Mit Sicherheit HAEMATO pharm

GESCHÄFTSBERICHT 2018

Key figures of HAEMATO AG
Overview of the consolidated financial statements

Key figures HAEMATO Group Consolidated Financial Statements according to IFRS (in kEUR)

	Business year 2018	Business year 2017*
Balance sheet total	116,516	123,816
Equity	75,676	70,796
Revenues	274,120	289,436
EBIT	8,503	9,390
Net income	6,276	6,957
Retained earnings	30,544	30,862

Net assets HAEMATO Group according to IFRS (in TEUR)

	Business year 2018	Business year 2017*
Assets		
Current assets	60,684	69,137
non-current assets	55,832	54,679
Total Assets	116,516	123,816
Liabilites		
Current liabilities	25,483	33,488
Non-current liabilites	15,357	19,532
Equity	75,676	70,796
Total liabilites & equity	116,516	123,816

* Adjustment of previous year's figures see no. 5.1.4 of the notes to the consolidated financial statements

Content

Dear Shareholders,
Dear Sirs and Madams,

In consideration of the IFRS 15 „Revenues", which is mandatory from the financial year 2018, HAEMATO AG generated IFRS Group sales of EUR 274.1 million, an operating result (EBIT) of EUR 8.5 million and a net income of EUR 6.3 million.

In the second half of 2018, as a result of the product range streamlining by eliminating low-margin products as well as the expiring patents on a number of high-revenue original preparations, HAEMATO did not achieve to continue the success of the second half of 2017 being the highest-revenue second half-year in the company's history. Nevertheless, in the financial year 2018, HAEMATO was able to improve the cost-of-sales by almost 1 % compared to the previous year.

The capital increase of EUR 5.2 million carried out in the financial year 2018 in order to repay participation certificates improved the equity ratio from 57.2 % (2017) to 65.0 % in 2018 and helped, amongst others, to significantly reduce the total financial liabilities by EUR 10.9 million. For the purpose of repayment in the form of HAEMATO AG shares, 887,154 no-par-value bearer shares were issued as part of a conditional capital increase.

Being one of the leading eight players in the parallel import business in the German pharmaceutical market, we were able to increase our market share in Germany from 3.38 % in 2017 to 4.02 % in 2018 according to the IQVIA market figures.

The political debate over dealing with the so-called „Lunapharm scandal" has also triggered a debate on the import quota. This will probably drag on well into the year 2019. The Supervisory Board and the Executive Board believe that any change in the import quota can be anticipated by HAEMATO AG.

We expect the discussion on drug safety to be significantly reduced by the implementation of Directive 2011/62 / EU on the prevention of the entry of counterfeit medicines into the legal supply chain.

In 2018, HAEMATO PHARM GmbH was able to successfully implement the systems for equipping the medicines with the required safety features. The processes in production and logistics had to be realigned. We do not expect any significant changes in our lead times as a result of these adjustments; at the same time, we expect that the external IT- infrastructure of the European databases will have to handle some start-up problems. After an initial start-up phase, the assurance of drug safety will be significantly improved.

In the future, we will continue to invest in digitisation and employee qualification in order to optimise the quality and speed of our processes.

We continue to believe that we are on the right track - strategically and operationally. In the past financial year, we continued to work hard to pave the way to achieving our goals. We would therefore like to thank the Supervisory Board and our employees, who have worked with great dedication and personal commitment to achieve success.

We look forward to further cooperation.

Uwe Zimdars (Executive Board)	Daniel Kracht (Executive Board)

Report of the Supervisory Board

2.1 Supervision of management and cooperation with the Executive Board

In fiscal 2018, the Supervisory Board of HAEMATO AG exercised the duties incumbent upon it under the law and the Articles of Association with great care. The management of the company was monitored by the Supervisory Board. The Executive Board was advised in its activities by the Supervisory Board within the scope of exercising its control rights. The Supervisory Board was involved by the Executive Board in all decisions of fundamental importance to the company.

The Executive Board regularly informed the Supervisory Board verbally, by telephone and in writing in a timely manner about significant events in the course of business, the economic situation of the Company and the Group, corporate planning and investment measures. The Supervisory Board was able to satisfy itself of the correctness of the management.

2.2 Meetings, deliberations and resolutions

The Supervisory Board held eight ordinary meetings in the 2018 financial year, three of them in the first half of the year (March 13, April 24, June 8) and five in the second half (July 3, July 4, July 21, September 25, December 11). All sessions were quorate.

Among other things, the meetings focused on the following topics:

- the situation of the company
- strategic development and its operational implementation
- the current competitive, organisational and personnel situation
- short and medium-term investment planning
- the annual report and the interim report of the Group prior to their publication
- Redemption of non-voting equity securities
- Approval of the repayment of the participation certificates announced in September 2017 in the form of own shares and, accordingly, of the implementation of a contingent capital increase from Conditional Capital 2016 / I dated 09.06.2016
- Composition of the Management Board of HAEMATO MED GmbH

Further informal meetings and telephone conferences were held between the Supervisory Board and the Executive Board to discuss new key business policy developments.

2.3 Annual fiscal statement

The Supervisory Board satisfied itself of the regularity of the management. The annual financial statements prepared by the Executive Board, the consolidated financial statements and the combined management report of HAEMATO AG and the HAEMATO Group for the fiscal year ended December 31, 2018 were audited, including the bookkeeping, by Dipl.-Kfm. Harry Haseloff, Berlin, who was appointed as auditor by the Annual General Meeting, and issued an unqualified audit opinion.

The annual financial statements, the consolidated financial statements, the combined management report of the HAEMATO AG and the Group and the proposal for the appropriation of the balance sheet profit were submitted to each member of the Supervisory Board in good time before the balance sheet meeting on April 30, 2019. At the balance sheet meeting on April 30, 2019, the auditor reported the main results of his audit and was available to answer questions from the members of the Supervisory Board. At the Supervisory Board meeting on April 30, 2019, we acknowledged and approved the results of the auditor‘s audit. We discussed in detail the annual financial statements, the consolidated financial statements and the combined management report of HAEMATO AG and the Group prepared by the Executive Board at the Supervisory Board meeting on April 30, 2019.

The Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Executive Board. The annual financial statements are thus adopted.

2.4 Dependency report

HAEMATO AG prepared a dependent company report for the fiscal year ended December 31, 2018 in accordance with § 312 AktG.

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

At the accounts meeting on April 30, 2019, the auditor reported on the results of his audit and confirmed the correctness of the factual statements made in the dependency report. He also confirmed that according to the legal transactions listed in the statement the company's performance was not unduly high or any disadvantages were compensated and that for the measures listed in the report, there are no circumstances that make a significantly different assessment than the one made by the Executive Board.

The dependent company report and the auditor's report on it were submitted to the Supervisory Board in good time before the balance sheet meeting on April 30, 2019 in accordance with Section 314 of the German Stock Corporation Act. At its meeting on April 30, 2019 the Supervisory Board thoroughly examined the dependent company report for completeness and correctness. The Supervisory Board concluded that there were no objections to the declaration of the Executive Board at the end of the report on relations with affiliated companies and approved the dependent company report.

2.5 Composition of the Supervisory Board

In the period from January 1, 2017 to December 31, 2017, the Supervisory Board was composed of Supervisory Board members Andrea Grosse (Chairwoman), Prof. Dr. Dr. Sabine Meck (Deputy Chairwoman) and Dr. Marion Braun (Member).

2.6 Other

The Supervisory Board would like to thank the Executive Board, Mr. Uwe Zimdars and Mr. Daniel Kracht, for the successful management of the HAEMATO Group and the pleasant, contructive and successful cooperation in 2018.

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

Berlin, April 30, 2019

Andrea Grosse
(Chairman of the Supervisory Board)


HAEMAT

Combined Management Report of the HAEMATO AG and the Group

Combined management report and group management report

3.1 Economic basis of the company

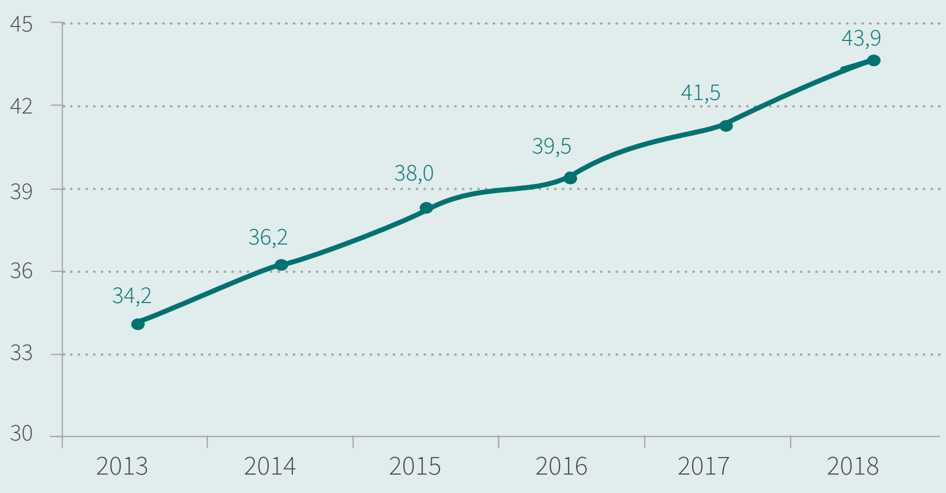
3.1.1 Business model of the company

The HAEMATO group operates in the pharmaceutical industry. The focus of the business activities lies on the growth markets of patent-free and patented medicinal products in the insurance-financed market. Therapies for cancer, HIV, rheumatology and other chronic diseases constitute the major part of the portfolio. In addition, the portfolio also includes products for the privately financed market for aesthetic treatments. Customers are especially pharmacies and wholesalers, doctors and hospitals.

3.2.1 Research and development

We do not carry out research and development.

Development of the German pharmaceutical market in bEUR



Source: Statista

3.2 Economic report

3.2.1 Overall economic, industry-related conditions

3.2.1.1 Overall economy

The growth of the European economy continues at the moment for the sixth year in succession. Considering the growing challenges and the global insecurity, it becomes very clear that the present economic dynamics offers an opportunity that must not to be allowed to elapse.[1] In the third and fourth quarter of 2018, the GDP of the euro area rose in real terms by 0.2 % respectively compared to the previous quarter, after the growth had amounted to 0.4 % respectively in the two preceding quarters. This results from a decreasing contribution of the foreign demand and some country- and industry-specific factors.[2] According to the first estimate of the yearly growth rate for 2018, the increase of the GDP in the euro area amounts to 1.8 %. [3] The economic growth in the euro area is primarily sustained by private consumption spending and investments. In the third quarter of 2018, private consumption spending rose by 0.1 % compared to the previous quarter, after the increase in the second quarter had been slightly higher. The corporate investments, excluding the construction industry, increased in the third quarter of 2018 by 0.4 % compared to the previous quarter, after a strong increase of 1.7 % had still been registered in the second quarter.[4]

The employment rate rose to 73.2 % in the second quarter of 2018 and with this reached the highest quote that has ever been registered in the EU. At the same time the unemployment rate (6.8 %) as well as the number of people at risk from poverty or social exclusion fell to pre-crisis level.[5]

Despite the weakening global economy, the GDP has risen by 1.5 % in 2018. The economic dynamics was sustained mainly by domestic economic forces. Due to the strong increase of jobs and rising incomes, private consumption has increased by 1.0 % compared to the previous year.[6] The employment reached with 44.83 million employees the highest number since the reunification.[7]

In 2018, too, the German economy achieved an export surplus. Calculated in the respective prices, the net export had a value of 233.7 billion Euros. In the time between January and October, the German goods exports to the EU countries rose by 5.0 %. The goods exports to the countries of the euro area rose slightly more by 5.9 %. The goods imports from the countries of the European Union increased by 7.1 % compared to the same previous-year period. The goods imports from the euro area increased more sharply (+7,8 %).[8]

3.2.1.2 Pharmaceutical market

The global pharmaceutical market reached 934.8 billion US dollars in 2017 and will reach 1,170 billion US dollars in 2021. This equals a growth of 5.8 %. These figures are part of the results presented in the recently published pharmaceutical market research report by The Business Research Company.[9]

Germany offers the perfect location for the development, production and sale of medicinal products. With its share of 6.7 % in the global pharmaceutical market, Germany follows the USA (44 %), China (9.8 %) and Canada (7.2 %) in the fourth place.[10] According to EUROSTAT, the pharmaceutical industry is a technological sector with the highest added value per employee and lies well above the average of the high tech and production industry. The pharmaceutical industry is also the industry with the highest relation of R&D investments to net turnover.[11]

Since the crisis-related decline in 2009, the German pharmaceutical industry has been on growth course and has registered since then an increase in turnover of almost 30 %. In 2017, the turnover rose compared to the previous year by nearly 2 %. The researching pharmaceutical producers contributed to this development with 55 % of the overall industry turnover. Employment in the pharmaceutical industry has been continually built up year by year as well. In 2016, more than 130 thousand people were employed in the pharmaceutical industry in Germany. This is an increase of employees of 10 % compared to 2011.[12] The factors that influence the size of the pharmaceutical market include current and lasting changes in the political, economic, social, technological, legal and ecological area.

