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Kliniken AG  
INTERIM REPORT

2017

## Key figures of M1 Kliniken AG

Consolidated profit and loss statement according to IFRS (in EUR)

	30.06.2017 EUR	30.06.2016 kEUR
Sales	22,257,243.96	18,498
EBIT	4,157,064.50	3,046

Consolidated balance sheet according to IFRS (in EUR)

	30.06.2017 EUR	31.12.2016 kEUR
<b>Assets</b>		
Short-term assets	15,068,105.23	16,995
Long-term assets	17,066,716.38	15,192
<b>Total assets</b>	<b>32,134,821.61</b>	<b>32,186</b>
<b>Liabilities</b>		
Short-term liabilities	2,688,218.24	1,925
Long-term liabilities	771.62	4
Equity	29,445,831.75	30,257
<b>Total liabilities and equity</b>	<b>32,134,821.61</b>	<b>32,186</b>

## The share

Classes of shares	Bearer shares
Number of shares	15,000,000
WKN / ISIN	A0STSQ / DE000A0STSQ8
Ticker symbol	M12
Trading shares	Frankfurt, Xetra, Düsseldorf, Stuttgart
Market segment	Open Market
Designated Sponsor, Listing Partner	Dero Bank AG, Oddo Seydler Bank AG
Coverage	Bankhaus Metzler, GBC AG, First Berlin

# Content

Letter to the shareholders.....	4
Group interim management report of M1 Kliniken AG.....	5
Company profile.....	5
Economic report.....	6
Economic position.....	7
Group interim financial statement.....	8
Group profit and loss statement.....	9
Group balance sheet – Assets.....	10
Group balance sheet – Liabilities.....	11
Consolidated cash flow statement.....	12
Consolidated equity change account.....	13
Consolidated assets development.....	14
Condensed notes.....	16
General information.....	16
Basis of consolidation.....	16
Selected information from the consolidated balance sheet and earnings statement.....	16
Dividends.....	16
Contingent liabilities and other financial obligations.....	17
Events of particular significance after 30.06.2017...	17
Further information.....	18
Glossary.....	18
Imprint.....	19

## Share performance of M1 Kliniken AG



Dear shareholders, dear Ladies and gentlemen,



just like in 2016 the M1 Kliniken AG followed their strategy of economic growth successfully in the beginning of 2017. The in 2016 opened medical centres were further enhanced and on the 1st of March 2017 an additional medical centre was opened in Leipzig. Furthermore, in the first half of 2017 the number of operations performed was increased as a result of the clinic expansion which was put into service in the middle of 2016.

The demand for plastic and aesthetic beauty treatments developed continuously positive. In the first half of 2017 the group sales summed up to 22.3 million EUR (2016 Total: 36.0 million EUR). The earnings before interest and taxes (EBIT) in the reporting period reached 4.2 million EUR, which is almost equal to the total of the entire prior year (2016 Total: 4.4 million EUR).

For the elapsed fiscal year, a stable dividend distribution of 0.30 Euro per stock was decided at this year's annual shareholders meeting on the 27th of June 2017. Despite the dividend distributions and the investments into the growth of the company the equity amounts to 29.4 million EUR, following 30.3 million EUR at the end of 2016. All agenda items at the annual shareholders meeting were resolved without dissenting votes.

The further development of the company looks very promising. Initially, we plan to open several additional medical centres in Germany in 2017. We plan to follow this strategy consequently in 2018. In addition, we are preparing to open another hospital in an agglomeration area in Western Germany in 2018 to serve the present market potential better and more local. Finally, we see considerable development opportunities in additional medical fields which are characterized by a highly fragmented number of suppliers, high ratios of self-pay patients and by a significant market and growth potential.

I would like to thank our employees for their dedicated hard work during the first months of 2017. Due to their efforts, the M1 Group has been able to continue its constant development. I would like to thank the supervisory board for their continued constructive cooperation and support.

In view of the positive business development of the M1 Group during the first half of the year, we are confident that we can also continue to generate positive growth during the second half of the year.



Patrick Brenske  
Management Board

# Group interim management report of M1 Kliniken AG

## 1. Basis of the Group

M1 Kliniken AG is one of the fastest growing and leading providers of healthcare services within the aesthetic sector. With its products and services, the group offers a customer-oriented range of aesthetic and surgical treatments throughout Germany. Minimally-invasive and surgical operations are carried out by our highly-experienced and specialised team of surgeons, using high quality products and state of the art medical technology, to the highest quality standards.

