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Kliniken AG

ANNUAL REPORT

2017

## Key figures M1 Kliniken AG

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

	Fiscal year 2017	Fiscal year 2016
Sales	47.194.525,55	35.955.128,64
EBIT	5.714.651,04	4.364.100,79
Net profit	5.777.971,23	5.007.460,28

Balance Sheet M1 Kliniken Group according to IFRS (in EUR)

	Fiscal year 2017	Fiscal year 2016
<b>Assets</b>		
Short-term assets	29.515.842,14	16.994.567,89
Long-term assets	21.052.831,50	15.191.765,58
<b>Total assets</b>	<b>50.568.673,64</b>	<b>32.186.333,47</b>
<b>Liabilities</b>		
Short-term liabilities	3.072.251,17	1.924.752,13
Long-term liabilities	216.141,46	4.210,19
Equity	47.280.281,01	30.257.371,15
<b>Total liabilities and equity</b>	<b>50.568.673,64</b>	<b>32.186.333,47</b>

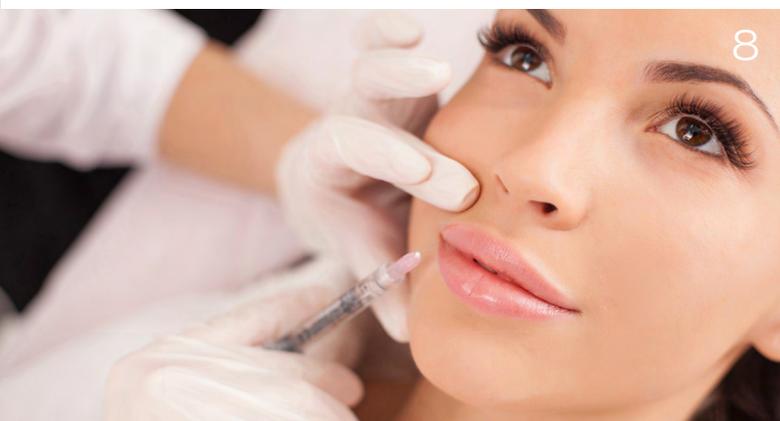
### The Share

Class of shares	Bearer shares
Number of shares	16.500.000
WKN / ISIN	A0STSQ / DE000A0STSQ8
Ticker symbol	M12
Trading shares	Frankfurt, Xetra, Düsseldorf, Stuttgart
Market segments	Open Market
Designated Sponsor, Listing Partner	Oddo Seydler Bank AG
Coverage	Bankhaus Metzler, GBC AG, First Berlin Equity Research GmbH

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## Dear Shareholders, Ladies and Gentlemen

As in 2016, the M1 Group further expanded its market position as Germany's leading healthcare provider for beauty treatments in 2017.

The number of medical treatments and surgical interventions, as well as the trade in the field of plastic and aesthetic beauty medicine, benefited from the opening of further specialist centres in Germany. We now offer outpatient treatments at 19 locations throughout Germany.

The Clinic for Plastic and Aesthetic Beauty Treatments in Berlin is visited by Berliners, patients from all over Germany and foreign guests in order to be treated by our team consisting of the medical director, surgeons and nurses.

We are working on a further expansion of our capacities in a targeted manner and with an increased and strengthened team. In addition to opening further locations in Germany, we are also addressing the first foreign markets and will push ahead with internationalization in 2018.

The expansion of available capacities in the surgical area is also on the agenda. A property was acquired in Essen and the preliminary planning for conversion into another specialist medical clinic was carried out. In December 2017, M1 also began working in a hospital in Frankfurt in order to be able to perform surgical procedures in the Rhine-Main area. This concept will be driven forward to other cities in 2018.

In addition, we used the past year to explore further areas of treatment. Since March 2018 we are now offering treatments in the field of aesthetic dentistry to test market acceptance. At the same time, we are analysing our market opportunities in other treatment areas.

The business development of M1 Group will continue to be positively influenced by the perspectives of the market for services and products in the field of aesthetic medicine.

We would like to thank our employees for their great commitment in 2017.

