one customer (EUR 29,665,049).

EBIT is distributed across the various business segments as follows:

	2023 in kEUR		2022 in kEUR	
Group EBIT	**15,700**		**9,348**	
Trade	254	1.6%	2,319	24.8%
Beauty	15,446	98.4%	7,029	75.2%

5.9 FURTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

5.9.1 Capital risk management

To date, the Group has managed its capital with the aim of avoiding dependence on lenders by maintaining a very high equity ratio and keeping entrepreneurial decision-making freedom as open as possible. This ensures that all Group companies can operate under the going concern premise and that decisions are not influenced by any covenants from lenders.

Equity as at the respective reporting date:

	31.12.2023 in EUR	31.12.2022 in EUR
Equity	143,223,451	143,050,624
Balance sheet total	212,952,877	197,024,743
Equity ratio	67.26%	72.61%

The Group has borrowed capital for the operational implementation of its business model. In the reporting period, liabilities to banks decreased from EUR 5,503,542 to a total of EUR 5,400,392, of which EUR 3,525,392 was attributable to the HAEMATO sub-account and overdraft facilities utilized there. A 1-percentage point increase in the interest rate on the HAEMATO Group's variable interest-bearing liabilities to banks totalling EUR 3,525,392 thousand leads to an increase in interest expenses of EUR 35 thousand. A 1-percentage point decrease in the interest rate on the HAEMATO Group's variable interest-bearing liabilities to banks leads to a decrease in interest expenses of EUR 35 thousand. However, the risk of interest rate changes is also reduced for the aforementioned loans because the loans do not have a fixed term over a specific period and can be repaid at any time. The other financial liabilities are not subject to any interest rate risk as the conditions are fixed until the end of the term.

5.9.2 Categories of financial instruments

For the financial instruments measured at amortized cost shown in the two tables below, the carrying amounts in the consolidated balance sheet are a good approximation of the fair values.

Book values	31.12.2023 in EUR	31.12.2022 in EUR
Financial assets measured at amortized cost	**54,130,167**	**61,669,038**
Trade account receivables	28,020,505	21,773,271
Other short-term financial assets	3,728,722	4,749,745
Cash and cash equivalents	22,380,940	35,146,022
Financial assets at fair value through profit or loss	**1,313,500**	**24,355,318**
Other short-term financial assets	374,668	12,352,657
Other long-term financial assets	938,832	12,002,661
Book values total	**55,443,666**	**86,024,356**

As in the previous year, the net gains from financial assets measured at amortized cost essentially correspond to the interest income described in section 5.2. As in the previous year, the net losses from financial liabilities essentially correspond to the interest expenses described there. The net gain on financial assets measured at fair value is made up of income from investments and changes in fair value.

5.9.3 Risk management policy and hedging measures

The risk management system of the M1 Kliniken Group aims to identify and record all significant risks and their causes at an early stage in order to avoid financial losses, defaults or disruptions. Hedge accounting within the meaning of IFRS 9 is applied.

The procedure ensures that suitable countermeasures can be implemented to avoid risks. Essentially, this is an early warning system that serves to monitor liquidity and earnings performance.

The risk management policy is essentially covered by the Management Board of M1 Kliniken AG. The controlling department of M1 Med Beauty Berlin GmbH, which plays a supporting role, monitors the operational successes and can thus recognize deviations from the plan in good time. If necessary, the respective managers of the specialist departments decide together with the Management Board on the appropriate strategy for managing risks.

The M1 Kliniken Group is exposed to general risks that may arise from changes in the framework conditions due to legislation or other regulations. However, should such changes occur, they are not sudden and unexpected in most cases, so that there is generally sufficient time to react to changes.

a) Risk from the default of financial and non-financial assets

Default risk is the risk that business partners are unable to meet their contractual obligations, resulting in a financial loss for the Group. Due to the company's good knowledge of its customers, the default risk of trade receivables can be managed well. Open positions are only entered into when actual settlement is assured. The significance of default risk for the M1 Kliniken Group is therefore low. If such risks nevertheless become apparent, they are recognized through valuation allowances in accordance with the expected credit loss model under IFRS 9.