Medicinal products as an important expenditure item of the statutory health insurance (SHI) play a key role. The ageing of the population in Europe presents the pension, health and long-term care systems with great challenges. According to projections, the distribution of age groups in the 25 member states of the EU points to an increase of citizens over 65 by 23 % in 2015 and even 50 % by 2050.[13] Improved health awareness has increased the demand of consumers for medicinal products and therapies. The number of insured persons included in the statutory health insurance (SHI) has been constantly growing since 2012 and reached the figure of 72.8 million insured persons in 2018.[14] According to the National Association of the Statutory Health Insurance Funds (GKV-Spitzenverband), the expenditure of the statutory health insurances (SHI) has reached a new high of 234.2 billion Euros in 2018. In the first three quarters of 2018, the expenditure of the SHI for medicinal products has risen by 3.5 % (28.99 billion Euros) compared to the previous year period and thus has been constantly growing since 2013.[15] As in the previous year, the largest part is constituted of different cancer therapies (40 %) and stroke prevention (18 %). The SHI was able to save 2.9 billion Euros due to mandatory manufacturer discounts. The increase compared to the previous year period amounts to 22 %. About 57 % of this volume was constituted by savings from refund payments, which just amounted to 47 % in the first nine months of 2017.[16]

In the months of January to September 2018, the German pharmaceutical market was able to reach a growth of 6 % with a turnover of 32.5 billion Euros. 73 billion packages were dispensed to patients in pharmacies and hospitals. With this, volume development shows a lower increase: Compared to the previous year period, 1 % more counting units were dispensed to patients.[17]

The pharmacy market, with medicinal products both available on prescription and obtainable without a prescription including mail-order pharmacies recorded a share of 86 % of the overall pharmaceutical turnover and a growth of 5 % in the first nine months of 2018. About one third of the overall pharmacy turn-over of 26.5 billion Euros was generated by the ten leading preparation groups whose turnover has increased by 8 % with its 8.7 billion Euros. Various innovative cancer therapies are at the top and achieved a double-digit increase in the first nine months of 2018: antineoplastics + 41 %, protein kinase inhibitors + 12 %, MAB antineoplastics + 13 % and cytostatic hormone antagonists +11 %.[18]

The overall hospital sector has grown by 14 % with a turnover of 4.7 billion Euros. More than half (54 %) of the turnover volume was generated by the ten leading preparation groups which were able to record a significant growth of 25 %. This includes therapies for multiple sclerosis (+57 %), immunosuppressive drugs (+53 %) and MAB antineoplastics (+17 %).[19] For the full year of 2018, a turnover of 49.3 billion Euros has been predicted and thus a constant increase since 2009.[20]

Between 1996 and 2016 more than 98 new active substances for oncological diseases were authorised in Europe. In 2017, 11 new anti-cancer drugs with a new active substance were added to this number and countless other medicines are being developed: about 30 % of biopharmaceutical active substances in phase I and II belong to the area of oncology.[21]

In 2018 anti-cancer drugs continued to play an important role. According to statistics by the Association of Research-Based Pharmaceutical Companies (Verband Forschender Arzneimittelhersteller e. V., VFA), about one third of the 36 active substances newly brought to the market last year by the pharmaceutical industry were therapies against tumours and leukaemia. Overall, 43 medicines were authorised in Germany in 2018. With this, the number of newly launched products and medicines is significantly higher than in 2017, when 31 new medicines were authorised. In addition, more than a dozen biosimilars – generic products of biotechnical medicines – were authorised for the German market.

As with the newly introduced active substances, many of these are directed against oncological diseases as well as inflammatory diseases like rheumatism or psoriasis.[22] Considering the different market segments, the development in the first nine months of 2018 varied: Patented preparations increased by 11 % according to turnover and 7 % according to sales, partly because of the establishing of new preparations as standard therapies. No longer patented originals and second suppliers recorded decreases (value -15 %; volume -8 %).

The turnover made with generics rose by 3 % on average, turnover reductions due to discounts from contracts have to be taken into account, however.[23]

In 2018, 103,787 different medicinal products were authorised by the medicines agencies. Each package size, strength or pharmaceutical form counts as an individual medicinal product in this number, even if the brand name is the same. About 48,377 of them are available on prescription only.[24]

The turnover of the pharmaceutical industry in Austria amounted to about 4.57 billion Euros in 2017 and has risen compared to 2016 by 3 %.[25] In 2017, 10,786 medicinal products available on prescription only as well as 4,827 medicinal products obtainable without a prescription (OTC) were authorised.[26] According to IMS Health, two thirds of the turnover from medicinal products and about 90 % of the sales from medicinal products were made in pharmacies.[27]
In the coming years, Europe will certainly face major challenges. Besides global topics like climate change and digitalisation, Brexit and the future organisation of the economic and currency union are important points.[28]

3.2.1.3 Prospects

Despite these, Europe's economy should continue to grow in the coming year. The prerequisites for sustainable growth in Europe already exist, but it remains vulnerable to global fluctuations as well as medium- and long-term challenges. The Euro acts – as long as its structure will continue to be strengthened – a stabilising factor and a protective shield against the growing global economic risks.[29]

According to experts of the European Central Bank, the predictions drawn up in December 2018 for the Euro currency area are optimistic. The yearly GDP in real terms for 2019 and 2020 should rise by 1.7 % respectively and by 1.5 % for 2021. Compared to the overall economic predictions of September 2018, the prospects for the growth of the GDP in real terms for the years of 2018 and 2019 was corrected slightly downwards.[30]

The German economy should grow in 2019 at the same rate as the Euro area overall. The GDP should rise on annual average by 1.7 % for 2019. The economic dynamics is made more significant by the yearly success rate: It will amount to 2.0 % in 2019 after it was 1.2 % in 2018. In 2019, too, domestic economic powers as well as additional fiscal impulses from the Coalition Contract will support the economy. The dynamics of the German economy, however, is subdued by the noticeable slowdown of the global trade and the weakening of the global economy.[31]

The real wages should rise less compared to 2018. The increase in employment should turn out only slightly less dynamic so that the disposable incomes will increase by 3.6 %. Besides, the savings rate will not continue to rise, in contrast to this year, and will remain on the level of 10.2 %. Private consumption will turn out higher again at 1.9 % on a yearly average (2018: 1,3 %).[32]

2018 was a year of challenges for the pharmaceutical industry. This will not change in the coming years. Based on the volume trends strongly to be expected for the pharmaceutical demand due to the demographic changes, the industry data provider Evaluate Pharma predicts an average yearly turnover growth rate of 6.4 % until 2024 for the global pharmaceutical market. This prediction is supported by the following factors: Orphan drugs, i. e. medicines for treating rare diseases with less than 200,000 patients, their global earnings will probably double to 250 billion US dollars until 2024; innovations, mainly in immuno-oncology; and the development in the emerging countries.[33] Market observers MBI Research and IMS Health predict a strong increase in the demand for pharmaceuticals from emerging markets (EM). The overall turnover of the emerging markets pharmaceuticals will grow from about 280 billion US dollars at present to probably 490 billion US dollars in 2025.[34] The oncological segment continues to lead among the therapeutic areas. Its share of the global pharmaceutical market should rise to 18.6 % until 2024. This is a development of +6 % compared to the previous year.[35]

The market size of the pharmaceutical markets in the in the EU 5 states (Germany, France, United Kingdom, Spain and Italy) will grow with an average yearly increase at about 4.5 % between 2017 and 2022 by 25 % overall. In total, the EU 5 markets will account for 69 % of the European pharmaceutical market according to the predictions by EvaluatePharma from September 2017. Of these, Germany is expected to be the market with the probably highest growth rate.[36]

The outlook of the German pharmaceutical industry for 2021 is also optimistic. According to an industry report of the portal Statista, a yearly average growth rate of 2.7 % is predicted so that the turnover of the pharmaceutical industry will probably amount to 54.3 billion Euros in 2021.[37] The IMS Institute for Healthcare Informatics predicted at the end of 2016 for the time period of 2016 to 2021 an average yearly growth of the German pharmaceutical market of 2 % to 5 %.[38]

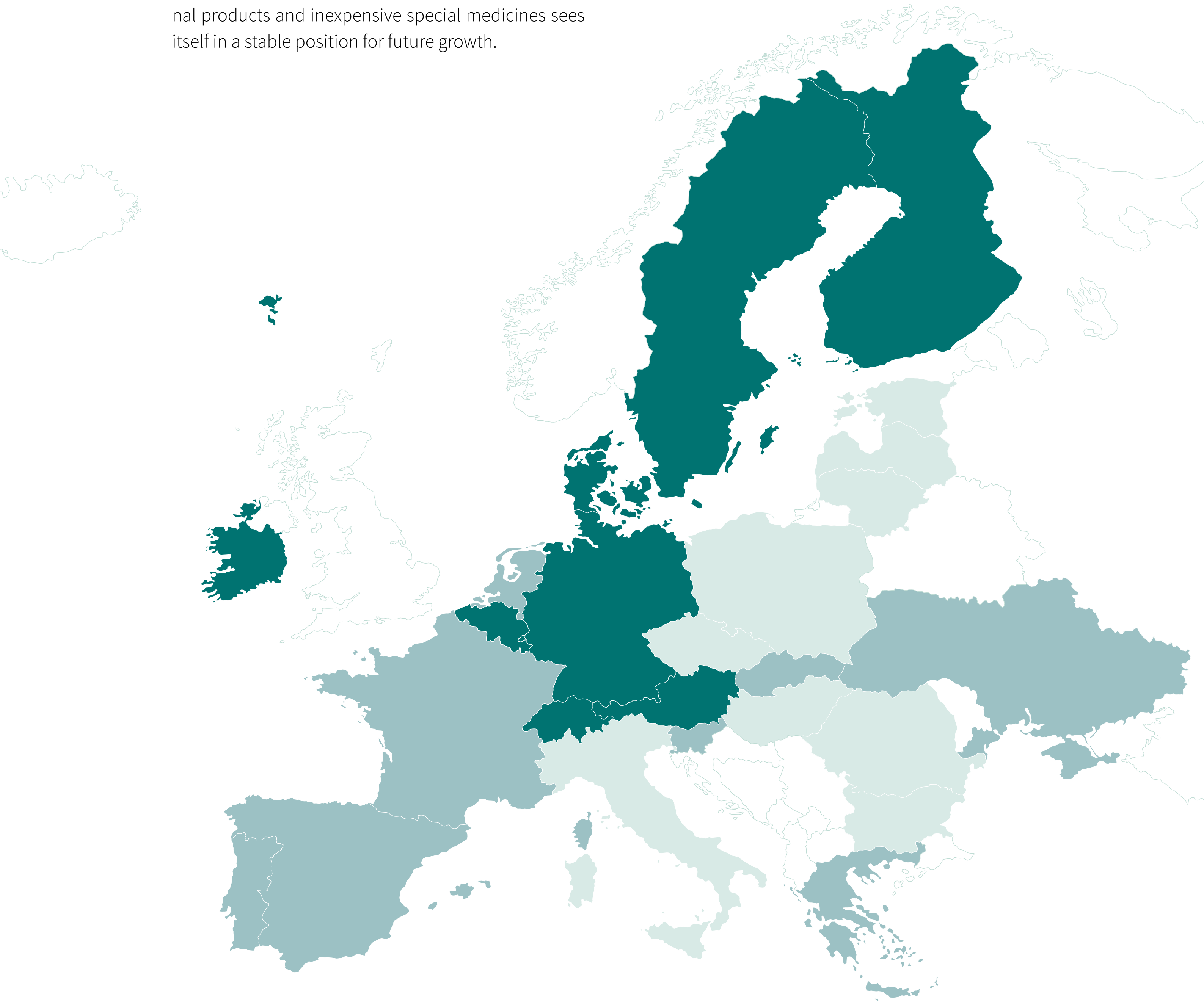
According to the research and consulting company GlobalData, the German pharmaceutical market will increase to 67.2 billion Euros in 2021 which equals an average yearly growth rate of 4.9 %.[39] The Association of Research-Based Pharmaceutical Companies (Verband der forschenden Arzneimittelhersteller, VFA) has communicated that at least 30 medicines with a new active substance should be introduced in Germany in 2019. As in previous years, about one third of the newly introduced medicines will be directed against a type of cancer. Further medicines in the process of authorisation are directed against skin cancer, certain forms of leukaemia and lymph node cancer as well as against breast cancer, ovarian cancer and prostate cancer.[40]

The share of the specialty segment in the industrial countries will continue to grow, even if more slowly than in the last years; and in 2022, it will exceed half of the expenditure for medicinal products in the United States and in four of the five most important European countries (France, Germany, United Kingdom and Spain). The following therapeutic areas belong among the leading ones regarding their share of the growth from 2018 to 2022: oncology (41 %), autoimmune diseases (27 %) and HIV (10.6 %).[41]

Against the backdrop of demographic changes which entail an increasing demand for inexpensive medicinal products and which place emphasis on the cost containing efforts of the health insurances, the HAEMATO group with its focus on generics, EU medicinal products and inexpensive special medicines sees itself in a stable position for future growth.

The future focus of HAEMATO shall change from generics to special medicines. This segment of medicinal products has developed from niche product to mega trend in the last years and is growing disproportionately.

The HAEMATO group is already very well-positioned in this segment. With our direct access to 4,800 pharmacies in Germany alone, we can still grow considerably in this segment. On top of this, pharmaceutical, medicinal and medical engineering products for aesthetic surgery and cosmetic dermatology will be developed at the HAEMATO Med in the future. We expect that this diversification will have positive effects on the development of turnover and margin in the coming months.



3.3 Business performance

The HAEMATO group distributes as a pharmaceutical manufacturer its own generic medicinal products and European import medicinal products. In addition, the HAEMATO group offers medicinal products that are licensed in Germany of other manufacturers as part of its wholesale trade authorisation.

In 2018, the corporation's turnover decreased to 274.12 million Euros (previous year 289.43 million Euros) and therefore decreased by 5.3 %.

This effect is especially based on the adjustment of the product portfolio, that is the discontinuation of unprofitable products. The optimisation of the portfolio and the continued improvement of the processes in the entire value-added chain led to an improvement of the cost-of-sales rate by nearly 1 % in the calendar year 2018.

The annual net profit amounted to 6.28 million Euros in 2018 (previous year 6.96 million Euros).

The HAEMATO group and its entire staff are first of all oriented towards the customers' needs in their daily work. Service, quality and reliability are essential constituents of our customer orientation and at the same time drivers of further growth.

3.4 Situation

3.4.1 Profit situation of the HAEMATO Corporation (IFRS)

The turnovers of the company have been primarily achieved with parallel imports and original medicinal products. Here, our turnovers rely heavily on the policy of pharmacists and wholesalers regarding their range of goods.
The cost of goods sold in relation to the turnover of the corporate group slightly decreased from 93.1 % in 2017 to 92.3 % in 2018.