Yours,



Patrick Brenske  
(Management Board)



Dr. Walter von Horstig  
(Management Board)

## Report by the Supervisory Board

### Monitoring and cooperation with the Management Board

In the 2017 financial year, the Supervisory Board of M1 Kliniken AG exercised the duties according to the law and the Articles of Association with great care. The Management Board was consulted in its activities by the Supervisory Board. The Supervisory Board was involved by the Management Board in all decisions of fundamental importance to the company at an early stage. The Management Board regularly and comprehensively informed the Supervisory Board orally, by telephone and in writing about: the course of business, the economic situation of the company and the group, significant business transactions, corporate planning including questions of business policy and risk management and the development of costs and earnings, liquidity and investment measures.

The Supervisory Board was satisfied with the proper governance of the company. No topic-related committees were formed within the Supervisory Board.

### Meetings, deliberations and resolutions

The Supervisory Board held seven ordinary meetings in the 2017 financial year, three in the first half-year (26.04./26.06./27.06.) and four in the second half-year (27.09./04.10./05.10./05.12.). All meetings were quorate.

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

- Situation of the company
- Strategic development and the operational implementation
- Current competitive, organisational and personnel situation
- Short and medium-term investment planning
- Annual report and interim report of the company prior to publication
- Approval of the capital increase by making partial use of authorized capital 2015

Further informal meetings and telephone conferences were held between the Supervisory Board and the Management Board, which were used as an opportunity to discuss new business policy developments.

### Financial statement

The Supervisory Board is convinced of the proper governance of the company's management. The annual financial statements, the consolidated financial statements and the group management report of M1 Kliniken AG for the financial year ending December 31, 2017, including the accounting, were audited by the auditor nominated by the general shareholder's meeting, Harry Haseloff (certified public accountant), Berlin, and confirmed with an unrestricted audit opinion.

The annual financial statements, the consolidated financial statements and the group management report of M1 Kliniken AG were submitted to each member of the Supervisory Board timely before the balance sheet meeting on April 24, 2018. At the balance sheet meeting on April 24, 2018, the auditor reported on the main results of his audit and was available to answer questions from the members of the Supervisory Board. We discussed the annual financial statements and consolidated financial statements prepared by the management and the Management Board reported in detail at the Supervisory Board meeting on April 24, 2018. We have acknowledged and approved the auditor's opinion.

No objections were raised against the annual financial statements, the consolidated financial statements and the group management report. On the basis of its own examination, the Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Management Board. The annual financial statements are thus approved.

### Dependency report

M1 Kliniken AG prepared a dependent company report in accordance with § 312 AktG for the financial year ending December 31, 2017.

The dependent company report was audited by the auditor Harry Haseloff, Berlin, who was appointed as auditor by the shareholder's general meeting, in accordance with § 313 (1) AktG. The auditor Harry Haseloff submitted a separate written report on the results of the audit. As there were no objections to the report of the Management Board, the following audit's certificate was issued in accordance with § 313 (3) AktG on April 17, 2018:

"Following my duties of examination and assessment, I confirm that:

1. the factual information in the report is correct,
2. the payments made by the company in the transactions listed in the report were not inappropriately high or disadvantages were compensated for, and
3. there are no circumstances indicating a materially different assessment of the measures listed in the report than that made by the Management Board".

At the balance sheet meeting on April 24, 2018, the auditor reported on the results of his audit and confirmed that the actual information in the dependent company report is correct.

The dependent company report and the respective auditor's report were submitted to the Supervisory Board before the balance sheet meeting on April 24, 2018 in accordance with § 314 of the German Stock Corporation Act. At its meeting on April 24, 2018, the Supervisory Board thoroughly examined the dependent company report for completeness and correctness. Questions were answered in detail by the auditor. The Supervisory Board concluded that there were no objections to the declaration of the Management Board at the end of the report on relations with affiliated companies and approved the dependent company report.

### Members of the Supervisory Board

From January 1, 2017 until December 31, 2017, the Supervisory Board was composed of: Dr. Christian Pahl (Member and Chairman until June 27, 2017), Dr. Albert Wahl (Deputy Chairman until June 27, 2017; Chairman from June 27, 2017), Mr. Uwe Zimdars (Member and Deputy Chairman from June 27, 2017) and Prof. Dr. Dr. Sabine Meck (Member).