### Locations



## 2. Economic report

### 2.1 General economic situation

After a slightly decelerated growth course at the end of the prior year the German economy gained momentum in the beginning of 2017. The gross domestic product rose by 0.7 % in the first quarter and by 0.6 % in the second quarter which is slightly more than in the first half of the previous year. This economic growth was based especially on the domestic economy.

The employment rate in Germany kept growing from 43.85 million at the end of 2016 to meanwhile 44.16 million by June 2017. Favoured by this considerable growth of employment as well as noticeable increases of income the consumer spending of private households rose by 0.4 % in the first quarter and by 0.8 % in the second quarter of 2017 (each compared to the previous quarter).

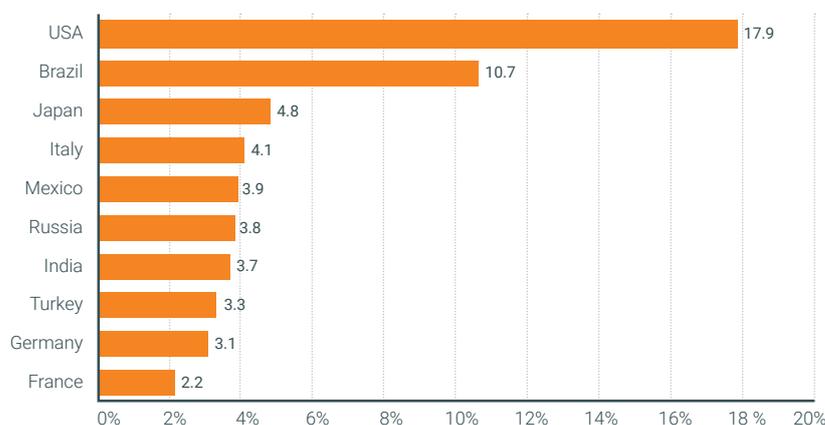
### 2.2 Sector-related economic environment

Together with demographic development, medical and technical advances and the increased health awareness in the population, increasing household incomes in the advanced economies are generating increasing demand for products and services from the medical-aesthetic market. People are living and staying fit for longer, and would like to look as old as they feel. For this reason, and due to the growing acceptance of cosmetic medicine, the beauty market is one of the growing sectors in the healthcare market.

According to a survey of ISAPS (International Society of Aesthetic Plastic Surgery) more than 23 million beauty treatments worldwide are performed each year. The number of surgical operations is increasing by 5-10 % per year. Over 85 % of the patients are women. The main areas are breast augmentations, liposuction, and filler treatments with botulinum toxin and hyaluronic acid, which is reflected in the specialised range of treatments offered by M1 Kliniken AG. The world's largest markets for beauty treatments and operations are the USA, Mexico, Columbia, Brazil, South Korea and Japan. The potential in the most important EU markets is estimated to be € 10 billion.

Beside Italy Germany is the leading market in Europe for medical-aesthetic treatments, with 700,000 operations carried out in 2016. The key target group for M1 Kliniken AG comprises 10 million women aged between 20 and 40. The main areas of improvement desired by this target group are breasts, body fat and wrinkles. A growing proportion of women living in Germany would consider having medical-aesthetic treatment. This trend is set to become stronger in the coming years, with the onset of the popularity of social media, dwindling taboos and increasing acceptance of beauty treatments in the population.

Total surgical procedures\* divided by countries with the most frequent procedures in 2016



Source: ISAPS  
\*Cosmetic surgeries solely performed by cosmetic surgeons; projections by ISAPS.

## 2.3 Outlook

The monthly indicators of the economic condition suggest a continued growth. The Institute for the World Economy, Kiel (IfW) predicts a economic growth of 1.7% this year and 2.0% in 2018. This prognosis is based on the ongoing increase in employment, growing income and a predictable enhancing industrial production.

In the aesthetic medical sector, experts predict a constant annual increase of 5% until 2019. According to Medical Insight, worldwide turnover of aesthetic products is set to increase from 6.8 billion US dollars in the period from 2014 to 2019 by 11.8% annually to 11.9 billion US dollars. This strong increase is driven especially by new products, neuromodulators, such as botulinum toxin and dermal fillers.

There are no specific current forecasts for the German market. However, due to the positive economic development, especially the increase in purchasing power compared to the overall trend in Europe, higher growth rates can be expected. The widespread disappearance of taboos associated with cosmetic medicine together with enormous advances in treatment methods and technologies also contribute to this growth.

## 3. Economic position

### 3.1 Earnings position of the M1 Group (IFRS)

The development of our company in the first half of 2017 was characterized by the growth of our operational business. Turnover for the first half 2017 amounted to kEUR 22,257 (previous half-year: kEUR 18,498). Operating profits totalled kEUR 4,157 (previous half-year: kEUR 3,046) and net income was kEUR 3,688 (previous half-year: kEUR 2,893).