The staff costs rate slightly increased compared to the previous year and was at 2.3 % in 2018. This is an increase of 0.2 % compared to 2017. Our employment situation is to be characterised as good.

3.4.2 Financial situation of the HAEMATO Corporation (IFRS)

Our financial situation is to be characterised as very stable. Our financial management is oriented towards always settling payables within the set term of payment and collecting receivables within the terms of credit.

Our capital structure is stable. The equity capital increased in comparison to 2017 from kEUR 70,796 to kEUR 75,676. The deciding reason for this was the capital increase of the HAEMATO AG in July 2018, in the course of redeeming the profit participation certificates by converting them into new shares.
By issuing 887,154 new no-par value shares at par of EUR 1.00, the subscribed capital was increased to EUR 22,867,154.00. The proceeds exceeding this from the sale of the shares above par were moved into the capital reserve.

The equity capital rate rose to 64.95 % in 2018, in comparison to 57.18 % in 2017. The dividend payment amounted to kEUR 6,594. This equals EUR 0.30 per no-par value share entitled to dividend as of 31/12/2017.
The amounts owed to credit institutions equal 18.59 % of the balance sheet total (previous year: 17.46 %). The long-term amounts owed to credit institutions have been reduced by kEUR 4,000 compared to the previous year. The change of maturity of the amounts owed to credit institutions is due to the optimisation of the liquidity management in the past calendar year. By a decreased utilisation of the credit lines, the financing costs could be reduced significantly. Almost 70 % of all amounts owed to credit institutions have a term of more than a year. For financing our sales transactions, we use the credit lines granted by our banks. We have higher credit lines than we use on average. The trade payables amount to 7.27 % of the balance sheet total. All payables can always be met within the set terms of payment.

Our investment activities in fixed assets are low. The main focus of our investment activities will continue to be on acquiring licenses. Besides, we will undertake investments in new business areas which can be financed from the current cash flow. In the past business year, investments for the implementation of Directive 2011/62/EU could be completed.

Long-term investments are covered by our equity capital.

The liabilities from profit participation certificates were redeemed in the course of the business year by paying out the profit participation certificates according to the terms and conditions of the profit participation certificates. New no-par value shares from the capital increase were issued to the holders of profit participation certificates.

The liquidity situation is satisfactory.
The financial development of the HAEMATO Corporation presents itself for the reporting period on the basis of the cash flow statement using the indirect method of reporting cash flow from operating activity as follows:

Cash flow from	2018 kEUR	2017 kEUR
operating activity	557.9	-8,352.3
investment activity	6,208.2	5,437.5
financing activity	-7,636.3	-406.6
	-807.2	-3,321.4

3.4.3 Assets situation of the HAEMATO Corporation (IFRS)

The assets situation of the HAEMATO Corporation continues to be characterised as good compared to the reporting date of the previous year.

The stocks slightly decreased in comparison to the reporting date of the previous year, taking into consideration IFRS 15, to kEUR 44,377 (comparison previous year: kEUR 44,902).

The fixed assets increased in total to kEUR 55,697 (previous year: kEUR 54,543). Trade receivables decreased from kEUR 8,320 in 2017 to kEUR 7,320 in the business year of 2018.
The liquidity situation is still good. The HAEMATO corporation had 5.60 million Euros of liquid assets available in 2018 (comparison previous year: 6.47 million Euros).

The presumably short-term securities of the current assets were sold in the business year of 2018. Therefore, their value amounts to kEUR 0 (previous year: kEUR 5,992).

Our economic situation can overall be characterised as good.

3.4.4 Profit situation of the HAEMATO AG (HGB)

The HAEMATO AG could achieve an annual net profit in the amount of kEUR 8,974 in the business year 2017 (previous year: kEUR 2,714).
The turnover revenues amounted to kEUR 7,343 in the business year 2018 (previous year: kEUR 2,323).

3.4.5 Financial situation of the HAEMATO AG (HGB)

The financing of the HAEMATO AG is principally provided by equity capital in the amount of kEUR 56,200 (previous year: kEUR 48,611).
As of 31 December 2018, the HAEMATO AG had liquid assets in the amount of kEUR 128 (previous year: kEUR 140).

The HAEMATO AG had an equity capital rate of 81.16 % at the end of the business year 2017. The equity capital rate increased to 99.83 % in the business year 2018 after the paying out of the profit participation certificates due to the capital increase.

The accruals of the HAEMATO AG overall amounted to kEUR 50 as of 31 December 2018 (previous year: kEUR 43).

3.4.6 Assets situation of the HAEMATO AG (HGB)

The assets situation is mainly characterised by the selling of the securities held in current assets in the amount of kEUR 4,288.

3.4.7 Financial performance indicators of the HAEMATO Corporation (IFRS)

We use the performance indicators return on equity and EBIT for our internal management control. The return on equity before tax amounts to 10.3 % in the business year (previous year: 11.4 %). The EBIT amounts to kEUR 8,503 (previous year: kEUR 9,390), the EBITDA amounts to kEUR 9,959 (previous year: kEUR 11,244).

The HAEMATO Corporation continues to work successfully and the economic situation can overall be characterised as good.

3.5 Forecast report

We continue to assess the probable development of the HAEMATO Corporation as positive. The pharmaceutical industry will continue to offer a large growth potential in the areas generics and European import medicinal products if service, price and quality are strictly oriented towards customers' needs. We respond to the risk of supply shortages by diversification in the area of procurement for the majority of products. The implementation of Directive 2011/62/EU which started on 9 February 2019 will provide security regarding the area of procurement and a more stable commercial basis for the coming business years.

We expect a further slight increase of the gross profit margin due to the consistent implementation of the introduced measures regarding the value-added chain in the following business year 2019. We also expect a slight increase of the turnover volume.

We will encourage the further expansion of cooperating with the statutory health insurance providers with an optimised purchasing policy by using the existing data basis more efficiently. By opening up new markets, we will try to also increase lastingly the earnings potential for future reporting periods.

Planned changes of the import facilitating clause could have effects on our business model. The partially diverging efforts in politics, of the healthcare economy and the insurance companies do not allow, however, predictions regarding opportunities and risks. We will always continue to be in a position to meet our payment obligations on time in the future.

3.6 Risk report

3.6.1 Industry-specific risks

Legal regulatory measures in the whole European Union, a high margin pressure in the pharmaceutical market as well as the permanent change of the parallel import market due to exchange rate risk and price differences when procuring medicines can have a negative influence on our turnover and result situation.

The original manufacturers still try to impose quotas for individual European markets or to use single channel distributors in order to impede exports. Besides this, there is, in general, the risk that the sales prices in the different countries of the EU will successively be levelled or that export bans will be decreed for individual countries or individual preparations.

Legal risks result from the distribution of our products and especially from questions of brand and patent law. As an importer, we are considered as a pharmaceutical entrepreneur according to pharmaceutical law. Therefore, we bear the risk of market withdrawals.

3.6.2 Income-oriented risks

The competitive risks have increased due to new competitors in the industry. We assume that we can expand our market share in the medium term. It is possible, however, that additional costs or investments have to be expected in the course of further optimisations of the organisation.

3.6.3 Financial risks

Because of the stable liquidity and equity capital situation of our company, liquidity risks are currently not apparent. Significant currency risks that could influence the assets, financial and profit situation do not exist. Goods deliveries from countries with foreign currencies are settled within very short periods of time.

We use the credit lines granted by a banking consortium for financing the working capital. In these agreements, financial ratios are defined which can in principal lead to termination options for individual creditors if they are not adhered to. The granted credit lines are regularly not used to their full amount. Due to a rolling company and financial planning system, we are always able to respond rapidly to changes of the financial requirements. Besides this, we are financed through a customer factoring.

The liquidity situation is satisfactory; shortages are not to be expected.

3.6.4 Risk management system

The HAEMATO corporation uses a risk management system for systematically identifying significant and existential (i. e. jeopardising the existence of the corporation) risks in order to assess their effects and to develop suitable measures.

The objective of the risk management system is mainly to avoid financial losses, defaults and disturbances or to implement suitable countermeasures immediately. Within this system, the Executive Board and the Supervisory Board are informed of risks at an early stage. The monitoring of the liquidity and the monitoring of the development of earnings constitute important mechanisms of early identification at it.
The monitoring of the operative development and the determining of timely deviations from plan is the task of the controlling. If necessary, the respective responsible persons from the specialist departments decide upon the appropriate strategy and measures for controlling the risks together with the executive board.

3.6.5 Opportunities report

The healthcare market is and will remain a growth market. Because of our specialisation on the therapeutic areas of oncology, HIV and other chronic diseases, we will participate in this growth.
On the procurement side, we can rely on a broad range of delivery options. In order to minimise the business risks, we diversify our sources of supply Europe-wide. We secure our high quality standards through a careful supplier qualification and selection as well as an active supplier management.
We will continue to respond to the competition on the market, above all due to the increasing competition of retailers in our segment, with experience, innovation, reliability and a high level of quality.

3.6.6 Overall statement

We continue to see risks for the future development in a difficult competition environment, rising purchasing prices and the stagnating level of selling prices. Against the backdrop of our financial stability, however, we see ourselves well prepared for coping with future risks.

3.7 Risk reporting on the use of financial instruments

Financial instruments existing in the company mainly include securities, receivables, payables and credit balances at credit institutes.

The corporation has a solvent customer base. Bad debt losses are the absolute exception. Besides, credit insurance exists for potential bad debt losses.
Payables are paid within the set term of payment.
In the short term segment, our corporation is financed mostly by supplier credits and by credit lines of different banks.

For managing the financial positions, the corporation follows a conservative risk policy.

As far as default risks and credit risks are recognisable for financial assets, appropriate value adjustments are made. For minimising default risks, the corporation has an adequate receivables management. Besides, commercial credit insurance exists. In addition, we enquire about the credit rating of our customers before we enter a new business relationship.

3.8 Report on branches

Our company does not maintain branches.

3.8 Concluding declaration according to § 312 item 3 paragraph 3 AktG

The Executive Board has produced a report according to § 312 AktG about the relations to affiliated companies that includes the following concluding declaration: “Our company and the affiliates have received an appropriate consideration/counterperformance for each legal transaction according to the circumstances known to us at that time at which legal transactions with the dominating and other affiliated companies were undertaken.”

Schönefeld, February 22, 2019

HAEMATO AG

Uwe Zimdars (Executive Board)	Daniel Kracht (Executive Board)

Consolidated financial statements

4.1 Consolidated balance sheet - Assets

as of December 31, 2018

Assets	Notes	December 31, 2018	December 31, 2017
Cash and cash equivalents	5.2.1	5,599,318	6,469,565
Trade recivables	5.2.2	7,320,190	8,320,149
Inventories	5.2.3	44,376,931	44,901,900
Other current financial assets	5.2.4	2,889,402	9,234,607
Other current assets	5.2.5	456,907	167,939
Income tax recivables	5.2.6	41,607	42,806
Current assets		60,684,356	69,136,968
Intangible assets	5.2.7	38,677,024	38,941,280
Tangible assets	5.2.8	1,046,831	1,106,366
Other non-current financial assets	5.2.9	15,972,700	14,495,800
Other non-current assets	5.2.10	135,490	135,490
Non-current assets		55,832,045	54,678,935
Total assets		116,516,401	123,815,903

4.2 Consolidated balance sheet - Liabilities & Equity

as of December 31, 2018

Liabilities & equity	Notes	December 31, 2018	December 31, 2017
Current accruals	5.3.1	360,474	372,714
Income tax liabilities	5.3.2	683,057	43,932
Trade payables	5.3.3	8,469,399	7,522,103
Other current financial liabilities	5.3.4	7,679,875	14,534,861
Other current liabilities	5.3.5	335,734	2,263,609
Contractual and refund liabilities	5.3.6	7,954,140	8,751,145
Current liabilities		25,482,678	33,488,364
Non-current accruals	5.3.7	25,579	13,349
Other non-current financial liabilities	5.3.8	15,000,000	19,000,000
Deferred tax liabilities	5.3.9	331,801	518,222
Non-current liabilities		15,357,380	19,531,571
Share capital	5.3.10	22,867,154	21,980,000
Own shares aquired	5.3.10	-17,201	0
Capital reserve	5.3.10	22,367,791	17,954,030
Capital reserves for own shares	5.3.10	-85,799	0
Retained earnings	5.3.10	30,544,398	30,861,938
Equity		75,676,343	70,795,969
Total liabilities & equity		116,516,401	123,815,903

4.3 Consolidated statement of comprehensive income

for the period from January 1 to December 31, 2018

Profit and loss account	Notes	January 1 - December 31, 2018	January 1 - December 31, 2017
Revenues	5.4.1	274,120,538	289,435,895
Increase or decrease in finished and unfinished goods	5.4.2	-984	-133,292
Other operating income	5.4.3	3,676,812	6,476,389
Cost of materials	5.4.4	-252,994,712	-269,377,583
Personnel expenses	5.4.5	-6,322,109	-6,209,355
Other operating expenses	5.4.6	-8,520,316	-8,947,889
Result from ordinary business activities | EBITDA		9,959,230	11,244,165
Depreciation	5.4.7	-1,456,052	-1,854,306
Operating result | EBIT		8,503,178	9,389,858
Income from investments	5.4.8	319,662	631,064
Other interest and similar income	5.4.9	16,217	2,395
Interest and similar income	5.4.10	-1,075,141	-1,960,015
Financial result		-739,261	-1,326,556
Earnings before tax | EBT		7,763,916	8,063,303
Taxes on income and earnings	5.4.11	-1,484,679	-1,102,945
Other taxes	5.4.12	-2,777	-3,348
Net profit		6,276,460	6,957,009
Earnings per share (in EUR)	5.4.13	0.27	0.32