### Expansion of the Board

On October 1, 2017, Dr. Walter von Horstig was appointed to the Company's Management Board.

### Other

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

Berlin, April 24, 2018



Dr. Albert Wahl  
(Chairman of the Supervisory Board)



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# 1 Company profile

Top medicine through specialisation, that is our guiding principle. On this basis, we have developed into the leading provider of health care services in the field of beauty medicine within a few years.

The M1 Group offers medical treatments and products of the highest quality at a fair price in the aesthetic and surgical field. With our brand "M1 Med Beauty", we operate a network of specialist centres for beauty treatments throughout Germany and a specialist surgical clinic in Berlin - one of the largest and most modern facilities of its kind in Europe. The Group also trades high-quality products to doctors, pharmacists and wholesalers.

# 2 Organisation and business segments

M1 Med Beauty Berlin GmbH operates specialist medical centres for aesthetic and plastic medicine in locations all over Germany. In these specialist centres, our doctors cover a broad spectrum of beauty treatments of the highest quality and at fair prices. The number of customers who appreciate this attractive range of services in Germany is constantly increasing. In 2017 alone, more than 150,000 treatments were performed - an increase of 50 % over the previous year.

We constantly gain extensive product experience in connection with aesthetic-medical treatments. M1 Aesthetics GmbH uses this product experience for product selection and product development. As an innovative health care company, it specializes in the development and marketing of pharmaceutical, medical and medical technology products for aesthetic medicine, plastic surgery and cosmetic dermatology. The company's strategy focuses on marketing branded products to doctors, pharmacies and wholesalers.

## New openings in 2017: Leipzig, Wiesbaden, Münster, Berlin II, Mannheim and Berlin III

- |   |   |  |   |  |
|---|---|--|---|--|
|  <b>BERLIN I</b><br>Fasanenstraße 77<br>D-10623 Berlin     |  <b>SCHLOSSKLINIK</b><br>Grünauer Straße 5<br>D-12557 Berlin |  <b>BRUNSWICK</b><br>Damm 2<br>D-38100 Brunswick                        |  <b>NUREMBERG</b><br>Königstraße 4<br>D-90402 Nuremberg                   |  <b>BERLIN II</b><br>Grünauer Straße 5<br>D-12557 Berlin<br>opened: 11/2017   |
|  <b>MUNICH I</b><br>Münchner Freiheit 4<br>D-80802 Munich  |  <b>HAMBURG</b><br>Mönckebergstraße 13<br>D-20095 Hamburg    |  <b>HANOVER</b><br>Rathenaustraße 13/14<br>D-30159 Hannover             |  <b>LEIPZIG</b><br>Hainstraße 20-24<br>D-04109 Leipzig<br>opened: 03/2017 |  <b>MANNHEIM</b><br>O6 7<br>D-68161 Mannheim<br>opened: 12/2017               |
|  <b>ESSEN</b><br>Kettwiger Straße 2-10<br>D-45127 Essen    |  <b>BREMEN</b><br>Teerhof 59<br>D-28199 Bremen               |  <b>STUTTGART</b><br>Büchsenstraße 10<br>D-70173 Stuttgart              |  <b>WIESBADEN</b><br>Langgasse 37<br>D-65183 Wiesbaden<br>opened: 11/2017 |  <b>BERLIN III</b><br>Hackescher Markt 3<br>D-10178 Berlin<br>opened: 12/2017 |
|  <b>DUSSELDORF</b><br>Königsallee 33<br>D-40212 Dusseldorf |  <b>COLOGNE</b><br>Neumarkt 1a<br>D-50667 Cologne            |  <b>FRANKFURT/ MAIN</b><br>Schillerstraße 28<br>D-60313 Frankfurt/ Main |  <b>MUNSTER</b><br>Klarissengasse 9<br>D-48143 Munster<br>opened: 11/2017 |  |