The maximum default risk of financial assets is limited by the carrying amounts.

b) Liquidity risk

The Group manages liquidity risks to ensure its continued solvency by constantly monitoring the forecast and actual cash flows and balancing the maturity profiles of financial assets and liabilities.

The following tables show the expected cash flows of the financial liabilities as of 31 December 2023 and 31 December 2022. Interest payments were not taken into account. Liabilities due in more than one year were not discounted:

Financial liabilities measured at amortized cost	Book value 31.12.2023 in EUR	Cash flow up to 1 year in EUR	Cash flow > 1 year to 5 years in EUR	Cashflow > 5 years in EUR
Other long-term financial liabilities	1,875,000	-	1,875,000	-
Trade account payables	33,256,330	33,256,330	-	-
Other short-term financial liabilities	4,374,810	4,374,810	-	-
Other short-term liabilities	4,399,782	4,399,782	-	-

Financial liabilities measured at amortized cost	Book value 31.12.2022 in EUR	Cash flow up to 1 year in EUR	Cash flow > 1 year to 5 years in EUR	Cashflow > 5 years in EUR
Other long-term financial liabilities	3,125,000	-	3,125,000	-
Trade account payables	19,221,643	19,221,643	-	-
Other short-term financial liabilities	2,841,912	2,841,912	-	-
Other short-term liabilities	2,708,880	2,708,880	-	-

EUR 33,256,330 (prev. year EUR 19,221,643) of the non-interest-bearing financial liabilities relate to trade payables and EUR 4,374,810 (prev. year EUR 2,841,912) to other current financial liabilities.

c) Other price risks

Other price risks may arise 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 management's necessary flexibility in compiling the product portfolio, which is put together based on demand.

In recent years, the company has been able to significantly reduce the purchase prices for the treatment materials used thanks to a clever purchasing policy. Purchase prices are also expected to fall in the future. The trading area will also benefit from falling purchase prices in the future.

5.10 OTHER DISCLOSURES

5.10.1 Guarantees, contingent liabilities and other financial commitments

There are no contingent liabilities or commitments. The other financial obligations are within the scope of normal business transactions. At the end of 2023, there were a total of EUR 10,794,434 (prev. year EUR 13,700,750) in lease liabilities from rental and lease agreements, of which EUR 7,823,715 (prev. year EUR 10,324,044) is attributable to non-current liabilities and EUR 2,970,720 (prev. year EUR 3,376,706) to current liabilities.

5.10.2 Related companies and persons

Related parties within the meaning of IAS 24 "Related Party Disclosures" are generally members of the Management Board and Supervisory Board, their close family members and all companies that belong to the investment group of the parent company of M1 Kliniken AG, MPH Health Care AG, as well as Magnum AG (based in Schönefeld), which controls MPH Health Care AG. As MPH Health Care AG does not prepare consolidated financial statements as an investment entity in accordance with IFRS 10, M1 Kliniken AG is not included in any other consolidated financial statements of a parent company.

The business relationships with related companies and persons are not of a significant nature for M1 Kliniken AG. They essentially relate to the purchase of products and services. The aim of these business relationships is regularly to bundle purchasing and sales advantages with related parties in order to optimize the market presence of all parties involved. The purchases and services could also have been obtained in this way from other, unrelated third parties.

These related parties were not involved in any transactions with companies of the M1 Group that were unusual in their type or nature. All transactions between the related parties were concluded at arm's length.