4.4 Consolidated statement of changes in equity

for the period from January 1 to December 31, 2018

Statement of changes in equity	Share capital	Own shares aquired	Capital reserve
January 1, 2017	20,778,898	0	11,708,300
Net profit for period	0	0	0
Capital increase	1,201,102	0	6,245,730
Dividends	0	0	0
December 31, 2017	21,980,000	0	17,954,030
January 1, 2018	21,980,000	0	17,954,030
Net profit for period	0	0	0
Capital increase	887,154	-17,201	0
Transaction costs of equity instruments	0	0	-11,385
Allocation to reserves	0	0	4,425,146
Dividends	0	0	0
December 31, 2018	22,867,154	-17,201	22,367,791

Statement of changes in equity	Capital reserves for own shares	Retained earnings	Equity capitall
January 1, 2017	0	30,498,929	62,986,127
Net profit for period	0	6,957,009	6,957,009
Capital increase	0	0	7,446,832
Dividends	0	-6,594,000	-6,594,000
December 31, 017	0	30,861,938	70,795,969
January 1, 2018	0	30,861,938	70,795,969
Net profit for period	0	6,276,460	6,276,460
Capital increase	0	0	869,953
Transaction costs of equity instruments	0	0	-11,385
Allocation to reserves	-85,799	0	4,339,347
Dividends	0	-6,594,000	-6,594,000
December 31, 2018	-85,799	30,544,398	75,676,343

4.5 Consolidated cash flow statement

for the period from January 1 to December 31, 2018

Cash flow statement	January 1 - December 31, 2018	January 1 - December 31, 2017
Cash flow from operating activities	557,870	-8,352,310
Net profit for the period	6,276,460	6,957,009
Depreciation of fixed assets	1,456,052	1,854,306
Increase / decrease in non current accruals	12,230	-24
Increase / decrease in current accruals	-12,241	-96,401
Increase / decrease of fair values	-1,943,288	-3,559,076
Increase / decrease in inventories	524,969	-5,622,228
Decrease / increase in trade receivables and other assets	1,064,384	-5,627,344
Increase / decrease in trade payables and other liabilities	-7,467,512	-1,556,065
Profit / loss on disposal of fixed assets	-546,348	-811,140
Interest expense / income	1,058,923	1,957,620
Other investment income	-319,662	-631,064
Income tax expense / income	1,484,679	1,102,945
Income tax payments	-1,030,776	-2,320,848
Cash flow from investing activities	6,208,166	5,437,529
Proceeds from the disposal of intangible assets	1,617	0
Payments for investments in intangible fixed assets	-990,243.57	-1,272,979
Proceeds from the disposal of fixed assets	7,407	0
Payments for investments in fixed assets	-151,043	-191,044
Proceeds from the disposal of financial assets	7,004,550	6,279,240
Payments for investments in financial assets	0	-11,147
Interest earnings	16,217	2,395
Investment income	319,662	631,064
Cash flow from financing activities	-7,636,283	-406,647
Proceeds from capital contributions	5,197,915	7,446,832
Repayment of participation certificates capital	-5,209,300	0
Changes in liabilities to banks	44,242	700,535
Interest charges	-1,075,141	-1,960,015
Payments to company owners and minority shareholders	-6,594,000	-6,594,000
Cash and cash equivalents at the end of the period	5,599,318	6,469,565
Cash and cash equivalents at the beginning of the period	6,469,565	9,790,994

Notes on the consolidated financial statements

Notes on the consolidated financial statements

for the period from January 1 to December 31, 2018

5.1 Basic principles for the preparation of the financial statement

5.1.1 Reporting company

The HAEMATO AG was founded on May 10, 1993. The company is registered in the company registry of the Berlin-Charlottenburg District Court under HRB 88633 and has its seat in Berlin. The business address is situated at Lilienthalstr. 5c, 12529 Schönefeld. Its parent company is the MPH Health Care AG. The HAEMATO group operates in the pharmaceutical industry with a focus on the growth markets of expensive specialty pharmaceuticals for the indication areas of oncology and HIV as well as on the areas of rheumatism, neurology and cardiovascular diseases.

5.1.2 Accounting principles

The consolidated financial statements of the HAEMATO AG for the time of January 1 until December 31, 2018 were voluntarily compiled according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they have to be adopted within the European Union. It was approved for publication by the Executive Board on March 18, 2019. The accounting and valuation were carried out on a going concern basis.

The consolidated financial statements have been drawn up for the reporting date of the parent company which is also the reporting date of all included subsidiaries.
The balance sheet of the HAEMATO Corporation has been created according to maturity aspects, considering assets and liabilities as short-term if their realisation or repayment is expected within twelve months after the reporting date. Deferred tax assets and deferred tax liabilities are completely disclosed under non-current assets and non-current liabilities respectively.
The profit and loss account is drawn up as part of the statement of comprehensive income using the total cost method.

5.1.3 Functional and reporting currency

This consolidated financial statements are reported in Euros, the functional currency of the company.
All financial information reported in Euros was, unless stated otherwise, rounded up to the next Euro.

5.1.4 Amendments to fundamental accounting policies

The new standards adopted by the IASB were observed as of the date of their coming into force.
The following standards and interpretations as well as amendments to existing standards are to be mandatorily adopted for the first time for reporting periods starting on or after January 1, 2018:

- IFRS 15 Proceeds from contracts with customers
- IFRS 9 Financial instruments
- Amendments to IFRS 2: Classification and measurement of share-based payment transactions
- Amendments to IFRS 4: Adoption of IFRS 9 with IFRS 4 Insurance contracts
- Amendments to IAS 40: Transference of real estate held as financial investment
- Annual amendments 2014–2016: Amendments to IFRS 1 and IAS 28
- IFRIC 22 Transactions in foreign currencies and prepayments made

Adoption of IFRS 15 Proceeds from contracts with customers

In May 2014, the IASB published the standard IFRS 15. It replaces existing guidelines for recognition of turnover proceeds, among these IAS 18 Turnover proceeds, IAS 11 Production orders and IFRIC 13 Customer loyalty programmes. The new standard defines a comprehensive framework regarding to what extent and at which date turnover proceeds are recorded. IFRS 15 provides a uniform five-step model for realising proceeds which has to be applied in principle to all contracts with customers.
The HAEMATO AG applied IFRS 15 for the first time for the business year starting January 1, 2018. The first-time adoption was carried out with retroactive effect.

The reported previous-year values were adjusted for effects resulting from the changes due to IFRS 15.

Contractual obligations

IFRS 15 contains guidelines for recognising performance surplusses or performance obligations existing on a contractual level. These are assets and obligations from customer contracts which result from these depending on the relation between the service rendered by the company and the payment by the customer. According to this, a contractual obligation is the obligation of a company to transfer goods or services to a customer for which the company has received consideration from this customer (or still has to receive).

According to IFRS 15, a company shall recognise the turnover proceeds when it has fulfilled the performance obligation against the customer by transferring the goods or rendering the service. The HAEMATO fulfils the performance obligation at the time of entering into the contract. Period-related performance obligations are not entered into.

Refund obligations

A refund obligation develops when HAEMATO receives a consideration from a customer and expects that this consideration will be completely or partly refunded. A refund obligation is assessed to the amount of the consideration to which the company will probably not be entitled to and therefore this amount is not taken into account in the transaction price. For estimating the products which will not be returned, the company has adopted the expected value method. For goods which will probably be returned the corporation has recognised a refund obligation and an asset for the right to receive products back from the customer separately in the balance sheet.

At HAEMATO, refund obligations in particular result from obligations from sales transactions (especially manufacturer discounts and discount demands from contracts with health insurance providers) as well as sales with right to return.

In adopting these guidelines, reclassifications of the obligations of discount contracts and manufacturer discounts were made from the balance positions provisions to the balance positions contractual and refund obligations. For sales with right to return an obligation for refund is recorded. Besides, a new asset for the right to recollect the products is recognised in stocks.

The effects of the first-time adoption of IFRS 15 on the HAEMATO AG are presented below.

	December 2017	December 2016
Inventories	1,787,480	1,386,860
Current assets	1,787,480	1,386,860
Total Assets	1,787,480	1,386,860
Retained earnings	-131,241	-105,511
Equity	-131,241	-105,511
Current accruals	-6,832,424	-5,703,544
Contractual and refund liabilities	8,751,145	7,195,914
Current liabilities	1,918,721	1,492,370
Total liabilities & equity	1,787,480	1,386,860

	December 31, 2017
Revenues	- 426,351
Cost of purchased goods and services	400,621
Net profit/loss	- 25,730

Adoption of IFRS 9 Financial instruments

IFRS 9 defines the requirements for classification and measurement of financial assets as well as financial liabilities. This standard replaces IAS 39 Financial instruments.

Financial assets

With IFRS 9, a uniform model for classifying financial assets is introduced according to which financial assets are classified into three categories: financial assets which are valued at their amortised acquisition costs, financial assets which are valued profit-neutral at fair value and financial assets which are valued affecting net income at fair value.

Under IAS 39, financial assets were subdivided into loans and receivables, financial assets available for sale and financial assets which were valued affecting net income at fair value.

Cash and cash equivalents which were also classified under IAS 39 as loans and receivables are now also valued at their amortised acquisition costs according to IFRS 9.

Trade receivables are non-derivative financial assets with fixed or determinable payments which are not listed on an active market and were classified under IAS 39 as loans and receivables and valued at their amortised acquisition costs. Under IFRS 9, all these instruments are classified in the category valued at their amortised acquisition costs and are subject to the effective interest method.

The financial assets that were valued at fair value according to IAS 39 are now valued mandatorily at fair value through profit or loss according to IFRS 9.

Financial liabilities

Bank overdrafts, bank loans as well as trade payables are to be assigned to the valuation category other financial liabilities according to both IAS 39 so far and IFRS 9.

The first-time adoption of IFRS 9 has no significant effects on the accounting policies of the corporation regarding the financial assets and liabilities.

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

- IFRS 16 Leases (from 01/01/2019)
- IFRIC 23 Uncertainty over income tax treatments (from 01/01/2019)
- Prepayment regulations with negative compensation (amendments to IFRS 9) (from 01/01/2019)
- Long-term investments in associated companies and joint ventures (amendments to IAS 28) (from 01/01/2019)
- Plan amendment, curtailment or settlement (amendments to IAS 19) (from 01/01/2019)
- Annual amendments 2015–2017 – various standards (from 01/01/2019)
- Amendments to the references to the framework in the IFRS standards (from 01/01/2020)
- IFRS 17 Insurance contracts (from 01/01/2021)
- Amendments to IFRS 10 and IAS 28: Sales or deposits of assets between an investor and an associated company or joint venture (still open)

Leases

In January 2016, the IASB published IFRS 16 Leases which replaces, among others, IAS 17 Leases and IFRIC 4. IFRS 16 abolishes for lessees the existing classification of leases into operating and finance leases. Instead, IFRS 16 introduces a uniform accounting model which obliges lessees to recognise for all leasing contracts an asset for the usage right as well as a leasing liability for the outstanding rental payments. The result is that in future all leases in general are recognised in the Corporation's balance sheet – to a large extent comparable to the current accounting of finance leases.

IFRS 16 permits, however, the choice to waive the reporting/recognition of the usage right and the leasing liability for leases with a duration of up to twelve months (short-term leases) as well as for low-value asset leases. The leasing payments related to these leases are to be recognised as expenses either linearly over the term of the lease or on another systematic basis.

The usage rights are recognised at acquisition costs less accumulated depreciation and if necessary impairment losses. The acquisition costs of the usage right are determined as the present value of all future leasing payments plus the leasing payments which are made at the beginning of or before the term of the lease as well as the contract conclusion costs and the estimated costs of dismantling or restoring of the leasing item. All received leasing incentives are deducted. Provided the leasing payments to be considered also include the transfer of ownership of the underlying asset at the end of the term of the lease, including the exercise of the purchase option, the depreciation is carried out over the economic lifetime. Otherwise, the usage right is depreciated over the term of the lease.The first-time presentation of the lease liabilities classified as financial liabilities is determined as the present value of the leasing payments to be made less any prepayments made.

IFRS 16 is to be adopted for business years starting on or after January 1, 2019; early adoption is permitted if IFRS 15 is already being adopted. HAEMATO will adopt IFRS 16 for the first time for the business year starting on January 1, 2019. In accordance with the transitional provisions, the modified retrospective approach is chosen and an adjustment of the previous-year figures waived.

The preparation for implementing throughout the Corporation the first-time adoption of IFRS 16 has revealed that with the transition on January 1, 2019 usage rights and leasing liabilities of probably about EUR 1.0 million will be recorded in the Corporation's balance sheet. Regarding the consolidated EBIT, an improvement of about EUR 0.5 million is expected.

5.1.5 Consolidation scope

The consolidated financial statement includes the financial statement of the parent company and its subsidiaries. Subsidiaries are companies controlled by the corporation. The corporation controls a company when it it is exposed to fluctuating yields from its commitment in the company or owns entitlements to these and has the ability to influence these yields due to its control over the company. The financial statements of the subsidiaries are inclueded in the consolidated financial statement from the time when the control starts and until the time when the control ends.

The consolidations performed are as follows:

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

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

The HAEMATO PHARM GmbH operates in the pharmaceutical industry. The authorised capital of the HAEMATO PHARM GmbH amounts to EUR 500,000.00. The HAEMATO PHARM GmbH has its own busines operations according to IFRS 3. After deducting the identifiable net assets (assets less liabilities), a goodwill of kEUR 34,584 has been yielded. The considerations transferred include, among others, advantages from expected synergies, turnover growth and future market developments. These advantages which cannot be recognised separately from the goodwill account, in conclusion, for the above-mentioned goodwill.

The HAEMATO MED GmbH was founded on May 22, 2013 by the HAEMATO AG. The first-time consolidation did not result in any differences. The authorised capital amounts to EUR 25,000.00.

The HAEMATO PHARM GmbH founded the Sanate GmbH on September 24, 2013. The first-time consolidation did not result in any differences. The authorised capital amounts to EUR 25,000.00.