Locations





## 3 Economic report

### 3.1 Macroeconomic and industry-specific conditions

#### 3.1.1 General economic conditions

The core market for our business activities in the past financial year was Germany. Domestic economic growth was very robust in 2017. The continuing uncertainty factor "Brexit" had no negative impact on growth. After an increase in gross domestic product (GDP) of 1.9 % in 2016, GDP rose by as much as 2.5 percentage points in 2017 on a calendar-adjusted basis. <sup>1</sup>

The drivers of the economic upswing were private consumer spending (+ 3.6 %; in nominal terms compared to the previous year) in addition to the continuing real estate boom and government consumer spending. For the fourth year in a row, the German state was able to earn more money and achieved a surplus of 36.6 billion euros at federal, state and local level. <sup>2</sup>

#### Outlook:

Various economic research institutes expect the German economy to continue growing at the previous year's level in 2018. The further continuation of the pace of growth will strongly depend on the extent to which emerging protectionist tendencies (tariffs) and the expiring effects of monetary policy will influence economic activity. In line with the continued slight rise of oil prices and rising capacity utilization in industry, inflation is set to rise again.

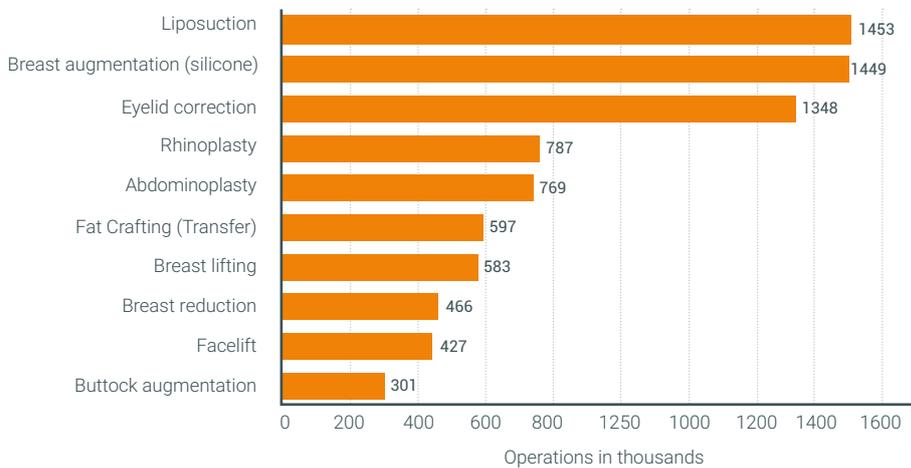


### 3.1.2 Sector-specific conditions

The beauty market remained a clear growth market in 2017. More and more people opted to undergo aesthetic treatments for a variety of reasons. The proportion of aesthetic plastic surgeries performed by qualified specialists continued to increase and confirmed the trend that is already existing for several years. Based on the member survey of the German Society of Plastic, Reconstructive and Aesthetic Surgery (DGPRÄC) and the Association of German Aesthetic Plastic Surgeons (VDÄPC), the interest in classical and cosmetic surgery as well as minimally invasive treatments remains high - and rises.

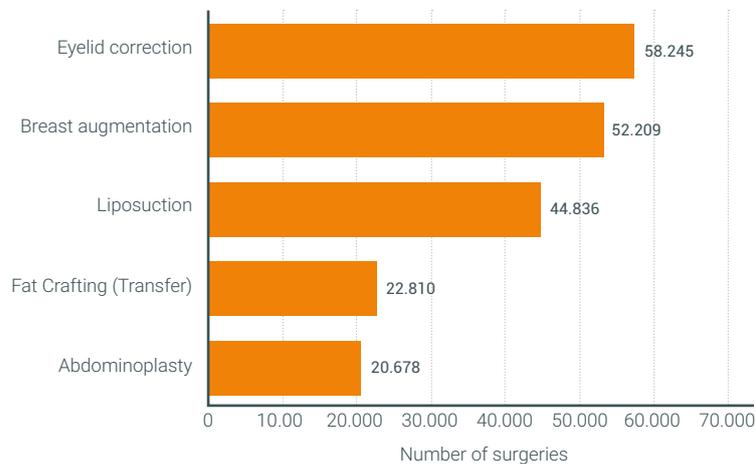
Beauty treatments are increasingly taken for granted in our society and are recording significant growth. Cosmetic operations lead to an improved self-esteem and thus to a "better feeling" in all areas of life. More self-confidence can be achieved by eliminating subjective and objective cosmetic flaws very quickly and under high medical standards within a few hours. The reasons are often diverse and range from psychological suffering, development of a higher quality of life and direct pain in everyday life. This increasingly also affects male patients as Professor Dr. Dr. h. c. Raymund E. Horch, President of DGPRÄC revealed. <sup>3</sup>