### 3.2 Financial position of the M1 Group (IFRS)

Our financial position is very stable. Our financial management is designed to ensure the settlement of accounts payable within the payment deadline, and to collect accounts receivable within payment targets.

Our capital structure is good. Equity decreased from EUR 30.3 million (31.12.2016) to EUR 29.4 million (30.06.2017). The main reason for this is the dividend pay-out in June 2017.

### 3.3 Assets position of the M1 Group (IFRS)

The assets position of M1 is good compared to 31.12.2016. The assets position of M1 is characterised by a reduction in liquid funds by kEUR 2,340 to kEUR 3,472 as of 30.06.2017 and a reduction in trade receivables by kEUR 314 to kEUR 6,527, a decrease in inventories by kEUR 147 to kEUR 1,263 and an decrease in short-term financial assets by kEUR 1,970 to kEUR 734 as of 30.06.2017. At the same time trade payables in particular could be reduced from kEUR 601 to kEUR 592 (30.06.2017).

Our overall economic position can be described as good.

## Group interim financial statement

Group profit and loss statement.....	9
Group balance sheet – Assets.....	10
Group balance sheet – Liabilities.....	11
Consolidated cash flow statement.....	12
Consolidated equity change account.....	13
Consolidated assets development.....	14



## Group profit and loss statement

for the time period from 1 Januar to 30 June 2017\*

	30.06.2017 EUR	30.06.2016 kEUR
<b>Sales</b>	22,257,243.96	18,498
Other operating income	212,060.30	3,342
Cost of purchased goods and services	-12,333,827.89	-15,541
<b>Labour costs</b>		
Wages and salaries	-2,776,286.24	-1,100
Social insurance contribution	-540,872.13	-209
	-3,317,158.37	-1,309
Depreciation / Amortisation	-193,294.32	-95
Other operational expenses	-2,467,959.18	-1,847
<b>EBIT (earnings before interest and tax)</b>	4,157,064.50	3,046
Interest income	77,957.15	69
Interest and other expenses	-519.18	-15
<b>Financial result</b>	77,437.97	54
EBT (earnings before tax)	4,234,502.47	3,100
Income tax	-542,248.15	-206
Other tax	-3,793.72	-1
<b>Net profit</b>	3,688,460.60	2,893
Undiluted earnings per share (in EUR)	0.25	0.19

\* Accounting under IFRS

## Group balance sheet – Assets

for the time period from 1 Januar to 30 June 2017\*

	30.06.2017 EUR	31.12.2016 kEUR
Liquid funds	3,471,870.06	5,812
Trade receivables	6,526,941.07	6,841
Inventories	1,262,884.50	1,410
Other short-term financial assets	734,350.97	2,704
Other short-term assets	3,072,058.63	227
<b>Short-term assets</b>	<b>15,068,105.23</b>	<b>16,995</b>
Intangible assets	194,133.00	127
Company value	8,028,736.90	8,029
Tangible assets	2,797,488.40	1,034
Financial assets	5,910,907.66	5,882
Other long-term assets	135,450.42	120
<b>Long-term assets</b>	<b>17,066,716.38</b>	<b>15,192</b>
<b>TOTAL ASSETS</b>	<b>32,134,821.61</b>	<b>32,186</b>

\* Accounting under IFRS

## Group balance sheet – Liabilities

for the time period from 1 Januar to 30 June 2017\*

	30.06.2017 EUR	31.12.2016 kEUR
Accruals	789,935.25	669
Trade payables	592,357.88	601
Bank loans	0.00	14
Other short-term financial liabilities	6,013.27	17
Other short-term liabilities	1,299,911.84	623
<b>Short-term liabilities</b>	<b>2,688,218.24</b>	<b>1,925</b>
Accruals	0.00	4
Deferred tax	771.62	0
<b>Long-term liabilities</b>	<b>771.62</b>	<b>4</b>
Subscribed capital	15,000,000.00	15,000
Legal reserve	679,206.70	679
Other retained earnings	13,755.41	14
Balance sheet profit	13,752,869.64	14,564
<b>Equity</b>	<b>29,445,831.75</b>	<b>30,257</b>
<b>TOTAL LIABILITIES</b>	<b>32,134,821.61</b>	<b>32,186</b>