The participation of the HAEMATO AG in its subsidiaries is as follows as per reporting date December 31, 2018:

Company's name and headquarter	Share in %
HAEMATO PHARM GmbH*, Schönefeld	100.00
HAEMATO MED GmbH**, Schönefeld	100.00
Sanate GmbH***, Schönefeld	100.00

* The HAEMATO AG holds all shares of the HAEMATO PHARM GmbH.

** The HAEMATO AG holds all shares of the HAEMATO MED GmbH.

*** The HAEMATO PHARM GmbH holds all shares of the Sanate GmbH.

The HAEMATO ASIA Co. Ltd. based in Thailand was wound up in the business year 2018. Significant effects on the financial statement do not result from this.

5.1.6 Consolidation principles

The annual financial statements of all companies belonging to the corporation are drawn up for the reporting date of the HAEMATO AG (parent company) on the basis of uniform accounting and valuation methods.

The acquisition of businesses is recognised according to the acquisition method when the corporation has obtained control. The consideration transferred in case of a company merger and acquired identifiable net assets are in principle valued at fair value. Costs related to the acquisition of a company were recorded in principle when incurred affecting net income.

The acquired identifiable assets and liabilities were valued – with the exception of deferred tax assets and deferred tax liabilities – at fair value. The goodwill equals the surplus from the sum of the transferred consideration, the amount of all non-controllable shares of the acquired company and the net balance of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

When the corporation loses the control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and all related non-controllable shares and other components of the equity capital. Each resulting profit or loss is recorded in profit or loss. Each retained share of former subsidiaries is valued at fair value at the time of the loss of control.

All intragroup assets, liabilities, equity capital, income, expenses and cash flows in connection with business transactions between corporate companies are completely eliminated in the course of the consolidation.

Deferred taxes were performed on consolidation processes affecting net income insofar as the difference in tax expense will probably be made up for again in later business years.

5.1.7 Estimates and assumptions

The drawing up of the consolidated financial statement requires estimates and assumptions which can influence the amounts of assets, liabilities and financial liabilities at reproting date as well as the income and expenses of the reporting year. The actual amounts determined can differ from these estimates and assumptions. Estimates and underlying assumptions are continuously reviewed. Amendments of estimates are prospectively recorded.

In the application of accounting and valuation principles, the Executive Board executes discretionary decisions/judgements. Besides, the acquisition of the shares of the HAEMATO PHARM GmbH required testing the impairment of the acquired goodwill at reporting date. For testing the impairment of the goodwill it is necessary to determine the value in use of the cash generating unit to which the goodwill has been allocated to. The calculation of the value in use requires an estimate of future cash flows from the cash generating unit as well as an appropriate discount rate for the calculation of the present value.

A number of accounting policies and disclosures of the corporation require the determination of the fair value of financial and non-financial assets and liabilities. In the determination of the fair value of an asset or a liability the corporation uses, as far as possible, observable market data.

Based on the input factors used in the valuation techniques, the fair values are classified into different levels of the fair value hierarchy:

Level 1: Listed prices (unadjusted) on active markets for identical assets and liabilities.

Level 2: Valuation parameters which do not belong among the listed prices considered in level 1 but which can be observed for the asset or the liability either directly (i. e. as prices) or indirectly (i. e. as derived from prices).

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

If the input factors used for determining the fair value of an asset or a liability can be classified into different levels of the fair value hierarchy, the valuation of the fair value as a whole is classified in the level of the fair value hierarchy which equals the lowest input factor that is significant for the valuation as a whole.

The corporation recognises reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the change has taken place.

The principles used by the management for the adequacy assessment of the depreciation to receivables are the maturity structure of the receivables, the creditworthiness of the customers as well as the changes in payment terms. In case of a deterioration of the financial situation of the customers, the scope of the actual write-offs to be undertaken can exceed the scope of the expected write-offs.

For each taxable subject, the expected actual income tax is to be calculated and the temporary differences from the differing treatment of certain balance sheet items between the IFRS consolidated financial statement and the tax statement are to be assessed. Insofar as temporary differences exist, these differences in principle result in the recognition of deferred tax assets and liabilities in the consolidated financial statement. The management has to make assessments in calculating actual and deferred taxes. Deferred tax assets are estimated to the extent in which it is probable that they can be used. The use of deferred tax assets depends on the possibility of obtaining a sufficient taxable income under the relevant tax type. For assessing the probability of the future usability of the deferred tax assets, different factors are to be taken into account, for example the profit situation in the past, operative plans and tax planning strategies. If the actual results deviate from these estimates or if these estimates have to be adjusted in future periods, they can have negative effects of the assets, financial and income situation. If a change of the impairment assessment of tax assets takes place, the estimated deferred tax assets are to be devalued affecting net income.

Mit Sicherheit
HAEMATO pharm

5.2 Notes to the corporate balance sheet | Assets

When drawing up the financial statements of the related corporate companies, business transactions which are expressed in other currencies than the functional currency (EUR) of the corporate company are converted with the exchange rates valid on the day of the transaction. As per reporting date, all monetary items in foreign currency are converted with the exchange rate valid on reporting date. Non-monetary items in foreign currency which are valued at fair value are to be converted with the exchange rates which were valid at the time of the valuation at fair value.

5.2.1 Cash and cash equivalents

Cash and cash equivalents are valued at acquisition costs. They include cash holdings and other short-term highly liquid financial assets which have at the time of acquisition a maturity of three months or less.

5.2.2 Trade receivables

The trade receivables which amount to kEUR 7,320 in total (previous year: kEUR 8,320) are valued with the transaction price according to IFRS 15. Our trade receivables do not contain a significant financing component. Depreciations are recorded when there are objective indications due to one or more events which happened after the first-time statement of the asset that the estimated future cash flows have changed for the negative. The criteria which lead to a depreciation of the trade receivables are based on the probability of default of the receivables and the estimated creditworthiness of the customers.

5.2.3 Inventories

Inventories are reported at the lower value of historical acquisition or production costs and net realisable value. The net realisable value is the result of the estimated sales proceeds less costs not yet incurred. The acquisition or production costs of inventories are in principle determined according to the single allocation method and include the acquisition costs as well as those costs that have been incurred for transferring the inventories to their current place and into their current condition. For similar inventories which exist in larger quantity and are interchangeable the determination of acquisition or production costs is undertaken according to the average method. For internally generated unfinished and finished products, the production costs also include production-related overhead costs based on normal capacity.

	December 31, 2018	December 31, 2017
Raw, auxiliary and operating materials	506,308	545,112
Unfinished goods, unfinished services	0	1,026
Finished goods and merchandise	42,618,122	42,549,825
Claims for return of goods	1,246,661	1,787,480
Advance payments on inventories	5,840	18,458
Inventories	44,376,931	44,901,900

5.2.4 Other current financial assets

A financial instrument is a contract which creates a financial asset for one company and a financial liability or an equity instrument for another company at the same time. Financial instruments are recorded as soon as HAEMATO becomes a contracting party of the financial instrument. For regular way purchases or sales of financial assets HAEMATO choses the trading day for the first-time recognition and derecognition. The first-time recognition of financial instruments is recorded at fair value. For the subsequent valuation, the financial instruments are assigned to one of the valuation categories given in IFRS 9 Financial instruments (financial assets which are valued at their amortised acquisition costs, financial assets which are valued profit-neutral at fair value and financial assets which are valued affecting net income at fair value). Transaction costs which can be directly attributed to the acqisition or issuance are factored into the determination of the book value when the financial instruments are valued at fair value not affecting net income.

The other current financial assets include exclusively loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments and include only redemptions and interests and are valued at amortised costs.

5.2.5 Other current assets

The other current assets are primarily receivables from VAT credits as well as creditors with debit balances.

5.2.6 Income tax receivables

The income tax receivables include revaluations/ adjustments for potentially accruing income tax refunds for not yet fully assessed years, but without interest refunds. The amount is determined by the best possible estimate of the expected tax refund (expected value or most likely value of the tax uncertainty). Tax receivables from uncertain items are then recognised when it is largely likely and therefore sufficiently certain that they can be realised.

5.2.7 Intangible assets

Intangible assets are valued at acquisition or production costs less cumulated depreciation. If necessary, cumulated impairment losses are taken into account. Intangible assets with indefinite useful lives are reviewed annually whether the assessment of an indefinite useful life can be maintained.

A change from an indefinite useful life to a finite useful life is carried out prospectively. Intangible assets with a finite useful life are in principle depreciated linearly over their useful life (three to ten years). The depreciation period for intangible assets with a finite useful life is reviewed at least towards the end of each business year. Changes regarding the estimated useful life are treated as estimate changes. Depreciations for intangible assets with a finite useful life are included in the functional costs/expenses.

	Concessions, industrial property rights and similar rights and assets as well as licenses	Company value	Acquired intangible assets	Advance payments on intangible assets	Intangible assets
Acquisition and production costs					
January 1, 2017	5,521,881	34,583,689	9,912,944	13,578	50,032,092
Additions	622,425	0	0	650,553	1,272,979
December 31, 2017	6,144,307	34,583,689	9,912,944	664,132	51,305,071
January 1, 2018	6,144,307	34,583,689	9,912,944	664,132	51,305,071
Additions	326,168	0	0	664,076	990,244
Disposals	0	0	0	-1,617	-1,617
Transfers	176,628	0	0	-246,828	-70,200
December 31, 2018	6,647,103	34,583,689	9,912,944	1,079,763	52,223,498
Depreciation/ appreciation					
January 1, 2017	-3,364,666	0	-7,407,962	0	-10,772,628
Depreciation	-635,067	0	-956,096	0	-1,591,163
December 31, 2017	-3,999,734	0	-8,364,058	0	-12,363,791
January 1, 2018	-3,999,734	0	-8,364,058	0	-12,363,791
Depreciation	-680,705	0	-501,977	0	-1,182,682
December 31, 2018	-4,680,439	0	-8,866,035	0	-13,546,473
Book value					
December 31, 2017	2,144,573	34,583,689	1,548,886	664,132	38,941,280
December 31, 2018	1,966,664	34,583,689	1,046,909	1,079,763	38,677,024

5.2.8 Tangible assets

Tangible assets are recognised at acquisition or production costs less cumulated depreciation. If necessary, cumulated impairment losses are taken into account. If relevant, the acquisition or production costs include the estimated costs for dismantling and removing the asset and restoring the site on which it is located.

The scheduled depreciations are conducted linearly. The depreciations correspond to the pattern of consumption of the future economic benefits. The tangible assets are depreciated linearly over differing useful lives (three to fifteen years).

In the case that the book value exceeds the probably recoverable amount an impairment loss to this value is carried out. The recoverable amount is determined from the net proceeds or – if higher – the cash value of the estimated future cash flow from the use of the asset/item.

	Land, leasehold rights and buildings, including buildings on non-owned land	Technical equipment and machinery	Other equipment, factory and office equipment	Property, plant and equipment
Acquisition and production costs				
January 1, 2017	38,880	554,426	1,523,693	2,116,998
Additions	0	9,645	181,447	191,092
Disposals	0	-25	-22	-48
December 31, 2017	38,880	564,046	1,705,117	2,308,042
January 1, 2018	38,880	564,046	1,705,117	2,308,042
Additions	8,479	12,510	130,054	151,043
Disposals	0	0	-16,160	-16,160
Transfers	0	70,200	0	70,200
December 31, 2018	47,359	646,756	1,819,011	2,513,126
Depreciation/ appreciation				
January 1, 2017	-23,982	-98,970	-815,582	-938,533
Depreciation	-5,125	-49,598	-208,420	-263,143
December 31, 2017	-29,107	-148,568	-1,024,002	-1,201,676
1, Januar 2018	-29,107	-148,568	-1,024,002	-1,201,676
Depreciation	-5,551	-52,043	-215,776	-273,370
Disposals	0	0	8,752	8,752
December 31, 2018	-34,658	-200,611	-1,231,026	-1,466,295
Book value				
December 31, 2017	9,773	415,478	681,115	1,106,366
December 31, 2018	12,701	446,145	587,985	1,046,831

5.2.9 Other non-current financial assets

Under the other non-current financial assets equity instruments of listed companies are recognised. The shares were classified into the category "at fair value affecting net income". The subsequent valuation of equity instruments is recorded at market value on the respective reporting date.

	Financial Assets
Acquisition and production costs	
January 1, 2017	5,247,739
Additions	785,604
Disposals	-2,979,252
December 31, 2017	3,054,091
January 1, 2018	3,054,091
Additions	5,991,813
Disposals	-2,163,855
December 31, 2018	6,882,048
Depreciation/appreciation	
January 1, 2017	11,521,154
Depreciation	3,559,076
Disposals	-3,638,522
December 31, 2017	11,441,709
January 1, 2018	11,441,709
Depreciation	1,943,288
Disposals	-4,294,346
December 31, 2018	9,090,652
Book value	
December 31, 2017	14,495,800
December 31, 2018	15,972,700

5.2.10 Other non-current assets

The other non-current assets are deposits which are valued at nominal value of the deposited amounts.

5.3 Notes to the consolidated balance sheet | Liabilities & Equity

5.3.1 Current accruals

Accruals are formed when the corporation has a present obligation (of a legal or factual nature) from a past event and it is likely that the fulfilling of the obligation includes the reduction of resources and that a reliable estimate of the amount of the obligation is possible. The recorded amount of the accruals is the best estimated value which is determined for the consideration required on reporting date in order to settle the present obligation. In doing so, the risks and uncertainties surrounding the obligation have to be taken into account. When an accrual is valued on the basis of the estimated cash flows necessary for fulfilling the obligation, these cash flows have to be discounted if the interest effect is significant.
The breakdown of accruals reads as follows:

Accruals	January 1, 2018	Usage	Liquidation	Supply	December 31, 2018
Audit and annual financial statement cost	50	50	0	52	52
Personnel/ vacation entitlements	104	89	4	118	129
Remuneration of the Supervisory Board	20	20	0	20	20
Others	198	121	3	85	159
	372				360

5.3.2 Income tax liabilities

The actual income taxes are calculated based on the national tax results and regulations of the current year. Furthermore, the actual taxes recognised in the business year also include adjustments for uncertain tax payments for not yet fully assessed years, but without interest payments and fines for tax arrears. For the case that it is likely that amounts recognised in the tax returns cannot be realised (uncertain tax items), tax accruals are made. The amount is determined from the best possible estimate of the expected tax payment (expected value or most probable value of the tax uncertainty).