#### The most common cosmetic surgery\* worldwide



\*source: Statista

### The most frequent cosmetic surgery\* in Germany



\*Source: Statista

The aim of aesthetic plastic surgery is always to harmonize the external appearance. In 2016, breast augmentation, liposuction and eyelid surgery were the most popular treatments worldwide with a total of about 4.3 million treatments. <sup>4</sup>

In 2016, over 52,000 breast augmentations were performed in Germany, which represents a rate of 6.3 operations per 10,000 inhabitants. The number of interventions remained almost constant compared to the previous year. In comparison, around 270,000 operations were recorded in this segment in the United States, which corresponds to a rate of 8.4 interventions per 10,000 inhabitants. Only eyelid corrections reported a higher number with 58,000 surgical procedures in 2016. <sup>5</sup>

A marked increase in the number of cosmetic operations performed on men can be observed. Currently, one in five aesthetic-plastic procedures is performed on a male patient. The reason behind this is the realization that a positive self-esteem and cultivated appearance radiate also on all other areas of life. Breast reduction (gynaecomastia), liposuction and hair transplants are the main procedures used. <sup>6</sup>

## 3.2 Business performance

M1 Group is active in the growing market of aesthetic medicine and plastic surgery.

Sales rose to EUR 47.19 million in 2017 (previous year: EUR 35.96 million). Sales growth was 31.3 %. Sales were driven by growth in products and services.

Net income in 2017 amounted to EUR 5.78 million (previous year: EUR 5.01 million), an increase of 15.4 %. The disproportionately low increase is mainly due to the significantly higher tax rate.

M1 Group and all employees focus their daily work primarily on the needs of customers. Service, quality and reliability are essential elements of our customer orientation and at the same time drivers of further growth.

## 3.3 Net assets, financial position and results of operations

### 3.3.1 Results of operations of M1 Group (IFRS)

The situation of the company continues to be characterized by the growth of our operations. M1 Group's sales were mainly generated in the field of aesthetic medicine.

The ratio of cost of materials to sales fell to 60.81 % in 2017 (previous year: 77.71 %). Despite significant investments in the infrastructural development of new M1 locations and the expansion of existing M1 locations in 2017, we succeeded in increasing our net income for the year. In addition, the clinic location in Berlin and the company headquarters in Berlin were further expanded during the 2017 financial year.

Compared to the previous year, personnel cost ratio rose to 15.19 % (previous year: 10.58 %) due to the expansion of the network of locations and the expansion of the clinic.

### 3.3.2 Financial position of M1 Group (IFRS)

The financial situation can be described as very stable. Financial management is geared towards settling liabilities within the payment period and collecting receivables within the due date.

The capital structure is good. Equity rose from kEUR 30,257 to kEUR 47,280 in 2017, while the equity ratio remained almost unchanged at 93.50 % (previous year: 94.01 %). In October 2017, the share capital was increased by 1,500,000 no-par value shares to EUR 16,500,000 as part of a capital increase. The proceeds from the sale of the shares were transferred to the capital reserve.

225 % of long-term assets are covered by equity (previous year: 199 %).

The liquidity situation is very good at kEUR 14,687. The cash flow resulted in a liquidity increase of kEUR 8,876 (previous year: liquidity increase of kEUR 5,399).

### 3.3.3 Net assets of M1 Group (IFRS)

The financial position of M1 Group is good. Short-term assets increased from kEUR 16,995 in 2016 to kEUR 29,516 in 2017. These mainly include receivables from affiliated companies as well as loans granted and other short-term assets. Inventories are unchanged compared to the previous year at kEUR 1,410. Trade receivables increased to kEUR 9,188 (previous year: kEUR 6,841) as of the balance sheet date.