Any assets or liabilities resulting from transactions with these companies are recognized under other assets and other liabilities. The Management Board and the Supervisory Board of M1 Kliniken AG are regarded as the key management of the company. Changes in the persons concerned occurred in the past financial year as shown below:

Management Board

Family name	First name	Function/ profession	Power of representation	Comment
Brenske	Kilian	Business administrator	Sole power of representaion	
Strauss	Attila	Business-computer scientist	Sole power of representaion	

Board of Supervisors

Family name	First name	Profession	Function	Comment
Zimdars	Uwe	Business administrator	Chairman	
Prof. Dr. Hempel	Dirk	Specialist for internal medicine and oncology	Deputy Chairman	
Prof. Dr. Dr. Meck	Sabine	University lecturer	Member	

The following transactions were conducted with related parties:

Transactions with related parties and persons	31.12.2023 in kEUR	31.12.2022 in kEUR
Deliveries and services rendered	**21,520**	**23,759**
to companies that are controlled by majority shareholders	21,520	23,759
to majority shareholders	-	-
to Supervisory Board members	-	-
Deliveries and services received	**4,221**	**11,831**
to companies that are controlled by majority shareholders	4,221	11,831
to Supervisory Board members	-	-
Other operating expenses	**-**	**65**
to companies that are controlled by majority shareholders	-	5
to majority shareholders	-	60
to Supervisory Board members	-	-

The total remuneration of the Supervisory Board amounted to EUR 67,500 in the 2023 financial year (prev. year EUR 45,000). The Supervisory Board did not receive any variable remuneration components. The Executive Board and Supervisory Board do not receive any pension entitlements. There are no claims against members of the Supervisory Board or the Executive Board.

There were no other business relationships with related parties in the 2023 financial year.

The protective clause of Section 286 IV HGB was utilized with regard to the disclosure of the total remuneration of the members of the Management Board.

5.10.3 Auditor's fee

The auditor's fees for the past financial year amounted to a total of EUR 155,057 (prev. year EUR 139,903).

5.10.4 Events after the balance sheet date

There were no significant events after the balance sheet date.

5.11 APPROVAL BY THE MANAGEMENT BOARD FOR THE PUBLICATION OF THE 2023 CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 10.17

These consolidated financial statements take into account all events known to the Executive Board up to 20 April 2024.

Berlin, 20 April 2024

Attila Strauss
(Management Board)

Kilian Brenske
(Management Board)

5.12 INDEPENDENT AUDITOR'S REPORT

Reproduction of the audit opinion

We have issued the following unqualified audit opinion on the consolidated financial statements and the Group management report:

Independent Auditor's Report

To M1 Kliniken AG:

Audit opinions

We have audited the consolidated financial statements of M1 Kliniken AG, Berlin, and its subsidiaries (the Group) prepared in accordance with IFRS, which comprise the consolidated balance sheet as of 31 December 2023, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year from 1 January 2023 to 31 December 2022, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the group management report of M1 Kliniken AG for the financial year from 1 January 2023 to 31 December 2023.

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply, in all material respects, with IFRSs and the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Group as of 31 December 2023 and of its financial performance for the financial year from 1 January 2023 to 31 December 2023 in compliance with German Legally Required Accounting Principles.

- the accompanying Group management report as a whole provides a suitable view 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 legal requirements and suitably presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of 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“ [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report.

We are independent of the Group companies in accordance with the requirements of German commercial and professional law and have fulfilled our other German professional responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group management report.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS and the requirements of German commercial law applicable to business corporations, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. manipulation of accounting records and impairment of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there are factual or legal circumstances to the contrary.

Furthermore, management is responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with IFRS and German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with IFRS and the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the annual financial statements and of the management report.

Auditor's responsibility for the audit of the financial statements and the management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the "Institut der Wirtschaftsprüfer" (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and group management report.