	January 1, 2018	Usage	Liquidation	Supply	December 31, 2018
Income tax liabilities	44	0	0	639	683

As a result from an ongoing tax audit for 2001 to 2005, the tax administration intended not to recognise the tax loss carry-forwards accrued until 2 August 2005 due to a loss of the economic identity at that time in accordance with § 8 Abs. 4 KStG/§ 10a GewStG. We do not share the legal opinion communicated to us by the tax administration, and also the Bundesfinanzhof (Federal Finance Court) has decided differently in a similar case. For this reason, we have not yet made tax accruals for the relevant business years. The legal proceedings have ended in our favour. However, the tax administration now tries to annul the loss carry-forwards via the assessment year 2003. Regarding this, we have taken legal proceedings; if necessary, we would exploit all legal procedures. Due to changed legal verdicts, part of the so far not recognised losses was taken into account by the tax administration in March 2009. The maximum risk amounts now to kEUR 154.

5.3.3 Trade payables

The trade payables are recognised at subsequent acquisition costs using the effective interest method. It is assumed that the fair value corresponds to the book value of these financial instruments due to their short terms.

	December 31, 2018	December 31, 2017
Sales return rights	1,350,661	1,918,721
Discount agreements/manufacturer discounts	6,603,478	6,832,424
Contractual and refund liebilities	7,954,140	8,751,145

5.3.4 Other current financial liabilities

The current financial liabilities owed to credit institutions as well as the other financial liabilities are recognised at subsequent acquisition costs using the effective interest method. The other financial liabilities are primarily current liabilities owed to credit institutions from overdrafts, debitors with credit balances as well as, for the business year 2017, the repayment amount of the profit participation certificates called at the due date December 31, 2017 to the amount of EUR 5.2 million.

5.3.5 Current liabilities

The other current liabilities are recognised at subsequent acquisition costs using the effective interest method. They primarily include VAT liabilities as well as liabilities arising from social security.

5.3.6 Contractual and refund liabilities

Refund liabilities include obligations from business transactions which are financial instruments. A refund liability arises when HAEMATO receives a consideration from a customer and expects that this consideration is refunded to the customer partially or completely. A refund liability is valued at the amount of the consideration to which the company is probably not entitled and which is therefore not taken into account in the transaction price.

In applying these regulations, reclassifications of the liabilities of the discount contracts and manufacturer discounts from the balance sheet items provisions to the contractual and refund liabilities were performed. For sales with right of return, a liability for provisions is passivated.

5.3.7 Non-current accruals

The non-current accruals concern the provisions for retention obligations with a remaining term fo more than a year.

5.3.8 Non-current financial liabilities

The non-current financial liabilities include liabilities owed to credit institutions and were recorded at subsequent acquisition costs using the effective interest method.

5.3.9 Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are determined for temporary differences between the tax and balance valuations including the differences from the consolidation as well as for not yet used tax loss carry-forwards and tax credits. The valuation is determined according to the tax rates whose validity is to be expected for the period in which an asset is realised or a liability fulfilled. For this the tax rates and regulations are taken as the basis which are valid on reporting date or will be valid shortly. HAEMATO makes a value adjustment for deferred tax assets when it is not likely that future taxable result will be available to a sufficient scale against which the deductible temporary differences, tax loss carry-forwards and tax credits can be offset.

For tax deductible temporary differences related to shares of subsidiaries, a deferred tax asset is only recognised insofar as it is likely that the reversal of the temporary difference will happen in the foreseeable future and corresponding taxable income is to be expected.

An offsetting of deferred tax assets and deferred tax liabilities is only carried out when a legal claim exists for offsetting actual tax assets and actual tax liabilities and the deferred tax assets and liabilities are related to income taxes which are raised by the same authority for the same tax subject.

As per reporting date, no deferred tax assets were recorded.

For all taxable temporary differences, a deferred tax liability is recognised unless the deferred tax liability arises from

- a goodwill for which a depreciation cannot be deducted tax-wise, or
- the first-time recording of an asset or a liability of a business transaction which is not a company merger and does not affect either the accounting profit or the taxable income at the time of the business transaction.

For the taxable temporary differences related to shares of subsidiaries, however, a deferred tax liability is recognised unless the time of the reversal of the temporary difference can be controlled by the company and unless it is likely that this will not happen in the foreseeable future. The deferred taxes as per December 31, 2018 relate to the following items:

Temporary differences in kEUR	31/12/2017	Recognised in profit or loss	Recorded in equity	31/12/2018
Valuation of intangible assets	354	-100	0	254
Fair value valuation of financial instruments	143	-68	0	75
Fair value valuation of financial assets	21	-21	0	0
Other valuation differences	0	3	0	3
Deferred tax liabilities	518			332

In connection with the fair value valuation of existing financial instruments it was necessary to passivate deferred taxes. The amount by which the IFRS valuations valued at fair value exceed the tax balance sheet values amounts to kEUR 310 (previous year: kEUR 590). By applying the effective tax rate of 24.225 % and other components a deferred tax liability that has to be passivated ensues to the amount of kEUR 75 (previous year: kEUR 143).

The different legal valuation methods in accordance with tax law and commercial law as well as recognition according to IFRS lead to discerpancies when determining the provisions. Together with the valuation of assets and liabilities denominated in foreign currency at average spot exchange rate on reproting date, these different valuations lead to deferred tax liabilities to the amount of kEUR 3 (previous year: kEUR 0).

The remaining deferred taxes (effective tax rate of 24.225 %) which amount to kEUR 254 (previous year: kEUR 375) on reporting date result from the first-time consolidation of a subsidiary acquired in 2009 and 2013. At the first-time consolidation, intangible assets were disclosed whose book values amount to kEUR 1,046 (previous year: kEUR 1,549) on December 31, 2018.

5.3.10 Equity capital

For the development and composition reference is made to the statement of changes in equity.

Share capital

The share capital of the company to the amount of EUR 22,867,154.00 is divided into 22,867,154 no-par value shares at calculated par value of EUR 1.00 each.

In 2005, a capital increase to the amount of EUR 6.75 million was realised by converting reserves of which EUR 2.0 million originated from contributions from equity participants (withdrawal from the capital reserve) and EUR 4.75 million originated from already taxed profits of the company. In the first quarter of 2007, 235,066 new shares were issued; the decision of the shareholders' meeting on July 18, 2005 is cited in which the Executive Board was authorised to increase the share capital upon approval by the supervisory board. The subscription (for existing shareholders) or issue price amounted to EUR 6.00 per share respectively. The difference between the subscription or issue price and the par value of EUR 5.00 per share was transferred to the capital reserve. In 2011 another capital increase to the amount of EUR 4.6 million was realised by converting reserves of which EUR 1.1 million originated from contributions from equity participants (withdrawal from the capital reserve) and EUR 3.5 million originated from already taxed profits of the company (withdrawal from the retained earnings). In the first quarter of 2013, the Executive Board of the company passed the resolution by utilising the authorised capital of 2012 and with regard to § 4 item 6 of the articles of association to increase the share capital of the company against contribution in kind to the amount of EUR 6,926,299 from EUR 13,852,599 to EUR 20,778,898 by issuing 6,926,299 new no-par value bearer ordinary shares as no-par value shares.

In the second quarter of 2017 the share capital was increased to EUR 21,980,000 by issuing 1,201,102 no-par value shares at par value of EUR 1.00. The new shares were issued at a subscription price of EUR 6.20. The premium to the amount of EUR 6.25 million was completely transferred to the capital reserve.

The HAEMATO AG called all profit participation certificates issued by the company (ISIN: DE000A0EQVT2/ WKN: A0EQVT) to the due date December 31, 2017 by publication in the Bundesanzeiger (Official Federal Gazette) on September 26, 2017 in accordance with § 3 item 1 of the terms and conditions of the profit participation certificates in the version of the resolution of the creditors' meeting of December 21, 2009.

The company made, in accordance with § 03 item 2 of the terms and conditions of the profit participation certificates, use of the option to grant the holders of profit participation certificates shares of the HAEMATO AG instead of the redemption amount. For this, subscription shares at par value of EUR 887,154.00 were issued in the business year 2018 within the conditional capital increase of June 9, 2016 (conditional capital 2016/I). The share capital now amounts to EUR 22,867,154.00.

Authorised capital

According to the decision of the shareholders' meeting on July 4, 2018 the Executive Board was authorised to increase the share capital of the company upon approval by the Supervisory Board by issuing, in total, up to 10,990,000 new no-par value bearer shares in return for cash or non-cash contributions once or several times until July 3, 2023, but at the most up to EUR 10,990,000 in total (authorised capital 2018/I).

Conditional capital

The share capital of the company is conditionally increased by decision of the Shareholders' Meeting on June 9, 2016 by up to EUR 10,389,449.00 by issuing, in total, up to 10,389,449 new no-par value bearer shares (conditional capital 2016/I).

Within the conditional capital increase of June 9, 2016 (conditional capital 2016/I), subscription shares at par value of EUR 887,154.00 were issued in the business year 2018.

Reacquired treasury stock

The company held at the time of the redemption in 2018 1,030 of the terminated profit participation certificates. By redemption in the form of shares, the HAEMATO AG received 17,201 of its own shares. The premium to the amount of kEUR 85.8 from the conversion of the profit participation certificates was transferred to the capital reserve for treasury stock.

Retained earnings

The retained earnings comprise the earnings generated in the past by the companies included in the consolidated financial statement provided that they were not distributed as well as earnings from sales of treasury shares in 2006 to 2007 or 2013 which were not recognised in the profit and loss statement but recognised directly in the equity capital.

5.3.11 Contingent liabilities

Towards the HYPO NOE Gruppe Bank AG, the HAEMATO AG is liable as joint borrower with the MPH Health Care AG in connection with a promissory note loan to the amount of EUR 7 million. This loan was disbursed to the MPH Health Care AG. This loan was used to its full extent on reporting date by the MPH Health Care AG.

Towards the HYPO NOE Gruppe Bank AG, the HAEMATO AG is liable as joint borrower with the MPH Health Care AG in connection with a promissory note loan to the amount of EUR 3 million. This loan was disbursed to the MPH Health Care AG. This loan was used to its full extent on reporting date by the MPH Health Care AG.

Towards the Raiffeisenlandesbank Niederösterreich-Wien AG, the HAEMATO AG is liable as joint borrower with the MPH Health Care AG in connection with another promissory note loan to the amount of EUR 4 million. This loan was disbursed to the MPH Health Care AG. This loan was used to its full extent on reporting date by the MPH Health Care AG.

We consider the claims from the contingent liabilities as low because of the current financial standing and the previous payment behaviour of the beneficiaries. We have no recognizable indications which would make another assessment necessary.

The other financial liabilities are within the limits of ordinary business dealings.

5.4 Notes to the statement of comprehensive income

Principles of the revenue recognition

The turnover revenues from the sales of medicinal products are recognised when the customer gains control over these. This is generally the case when the customer comes into possession of the products. As a general rule, the transition of control takes place at the time of the handover of the products to the shipping company.

In general, the payment from the sales of medicinal products by the customer takes place when the customer gains control over these.

Segment reporting according to IFRS 8

IFRS 8 requires of companies the reporting of financial and describing information regarding its reportable segments. Reportable segments are business segments which fulfil certain criteria. Business segments are constituent corporate units for which separate financial information exists. Therefore, the segment reporting has inevitably to be oriented towards the internal reporting of the company (management approach). Hence, the internal management of the company forms the basis for the segment reporting.

The HAEMATO Corporation essentially operates in one comprehensive business segment (pharmaceuticals) and mainly in one regional segment (Germany) so that, to a great extent, de facto exemption from the segment reporting duty follows from this.

According to IFRS 8.31, however, also one-segment-corporations are obligated to record certain disaggregated financial data. These are disclosure requirements which are to be presented according to the follwing criteria.

Products and services

All products (various medicinal products) were summarised in a group of comparable products. The presentation of product-related turnover proceeds is not reasonable due to the multitude of existing medicinal products and also not possible due to a lack of information. All turnovers presented in the profit and loss statement essentially relate to the above described product group.

Geographic information

Primarily, the HAEMATO group operates in the geographic segment of Germany.

Major customers

Of the turnover proceeds from direct sales in the pharmaceutical sector to the amount of kEUR 274,121 (previous year: kEUR 289,436), kEUR 41,005 (previous year: kEUR 42,611) are apportioned to turnovers related to the five largest customers of the corporation.

No individual customer has contributed 5 % respectively or more to the corporate tunover in the business year 2018.
Expenses and revenue of the business year are recognised – regardless of the time of payment – when they are realised. Revenue from sales of assets and revenue from services are realised when the relevant opportunities and risks hace passed and the amount of the expected consideration can be estimated reliably.

5.4.1 Revenues

The revenues are primarily turnover proceeds from the sales of medicinal products.

5.4.2 Change in inventories

The change in inventories contains reductions of outstanding operating costs.

5.4.3 Other operating income

Of the other operating income which amounts to kEUR 3,677 (previous year: kEUR 6,476), kEUR 1,943 (previous year: kEUR 5,031) at current value account for the valuation of financial investments. The profits from the disposal of financial assets amount to kEUR 546 (previous year: kEUR 811) in the business year 2018.

5.4.4 Cost of materials

The item cost of material include all expenses which have accrued related to the purchase of medicinal products.

5.4.5 Personnel expenses

The personnel expenses included in the profit and loss statement for 2018 amount to kEUR 6,322.1 (previous year: kEUR 6,209.4).