\* Accounting under IFRS

## Consolidated cash flow statement

for the time period from 1 Januar to 30 June 2017\*

	30.06.2017 EUR	30.06.2016 kEUR
<b>Operating activities</b>		
1. Net profit/ Period income	3,688,460.60	2,893
2. Depreciation on fixed assets	193,294.32	95
3. Change in long-term accruals	-4,210.19	-10
4. Change in short-term accruals	69,283.90	24
5. Change in time ratings	-2,557.16	-3,243
6. Change in inventory	147,419.73	2,439
7. Change in trade receivables and other assets	-576,235.34	-23
8. Change in trade payables and other liabilities	656,838.49	1,622
9. Profit / loss from the disposal of fixed assets	0.00	54
10. Interest expense / income	-66,685.16	-54
11. Tax expense / income	542,248.15	206
12. Income tax payments	-351,650.76	-29
<b>Cash flow from operating activities</b>	<b>4,157,638.78</b>	<b>3,977</b>
<b>Investment activities</b>		
1. Payments for investments in intangible assets	-113,483.62	-26
2. Payments for the acquisition of fixed assets	-1,910,925.10	-535
3. Payments received from the disposal of financial assets	0.00	956
4. Payments from the acquisition of consolidated companies and other business units	-25,997.56	0
5. Interest income	67,204.34	69
<b>Cash Flow from investment activities</b>	<b>-1,983,201.94</b>	<b>464</b>
<b>Financing activities</b>		
1. Change of bank liabilities	-13,914.25	-1
2. Interest expenses	-519.18	-15
3. Dividends paid	-4,500,000.00	-4,500
<b>Cash flow from financing activities</b>	<b>-4,514,433.43</b>	<b>-4,516</b>
<b>Cash flow</b>	<b>-2,339,996.59</b>	<b>-75</b>
1. Liquid funds on 01 January 2017 / previous year	5,811,866.65	412
2. Liquid funds on 30 June 2017 / previous year	3,471,870.06	337
<b>Change in liquid funds</b>	<b>-2,339,996.59</b>	<b>-75</b>

\* Accounting under IFRS

## Consolidated equity change account

for the time period from 1 Januar to 30 June 2017\*

	Share capital EUR	Legal reserve EUR	Other retained earnings EUR	Balance sheet profit EUR	Total equity EUR
As of 1 January 2016	15,000,000.00	635,110.07	13,755.41	14,101,045.39	29,749,910.87
Net profit of period	0.00	0.00	0.00	2,893,310.50	2,893,310.50
Dividends	0.00	0.00	0.00	-4,500,00.00	-4,500,00.00
As of 30 June 2016	15,000,000.00	635,110.07	13,755.41	12,494,355.89	28,143,221.37
As of 1 January 2017	15,000,000.00	679,206.70	13,755.41	14,564,409.04	30,257,371.15
Net profit of period	0.00	0.00	0.00	3,688,460.60	3,688,460.60
Dividends	0.00	0.00	0.00	-4,500,000.00	-4,500,000.00
As of 30 June 2017	15,000,000.00	679,206.70	13,755.41	13,752,869.64	29,445,831.75

\* Accounting under IFRS

# Consolidated assets development

for the time period from 1 January to 30 June 2017\*

	Acquisition procurement costs			Cumulated depreciation			Book values	
	01.01.2017	Addition EUR	As of 30.06.2017 EUR	As of 01.01.2017 EUR	Amortisation/ depreciation EUR	Attributions EUR	As of 30.06.2017 EUR	As of 01.01.2017 EUR
Intangible assets	187,331.47	113,483.62	300,815.09	-60,740.47	-45,941.62	0.00	194,133.00	126,591.00
Company value	8,028,736.90	0.00	8,028,736.90	0.00	0.00	0.00	8,028,736.90	8,028,736.90
Tangible assets	8,216,068.37	113,483.62	8,329,551.99	-60,740.47	-45,941.62	0.00	8,222,869.90	8,155,327.90
Financial assets	1,335,312.02	1,910,925.10	3,246,237.12	-301,396.02	-147,352.70	0.00	2,797,488.40	1,033,916.00
Shares in associated companies	1,001,917.05	25,997.56	1,027,914.61	4,880,435.89	0.00	2,557.16	5,910,907.66	5,882,352.94
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>TOTAL</b>	<b>10,553,297.44</b>	<b>2,050,406.28</b>	<b>12,603,703.72</b>	<b>4,518,299.40</b>	<b>-193,294.32</b>	<b>2,557.16</b>	<b>16,931,265.96</b>	<b>15,071,596.84</b>

\* Accounting under IFRS

## Condensed notes (unaudited)

1. General information.....	16
2. Basis of consolidation.....	16
3. Selected information from the consolidated balance sheet and earnings statement.....	16
4. Dividends.....	16
5. Contingent liabilities and other financial obligations.....	17
6. Events of particular significance after 30.06.2017...	17



## 1. General information

M1 Kliniken AG was founded in 2007. The company is registered in the commercial register of the Berlin-Charlottenburg District Court as HRB 107637 B, and is based in Berlin. Its offices are at Grünauer Str. 5, 12557 Berlin. The parent company is MPH Health Care AG.