During the audit we exercise professional judgment and maintain a critical attitude. In addition, we

- identify and assess the risks of material misstatement of the consolidated financial statements and the Group Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion. The risk of not detecting a material misstatement is higher in the case of non-compliance than in the case of inaccuracy, as non-compliance may involve fraud, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of precautions and measures relevant to the audit of the Group Management Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those procedures.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of the going concern basis of accounting used by management and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is a material uncertainty, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the Group Management Report or, if these disclosures are inadequate, to modify our opinion. However, future events or conditions may result in the Group being unable to continue as a going concern.
- 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 manner 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 German principles of proper accounting.
- obtain sufficient appropriate audit evidence regarding the accounting information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the Group Management Report. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and are solely responsible for our audit opinions.
- assess the consistency of the Group Management Report with the consolidated financial statements, its compliance with legal requirements and the understanding of the Group's position given by it.
- perform audit procedures on the forward-looking disclosures made by management in the Group Management Report. In particular, based on sufficient appropriate audit evidence, we reproduce the significant assumptions underlying the forward-looking statements made by management and evaluate the appropriateness of the information derived from these assumptions. We do not express an independent opinion on the forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events may differ materially from the forward-looking statements.

We discuss with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any deficiencies in internal control that we identify during our audit.

Berlin, 7 May 2024

wetreu NTRG
Norddeutsche Treuhand- und
Revisions-Gesellschaft mbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Harry Haseloff
Auditor

Rainer Dröse-Seidler
Auditor

GLOSSARY

AMNOG – German law on the new regulation of the pharmaceutical market. Entry into force on 1 January 2011.

Botulinumtoxin – botulinum neurotoxin or botulinum. The name comes from the Latin (botulus = sausage and toxin = poison) and denotes one of the most poisonous, but also most effective therapeutic substances. It is used for spasticity, tension headache and migraine and excessive sweating. In cosmetic medicine it is used for the treatment of mimic wrinkles and much more.

Cash Flow – An economic measure that says something about a company's liquidity. Represents the inflow of liquid funds during a period.

Dermal filler – Dermal filler are special filling substances for the volume build-up of e.g. sunken cheeks or for the augmentation of lips. The substance will biodegrade after some time.

EBT – Earnings before taxes. It is the total profit of a company in a certain period of time.

EBITDA – Earnings before interest, taxes, depreciation and amortization: Depreciation and amortization of valuables and intangible assets are added to earnings before interest and taxes.

GKV – „Gesetzliche Krankenversicherung“ (statutory health insurance)

Hyaluronic acid – Hyaluronic acid is one of the resorbable fillers. Hyaluronic acid is a water-binding, natural sugar compound that occurs in large quantities in young skin and is increasingly degraded over the course of life. In aesthetic medicine it is used to build up volume and for deep wrinkles.

Licence – An official approval required to offer, distribute or supply an industrially manufactured, ready-to-use drug

SOURCES

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2 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Frühjahr 2024 (Nr. 111) vom 05.03.2024, S. 3

3 Cf. Vgl. Pressemitteilung BMWK vom 15.01.2024 „Die wirtschaftliche Lage in Deutschland im Januar 2024“

4 Cf. Kieler Konjunkturberichte: Deutsche Wirtschaft im Frühjahr 2024 (Nr. 112) vom 05.03.2024, S. 3

5 Cf. ISAPS International Survey on aesthetic/cosmetic procedures performed in 2022, S. 9-10

6 Cf. ebenda, S. 6

7 Cf. ISAPS INTERNATIONAL SURVEY ON AESTHETIC/COSMETIC PROCEDURES performed in 2021, S. 6

8 Cf. Vgl. de.statista.com/statistik/daten/studie/241480/umfrage/umsaetze-der-wichtigsten-industriebranchen-in-deutschland/

9 Cf. IQVIA Marktbericht Classic: Entwicklung des deutschen Pharmamarktes im Jahr 2023, S. 3-11

10 Cf. IQVIA Marktbericht Classic: Entwicklung des deutschen Pharmamarktes im Jahr 2023, S. 4

11 Cf. IQVIA Marktbericht Classic: Entwicklung des deutschen Pharmamarktes im Jahr 2023, S. 5

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