	December 31, 2018	December 31, 2017
Wages and salaries	-5,322,571	-5,207,568
Social security contributions and expenditures for pension and support payments	-999,538	-1,001,787
Personnel costs	-6,322,109	-6,209,355

5.4.6 Other operating expenses

The other operating expenses which amount to kEUR 8,520.3 in total (previous year: kEUR 8,947.9) comprise a multitude of individual items. These include particularly the cost of premises, insurances and contributions, repairs and maintenance, marketing and travelling costs, legal and consulting fees and various other operating costs.

5.4.7 Depreciations

The depreciations comprise scheduled depreciations for tangible and intangible assets to the amount of kEUR 1,456 (previous year: kEUR 1,854). Tangible and intangible assets are depreciated linearly over differing useful lives (three to fifteen years).

5.4.8 Income from investments

The income from investments primarily consists of dividends received.

Income from other financial assets in kEUR	2018	2017
Received dividend income	320	631

5.4.9 Other interest and similar income

Interest results from granting loans and from investing liquid funds at German credit institutions.

kEUR	Interest income 2018	Interest income 2017
Income from granted loans and receivables	16	2

5.4.10 Interest and similar expenses

Interest includes expenses for the interest on borrowed loans and interest expenses for the profit participation certificate capital placed in 2005 and 2006. Of all expenses which amount to kEUR 1,075 in total (previous year: kEUR 1,960), kEUR 239.6 (previous year: kEUR 469) account for the interest payment of the profit participation certificates terminated at December 31, 2017 which are not held by the HAEMATO AG.

kEUR	2018	2017
Participation certificate interest	- 240	- 469
Financial liabilities carried at amortised cost	- 835	- 1,491
Net result	- 1,075	- 1,960

5.4.11 Taxes on income and profit

The income taxes include both actual taxes on income and profit as well as deferred taxes. The actual income taxes are calculated based on the national tax results and regulations of the current year. Deferred tax assets and deferred tax liabilities are determined for temporary differences between the tax and balance valuations including the differences from the consolidation as well as for not yet used tax loss carry-forwards and tax credits.

The item can be separated as follows:

kEUR	2018	2017
Tax expense for the current period	- 1,667.5	- 1,334.8
Deferred tax expense from valuation differences	-3.2	- 20.6
Deferred tax income from valuation differences	186.0	252.5
	- 1,484.7	- 1,102.9

The calculation of the deferred taxes is carried out company-wise by applying the applicable effective tax rate to the percentage of currently 24.225 %.
The effective tax rate includes the corporate tax and the solidarity surcharge (effective rate: 15.825 %) as well as the trade tax (effective rate: 8.400 %) by application of the currently valid trade tax rate for the municipality of Schönefeld.

5.4.12 Other taxes

Other taxes include primarily vehicle tax.

5.4.13. Earnings per share

The earnings per share are calculated by dividing the annual net profit by the number of issued shares. According to IAS 33.19, the number of ordinary shares of the weighted average number of the ordinary shares outstanding during the period is to be used for the purpose of calculating basic earnings per share.

Dilutive effects are not to be taken into account. The weighted average of the ordinary shares outstanding during the period is calculated as follows:

Period	No. of ordinary shares	Weighting	Weighted share
Januay 1, – June 7, 2017	20,778,898	156/365	8,880,844
June 8, – December 31, 2017	21,980,000	209/365	12,585,808
January 1, – July 3, 2018	21,980,000	184/365	11,080,329
Juliy 4, – December 31, 2018	22,867,154	181/365	11,339,602

EUR	2018	2017
Equity attributable to equity holders oft he parent company of net income for the year	6,276,459.92	6,957,009.15
Number of shares (weighted average)	22,419,931	21,466,652
Earnings per share	0.28	0.33

5.5 Notes to the consolidated cash flow statement

The cash flow statement shows how the cash and cash equivalents of the HAEMATO group have changed over the corse of the reporting years due to inflow and outflow. In this cash flow statement, the cash flows are structured according to business, investment and financing activity.

The funds of financial resources contain liquid funds on short call to the amount of kEUR 5,599 (previous year: kEUR 6,470).

5.6 Other statements

5.6.1 Statements concerning the members of corporate bodies

Executive Board

Last name	First name	Function	Power of representation	Occupation
Zimdars	Uwe	CEO	jointly authorized to represent	Merchant
Kracht	Daniel	CFO	jointly authorized to represent	Merchant

Supervisory Board

Last name	First name	Function	Occupation
Grosse	Andrea	Chairwoman	Lawyer
Prof. Dr. Dr. Meck	Sabine	Deputy Chairwoman	University teacher and science journalist and psychotherapist
Dr. Braun	Marion	Member	Medical doctor

The total renumeration of the Supervisory Board amounted to kEUR 45 (previous year: kEUR 45) in the business year 2018.

5.6.2 Number of employees

In the HAEMATO group, 194 employees (previous year: 195 employees) were employed on average during the reporting period.

Wage-earning employees	Salaried employees	Senior executives	Total
101	80	13	194

5.6.3 Financial instruments

The book values correspond to the fair values of the financial instruments for the respective classes of financial instruments of the corporation as per 31 December 2018 according to IFRS 9 and as per 31 December 2017 according to IAS 39.

The fair value of a financial instrument is the price which would be taken in for the sale of an asset or which would be paid for the transfer of a liability in an orderly business transaction between market participants on calculation reporting date. In view of varying influencing factors, the presented fair values can only be seen as indicators of actually realisable values on the market.

The fair values of the financial instrument were determined on the basis of the market information available on reporting date. The following methods and premisses were taken as a basis.

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

The other current financial assets are valued at amortised acquisition costs. Due to the mostly short maturities of these financial instruments it is assumed that the fair values correspond to the book values.

The market valuation of the other long-term financial assets was made on the basis of listed unadjusted prices on active markets for these or identical assets.

The other financial liabilities are valued at amortised acquisition costs. Due to the mostly short maturities of these financial instruments it is also assumed that the fair values correspond to the book values.

EUR	December 31, 2018	Dezember 31, 2018
Financial instruments	Book value	Fair value
Financial assets	31,781,610	31,781,610
Cash and cash equivalents	5,599,318	5,599,318
Trade receivables	7,320,190	7,320,190
Other current financial assets	2,889,402	2,889,402
Current financial assets carried at amortized cost	2,889,402	2,889,402
Other non-current financial assets	15,972,700	15,972,700
Non-current financial assets measured as at fair value through profit or loss	15,972,700	15,972,700
Financial liabilities	-31,149,274	-31,149,274
Trade payables	-8,469,399	-8,469,399
Other current financial liabilities	-7,679,875	-7,679,875
Current financial liabilities carried at amortized cost	-7,679,875	-7,679,875
Other non-current financial liabilities	-15,000,000	-15,000,000
Non-current financial liabilities carried at amortized cost	-15,000,000	-15,000,000

EUR	December 31, 2017	December 31, 2017
Financial instruments	Book value	Fair value
Financial assets	38,520,122	38,520,122
Cash and cash equivalents	6,469,565	6,469,565
Trade receivables	8,320,149	8,320,149
Other current financial assets	9,234,607	9,234,607
Current financial assets carried at amortized cost	3,242,795	3,242,795
Current financial assets measured as at fair value through profit or loss	5,991,813	5,991,813
Other non-current financial assets	14,495,800	14,495,800
Non-current financial assets measured as at fair value through profit or loss	14,495,800	14,495,800
Financial liabilities	-41,056,963	-41,056,963
Trade payables	-7,522,103	-7,522,103
Other current financial liabilities	-14,534,861	-14,534,861
Current financial liabilities carried at amortized cost	-14,534,861	-14,534,861
Other non-current financial liabilities	-19,000,000	-19,000,000
Non-current financial liabilities carried at amortized cost	-19,000,000	-19,000,000

Below, an analysis of net profit and loss from financial investments in financial assets listed according to valuation categories is carried out:

Income category in kEUR	2018	2017
Financial assets carried at amortized cost	16	2
Financial assets measured as at fair value through profit or loss	1,943	5,031
Financial liabilities carried at amortized cost	- 1,075	- 1,960

The income from financial assets valued at amortised acquisition costs primarily includes received interest. The net profits and losses of the equity and borrowed capital instruments valued at fair value affecting net income primarily include income from the valuation of these instruments.

The expenses from liabilities valued at amortised acquisition costs include interest expenses for short- and long-term operating loans.

5.6.4 Management of financial risks

The HAEMATO group is in principle exposed to risks which result from changes of the general conditions by the legislation or from different regulations. Since the corporate activity of the HAEMATO group is primarily limited to Germany and such changes do not occur suddenly and unexpectedly, there usually is enough reaction time in order to react to changes. In addition, the HAEMATO group is exposed to market price risks due to changes of exchange rates and interest rates. Furthermore, risks arise from the investments in financial assets; here, variations can occur depending on the stock exchange prices valid on each reporting date. The corporation is moreover subject to credit risks which result from the operating business (trade receivables). Besides, there are liquidity risks which are connected to the credit and market price risks or accompanied by a deterioration of the operating business. Provided that these financial risks occur, the profit, financial and assets situation of the corporation will be influenced negatively.

The guidelines underlying the risk management processes for the financial risks of the corporation are oriented towards identifying and analysing risks corporation-wide. Besides, they aim at a suitable limitation and control of the risks as well as their monitoring by nmeans of reliable and modern administration and information systems. The guidelines and the systems are checked regularly and adjusted to current market and product developments. Essentially, it is an early warning system by monitoring liquidity and earnings performance.

Credit risk

The credit risk describes the risk of an economic loss which arises due to the fact that a counterparty does not meet their contractual payment obligations. The credit risk includes the immediate default risks, the risk of a deterioration in creditworthiness as well as concentration risks.

The maximum risk positions from financial assets which are generally subject of a credit risk correspond to their book values (without taking into account possibly existing credit securities). The maximum risk position corresponds in these cases to the expected future payments.

Liquid funds

The liquid funds of the corpoation comprise cash and cash equivalents. The liquid funds are mainly kept at financial institutions with high credit ratings inside Germany. The limits and their utilisation are continuously checked. Therefore, the liquid funds are not subject to a significant credit risk.

Trade receivables

Trade receivables mainly result from the sales activities of medicinal products. The credit risk includes the default risk of the customers which include, among others, pharmaceutical wholesalers, manufacturers, pharmacies and hospital pharmacies. To identify drecit risks, HAEMATO assesses the creditworthiness of customers. Furthermore, a commercial credit insurance was taken out which includes protection against bad debts. The majority of the trade receivables are protected by different forms of security. The securities include, for example, the retention of title and customers' down payments. The maximum default risk of the financial assets is limited by the amount of the book values.

Liquidity risk

The liquidity risk describes the risk that a company cannot meet its financial liabilities to a sufficient degree.

The corporation manages liquidity risks by permanently monitoring predicted and actual cash flows and coordinating the maturity profiles of financial assets and liabilities. Moreover, the situation is additionally managed by providing sufficient liquid funds and credit lines with banks.

In the following table, the expected future cash flows of the financial liabilities (undiscounted redemption payments) as per December 31, 2018 and as per December 31, 2017 are presented. Interest payments were not taken into account.

Financial liabilities carried at amortized cost	Book value 31/12/2018 kEUR	Cashflow up to 1 year kEUR	Cashflow > 1 year to 5 years kEUR	Cashflow > 5 years kEUR
Interest-bearing financial liabilities	21,656	6,656	15,000	0
Non-interest-bearing financial liabilities	9,492	9,492	0	0

Financial liabilities carried at amortized cost	Book value 31/12/2017 kEUR	Cashflow up to 1 year kEUR	Cashflow > 1 year to 5 years kEUR	Cashflow > 5 years kEUR
Interest-bearing financial liabilities	32,306	7,821	19,000	5,485
Non-interest-bearing financial liabilities	8,751	8,751	0	0

The non-interest-bearing financial liabilities account with kEUR 8,469 (previous year: kEUR 7,522) for trade payables as well as with kEUR 1,023 (previous year: kEUR 1,229) for the other current financial liabilities.

The interest-bearing financial liabilities comprise for the business year 2018 the used working capital lines. For the business year 2017 the cash flow of up to one year includes the profit participation certificates terminated as per December 31, 2017.

Interest-change risk

The corporation has borrowed capital for the operative implementation of its business model. In 2018, the bank liabilities of the HAEMATO group amounted to kEUR 21,656 in total (previous year: kEUR 21,612). Of these, kEUR 15,000 are non-current financial liabilities. Because of the low interest rate level, interest-change risks currently exist only to a lesser extent.

The current liabilities owed to credit institutions are loans which were obtained at the following conditions:

	Utilisation in kEUR	Conditions
Loans of kEUR 4,000	2,680	3-month-Euribor plus 1,50 % p.a.
Loans of kEUR 4,000	3,976	2,601 % p.a. on 3-month-Euribor

For the non-current liabilities owed to credit institutions which are subject to an interest-change risk, the situation is as follows:

	Utilisation in kEUR	Conditions
Loans of kEUR 10,000	10,000	By agreement Adjustment according to Euribor
Loans of kEUR 5,000	5,000	2,95 % p.a.

An increase in interest rates of the variable-rate interest-bearing bank liabilities of the HAEMATO group to the amount of kEUR 16,656 in total by one percentage point leads to an increase of the interest expenses by kEUR 166. A decrease in interest rates of the variable-rate interest-bearing bank liabilities of the HAEMATO group by one percentage point leads to a decrease of the interest expenses by kEUR 166.

The remaining financial liabilities are not subject to an interest-change risk because the conditions are fixedly agreed until the end of the term.

Exchange rate risks

Exchange rate risks occur with financial instruments which are expressed in foreign currency, i. e. in another currency than the functional currency (EUR). Certain business transactions (goods purchase) in the corporation are expressed in foreign currencies, therefore risks from exchange rate variations exist. The book value of the monetary assets and liabilities of the corporation expressed in foreign currency on reporting date amounts to as follws in the table below.