The M1 Group is active in the sector of aesthetic medicine.

The consolidated interim financial statements for the period 1st January to 30th June 2017 of M1 Kliniken AG were compiled in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and according to IAS 34 "Interim Reporting", as this is to be applied in the European Union, on a voluntary basis. The figures are unaudited.

With regard to the methods of accounting, valuation and consolidation applied, together with exercising of the options contained in the IFRS, we refer to the appendix to the consolidated annual financial statement of 31st December 2016.

## 2. Basis of consolidation

No changes took place in the basis of consolidation during the period covered by this report. We refer to our presentation in the consolidated annual financial statement of 31st December 2016.

## 3. Selected information from the consolidated balance sheet and earnings statement

**Liquid funds**, which amount to kEUR 3,472 (31.12.2016: kEUR 5,812) are mostly bank deposits and recorded with their nominal value.

**Trade receivables**, which amount to kEUR 6,527 (31.12.2016: kEUR 6,841) are valued using the effective interest methods at amortised costs less any impairment.

**Inventories**, which amount to kEUR 1,263 (31.12.2016: kEUR 1,410) consist of finished products are shown, which were valued at procurement and manufacturing costs. In accordance with IAS 2 all costs incurred by the acquisition of the respective inventories were included.

**Capitalised borrowing costs** were not incurred. The application of IAS 11 is not pertinent.

**Other operating expenses**, which amount to kEUR 2,468 (01.01.-30.06.2016: kEUR 1,847), comprise a large number of individual expenditure items such as rent, advertising and travel costs, legal and consulting costs etc.

**Operating profits (EBIT)** totalled kEUR 4,157 (30.06.2016: kEUR 3,046).

## 4. Dividends

For the financial year 2016, a dividend of EUR 0.30 per share was paid out in 2017.

## 5. Contingent liabilities and other financial obligations

There are no contingent liabilities. Other financial obligations are within the scope of normal business transactions.

## 6. Events of particular significance after 30.06.2017

After the balance sheet date 30.06.2017, until the date of publishing of this report, no events of particular significance took place.

Berlin in August 2017



Patrick Brenske  
Management Board

## Further information

### Glossary

#### AMNOG

German law for the restructuring of the pharmaceutical market, which came into force on 1 January 2011.

#### Approval

An official authorisation which is required to offer, distribute or provide an industrially produced, ready-to-use drug.

#### Balance sheet profit

Balance of net profit of the financial year, profit or loss carried forward and appropriation of profits.

#### Botulinum toxin

also called botulinum neurotoxin or botulin. The name is derived from the Latin (botulus = sausage and toxin = poison) and is referred to as one of the most poisonous, but also most effective substances. It is used for spasticity, tension headache and migraine, excessive perspiration, in the cosmetic medicine for the treatment of mimic wrinkles and much more.

#### Cash Flow

An economic indicator informing on the liquidity of a company. It represents the change of liquid funds during a period.

#### EBIT

Means earnings before interest and taxes and is an indicator of the operating profit of a company in a given period.

#### EBITDA

Means earnings before interest, taxes, depreciation and amortisation and corresponds to the EBIT plus depreciation and amortisation of tangible and intangible assets.

#### Hyaluronic acid

types of absorbable fillers. Hyaluronic acid is a hydrophilic, natural sugar compound, which is present in large quantities in the young skin and is degraded increasingly in the course of a life. In the aesthetic medicine it is used to build up volume and for deep wrinkles.

#### Dermal fillers

are referred to special fillers to build up volume of e.g. sunken cheeks or for lips augmentation, which degrade biologically after some time completely again.



## Imprint

### **M1 Kliniken AG**

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### **Management board:**

Patrick Brenske

### **Supervisory board:**

#### **Chairman of the supervisory board:**

Dr. Christian Pahl (until 27.06.2017)

Dr. Albert Wahl (from 27.06.2017)

#### **Deputy chairman of the supervisory board:**

Uwe Zimdars (from 27.06.2017)

#### **Member of the supervisory board:**

Prof. Dr. Dr. Sabine Meck

### **Registry court:**

Amtsgericht Charlottenburg

### **Register number:**

HRB 107637 B

### **Conception, design and realisation:**

M1 Kliniken AG  
Investor Relations

### **Photos:**

M1 Kliniken AG  
iStock  
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Kliniken AG

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