	Assets		Liabilities	
Local currency	31/12/2018 kEUR	31/12/2017 kEUR	31/12/2018 kEUR	31/12/2017 kEUR
Norway (NOK)	0.0	0.1	568.3	689.4
Great Britain (GBP)	0.8	2.5	282.0	405.4
Czech Republic (CZK)	0.0	0.0	0.0	0.0
Poland (PLN)	0.0	0.0	0.0	0.0
Romania (RON)	0.2	0.1	0.0	0.0
Denmark (DKK)	2.9	180.0	2.8	4.7

Other price risks

Other price risks can arise from rising purchse prices. Long-term supply contracts and other measures which could contain these risks do not currently exist. The conclusion of such contracts would influence the necessary flexibility of the management for the compilation of the medicinal products to be sold in a negative way because these are ordered demand related.

5.6.5 Fees of the annual auditor

The shareholders of the HAEMATO AG elected the auditor Harry Haseloff as annual auditor in the shareholders' meeting on July 4, 2018.

The annual audit services include the audit of the consolidated financial statement and the annual financial statements as well as all services required for the annual audit, the audit of the accounting-related internal control system as well as the project specific accounting-related IT and process audits.

Tax advisory services were not rendered by the the auditor.

For the expected fee of the auditor Harry Haseloff, provisions to the amount of kEUR 50 in total were made for annual audits regarding the business year 2018 and the corporation.

5.6.6 Related persons and companies

Members of the Executive Board and Supervisory Board, theier close family members, not fully consolidated subsidiaries as well as all companies belonging to the investment circle of the MPH Health Care AG come in principle into consideration as related companies and persons according to IAS 24 "Related Party Disclosures." For Executive and Supervisory Board, we refer to section 47. These related companies and persons were not involved in any transactions unusual in their type or nature with companies of the HAEMATO Corporation. All transactions between the related companies were concluded at normal market conditions, as between unrelated third parties.

If assets or liability items result from transactions with these companies, these are recorded under Other assets and Other liabilities.

The following transactions were conducted with related companies and persons:

Receivables/liabilities to/ from from related parties and persons	31/12/2018 kEUR	31/12/2017 kEUR
Receivables from related parties	0	112
Liabilities to related parties	32	5,507

Transactions with related parties and persons	31/12/2018 kEUR	31/12/2017 kEUR
Goods and services rendered	6,562	10,887
Goods and services received	14,680	6,667
Other operating expenses	12	165

5.6.7 Events after the reporting date

Until March 22, 2019 there have been no further significant events after the reporting date.

Schönefeld, March 22, 2019

Uwe Zimdars
(Executive Board)

Daniel Kracht
(Executive Board)

5.7 Auditor's report

Audit opinions

I have audited the consolidated financial statements of HAEMATO AG - consisting of the consolidated balance sheet as of December 31, 2018, consolidated statement of comprehensive income for the period from January 1, 2018 to December 31, 2018, consolidated cash flow statement for the period from January 1, 2018 to December 31, 2018 - prepared in accordance with IFRS. Consolidated Statement of Changes in Equity for the Period from January 1, 2018 to December 31, 2018, Notes to the Consolidated Financial Statements, for the Period from January 1, 2018 to December 31, 2018 and the Group Management Report.

In my opinion, based on the findings of the audit

- the accompanying consolidated financial statements comply in all material respects with IFRS and the German commercial law provisions applicable to corporations and give a true and fair view of the net assets and financial position of the Group as of December 31, 2018 and its results of operations for the fiscal year from January 1, 2018 to December 31, 2018 in accordance with German principles of proper accounting; and the accompanying group management report provides a suitable understanding of the Group's position.
- In all material respects, this group management report is consistent with the consolidated financial statements, complies with IFRS and German law and accurately presents the opportunities and risks of future development.
- In accordance with § 322 III 1 HGB, I declare that my audit has not led to any objections to the correctness of the consolidated annual financial statements and the Group management report.

Basis for the audit opinions

I conducted my audit of the consolidated financial statements and the group management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). My responsibility under these rules and principles is further described in the section „Responsibility of the auditor for the audit of the Annual Financial Statements and the Management Report" of my audit opinion. I am independent of the company in accordance with German commercial and professional regulations and have fulfilled my other German professional duties in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on the consolidated financial statements and the Group management report.

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

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

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern.

They are also responsible for disclosing, where relevant, matters relating to the continuation of the company's activities. In addition, they are responsible for accounting for the continuation of the company's activities on the basis of the accounting principle, unless there are actual or legal circumstances to the contrary.

In addition, the legal representatives are responsible for the preparation of the Group management report, which as a whole provides a suitable view of the Group‘s position and suitably presents the opportunities and risks of future development in accordance with IFRS and German law. Furthermore, the legal representatives are responsible for the precautions and measures (systems) which they have deemed necessary to enable the preparation of a group management report in accordance with IFRS or the applicable German legal provisions and to provide sufficient suitable evidence for the statements in the group management report.

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

My objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether intended or not, and whether the Group management report as a whole provides a suitable view of the Group‘s position and suitably presents my audit opinion on the consolidated financial statements and the Group management report in all material respects, is in accordance with German law and suitably presents the opportunities and risks of future development. Adequate assurance is a high degree of certainty, but no guarantee that an audit conducted in accordance with § 317 HGB and taking into account the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement.

Misstatements may result from infringements or inaccuracies and are considered material if it could reasonably be expected that they will influence the economic decisions of addressees made individually or collectively on the basis of these consolidated financial statements and the group management report. During the examination I exercise due discretion and maintain my critical attitude.

Beyond that:

- I identify and assess the risks of material misstatements, whether intentional or not, in the consolidated financial statements and management report, plan and perform audit procedures in response to these risks, and obtain audit evidence sufficient and appropriate to support my audit opinion. The risk that material misrepresentations are not detected is higher in the case of violations than in the case of inaccuracies, since violations may involve fraudulent interaction, forgery, intentional incompleteness, misleading representations or the repeal of internal controls.

- I gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the arrangements and measures relevant to the audit of the Group management report that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company‘s systems. I assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives.

- I draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the evidence obtained, whether there is a material uncertainty in connection with events or circumstances that may raise significant doubts about the ability of the company to continue the business. If I come to the conclusion that there is material uncertainty, I am obliged to draw attention to the related information in the consolidated annual financial statements and in the consolidated management report in the audit report or, if this information is inappropriate, to modify my respective audit opinion. I draw my conclusions on the basis of the audit evidence obtained by the date of my audit opinion. However, future events or circumstances may prevent the company from continuing its business activities.

- I assess the overall presentation, structure and content of the consolidated financial statements including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a way that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS and German principles of proper accounting.

- I assess the consistency of the Group management report with the consolidated financial statements, its discussion of the law and the picture it conveys of the Group's position. I perform audit procedures on the forward-looking statements made by the legal representatives in the group management report. On the basis of sufficient suitable audit evidence, I particularly verify the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the appropriate derivation of the future-oriented statements from these assumptions. I do not express an independent opinion on these forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

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

Berlin, April 9, 2019

Dipl.-Kfm. Harry Haseloff
Auditor

DIPL.-KFM. HARRY HASELOFF * BERLIN *
WIRTSCHAFTS-
PRÜFER
SIEGEL

More information

6.1 The share

Class of shares	Bearer shares
WKN / ISIN	619070 / DE0006190705
Number of shares	22,867,154 pieces
Icon	HAE
Listing	Frankfurter Wertpapierbörse
Exchange segment	Open Market
Designated Sponsor, Listing Partner	ICF Kursmakler AG
Stock capital	22,867,154.00 EUR
First trading day	05/12/2005
Specialist	ODDO SEYDLER BANK AG

6.2 Glossary

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

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

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

EBIT
Earnings before interest and taxes. Says something about a company's operating profit over a certain period of time.

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

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

GKV
Statutory health insurance: It is part of the German health system and obligatory for all employees whose annual pay is below the compulsory insurance limit and for many other persons.

Oncology
Science that deals with cancer.

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

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

6.3 List of references

1 Cf. Europäische Kommission: Jahreswachstumsbericht 2019: Für ein starkes Europa in Zeiten globaler Ungewissheit, 21.11.2018, S. 1-2
2 Cf. Statista, ID158133, Euro-Zone: Wachstum des realen Bruttoinlandsprodukts (BIP) vom 4. Quartal 2016 bis zum 4. Quartal 2018
3 Cf. Eurostat, Pressemittleitung, 20/2019 – 31. Januar 2019
4 Cf. EZB, Wirtschaftsbericht, Ausgabe 8/2018, S. 23-24
5 Cf. Europäische Kommission: Jahreswachstumsbericht 2019: Für ein starkes Europa in Zeiten globaler Ungewissheit, 21.11.2018, S. 5
6 Cf. Bundesfinanzministerium, Monatsbericht 01/2019, Konjunkturentwicklung aus finanzpolitischer Sicht
7 Cf. Bundesfinanzministerium, Monatsbericht 01/2019, Konjunkturentwicklung aus finanzpolitischer Sicht
8 Cf. Bruttoinlandsprodukt 2018 für Deutschland, Begleitmaterial zur Pressekonferenz am 15. Januar 2019 in Berlin, S. 39
9 Cf. The Growing Pharmaceuticals Market: Expert Forecasts and Analysis, 16.05.2018
10 Cf. IGES, Reimbursement of Pharmaceuticals in Germany 2018, S. 4
11 Cf. efpia, The Pharmaceutical Industry in Figures, 2018, S. 10
12 Cf. BPI, Pharma-Daten 2018, S. 9
13 Cf. Statista, ID37530, Verteilung der Altersgruppen in den 25 Mitgliedsstaaten der EU - 1950 bis 2050
14 Cf. Statista, ID155823, Anzahl der Mitglieder und Versicherten der gesetzlichen und privaten Krankenversicherung in den Jahren 2012 bis 2018
15 Cf. GKV-Spitzenverband, GKV-Kennzahlen: Vergleich 1.-3. Quartal 2018 zum 1.-3. Quartal 2017
16 Cf. IQVIA Marktbericht: Entwicklung des deutschen Pharmamarktes im Dreivierteljahr 2018, S. 32
17 Cf. IQVIA Marktbericht: Entwicklung des deutschen Pharmamarktes im Dreivierteljahr 2018, S. 3
18 Cf. IQVIA Marktbericht: Entwicklung des deutschen Pharmamarktes im Dreivierteljahr 2018, S. 14, 17
19 Cf. IQVIA Marktbericht: Entwicklung des deutschen Pharmamarktes im Dreivierteljahr 2018, S. 13
20 Cf. Statista, ID 248219, Prognose zum Umsatz in der Pharmaindustrie in Deutschland bis 2022
21 Cf. IHE Comparator Report 2016, IQVIA 2017, Pharmig Factsheet Onkologie 2016
22 Cf. Handelsblatt, Pharmaindustrie: Diese Medikamente sind 2018 auf den Arzneimarkt gekommen
23 IQVIA Marktbericht: Entwicklung des deutschen Pharmamarktes im Dreivierteljahr 2018, S. 29
24 Cf. Statista, ID513971, Anzahl zugelassener Arzneimittel in Deutschland nach Verschreibungs-/Abgabestatus im Jahr 2018
25 Cf. Statista, ID815547, Umsatz der pharmazeutischen Industrie in Österreich von 2011 bis 2017
26 Cf. Statista, ID293480, Anzahl zugelassener rezeptfreier und -pflichtiger Humanarzneimittel in Österreich von 1995 bis 2017
27 Cf. Statista, ID293497, Umsatz der Arzneimittelabsatz in Österreich nach Vertriebsart von 1995 bis 2017
28 Cf. BMWI, Jahreswirtschaftsbericht 2019, S. 50
29 Cf. EK, Jahreswachstumsbericht 2019: Für ein starkes Europa in Zeiten globaler Ungewissheit, S. 2
30 Cf. EZB, Wirtschaftsbericht, Ausgabe 8/2018, S. 12
31 Cf. Bundesfinanzministerium, Monatsbericht, 01/2019
32 Cf. IMK Report 144, Dezember 2018, S. 7
33 Cf. Scope Ratings, Pharma Outlook 2019, 3.12.2018, S. 1
34 Cf. Scope Ratings, Pharma Outlook 2019, 3.12.2018, S. 4
35 Statista, ID311850, Marktanteile führender Therapiegebiete am weltweiten Pharmamarkt 2017 und 2024
36 Cf. Evaluate, European Pharma Market Outlook to 2022
37 Cf. Statista Branchenreport: Herstellung von pharmazeutischen Erzeugnissen, Juli 2017, S. 12
38 Cf. IMS Institute for Healthcare Informatics: Outlook for Global Medicines through 2021 – Balancing Cost and Value, November 2016, S. 9
39 Cf. GlobalData, CountryFocus: Healthcare, Regulatory and Reimbursement Landscape – Germany, 05/2017
40 Cf. PharmaTec, Ausblick auf 2019, 14.01.2019
41 Cf. IQVIA Institute, 2018 and Beyond: Outlook and Turning Points, S. 12-13

6.4 Imprint

Mit Sicherheit HAEMATO pharm

Business address:
Lilienthalstraße 5c
12529 Schönefeld

Phone: +49 (0) 30 897 30 86-70
Fax: +49 (0) 30 897 30 86-79

E-Mail: info@haemato.ag
Web: www.haemato.ag

Investor Relations:
Inquiries to: ir@haemato.ag

Supervisory Board:
Chairwoman of the Supervisory Board: Andrea Grosse
Deputy Chairwoman of the Supervisory Board:: Prof. Dr. Dr. Sabine Meck
Member of the Supervisory Board: Dr. med. Marion Braun

Executive Board:
Uwe Zimdars
Daniel Kracht

Seat:
Berlin, Amtsgericht Charlottenburg, HRB 88633 B

Concept, design and realisation:
HAEMATO AG

Photos:
HAEMATO AG

HAEMATO AG
Lilienthalstraße 5c
D-12529 Schönefeld

info@haemato.ag
www.haemato.ag

Tel.: +49 (0) 30 897 30 86-70
Fax: +49 (0) 30 897 30 86-79