Fixed assets amounted to kEUR 21,053 (previous year: kEUR 15,192). The overall economic situation can be described as good.

### 3.4 Financial performance indicators of M1 Group (IFRS)

We use EBIT as a key performance indicator for our internal corporate management. The EBIT amounts to kEUR 5,715 (previous year kEUR 4,364), the EBITDA amounts to kEUR 6,176 (previous year kEUR 4,652).

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

## 4 Forecast report

We forecast the development of M1 Group positively and expect a sustained continuation of the clear growth course.

Two new medical centers (Munich II and Frankfurt) were opened in the first months of 2018.

After careful preparation, a new range of treatments was started in the first quarter of 2018 in the field of aesthetic dentistry.

Other new business areas are being actively examined.

We will push ahead with the construction of a further clinic location in Essen. We are also acquiring hospital capacity in other regions in order to generate more operating services with better accessibility from patients' places of residence.

On the basis of this growth strategy, we plan to continue on our growth path in the coming years.

## 5 Opportunities and risks report

### 5.1 Risk report

#### 5.1.1 Industry-specific risks

Increasing regulatory measures, strong pressure on margins in the pharmaceutical and medical device market and the permanent change in this market due to exchange rate risk and price differences in the procurement of medicines and medical technology, can have a negative impact on our sales and earnings situation.

In the field of beauty treatments, there is a risk that the perception of beauty in society will change. If another ideal of beauty develops that contradicts the beauty treatments provided by M1, this could represent a considerable entrepreneurial risk.

Furthermore, new market players whose concept is aligned with ours could enter in competition with us. If these new market participants develop their own unique selling points, it could also represent an entrepreneurial risk.

#### 5.1.2 Profit-oriented risks

The M1 Group positions itself as a leading provider of beauty medicine services. If financially strong companies try to enter the market as competitors, it may lead to a price competition that could burden margins.

An important part of the cost structure of the company consists of material expenses. The treatment materials used are purchased from a limited number of internationally operating providers. A change in the pricing policies of these suppliers would have a direct impact on earnings unless the suppliers can be replaced.

General price increase tendencies and wage developments have a negative impact on earnings. Should it not be possible in the medium term to offset these burdens through price or efficiency gains, this will have a negative impact on earnings.

#### 5.1.3 Financial risks

Due to the stable liquidity and equity situation of our company, no liquidity risks are currently discernible.

There are no significant currency risks that could affect the assets, financial position and results of operations of the company.

The liquidity situation is good; no bottlenecks are to be expected.

#### 5.1.4 Risk management system

M1 Group uses a risk management system to systematically identify significant risks that pose a threat to its continued existence in order to assess their effects and develop suitable countermeasures.

The main objective of the risk management system is to avoid financial losses, breakdowns or disruptions or to implement suitable countermeasures without delay. As part of this system, the Management Board and Supervisory Board are informed of risks at an early stage. Important mechanisms for early detection are the monitoring of liquidity and the development of earnings. The monitoring of the operational development and the timely determination of deviations from the plan is the task of controlling. If necessary, the management of the respective departments decide together with the Management Board on the appropriate strategy and measures for controlling risks.

#### 5.2 Opportunity report

The medical beauty market is and will remain a growth market. Through our specialization in aesthetic medicine, the development and marketing of pharmaceutical, medical and medical-technical products for aesthetic surgery/cosmetic dermatology and the associated price leadership, we will participate in this growth to an above-average extent.

We ensure our high quality standards through our internal quality management.

There is increasing competition in our market segment, but we will continue to face up to it, especially through experience, innovation, reliability and a high level of service and quality.

#### 5.3 General statement

Risks of future development are visible in our competitive field characterized by new competitors, rising purchasing prices and stagnating sales prices. With a background of financial stability, we believe we are well equipped to cope with future risks. There are currently no apparent risks that could challenge the continued existence of the company.

## 6 Risk reporting on the use of financial instruments

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

The companies of the group have a solvent customer base; bad debt losses are an absolute exception.

Liabilities are paid within the agreed payment periods.

In managing its financial positions, the company pursues a conservative risk policy.

As soon as we identify financial reliability defaults or asset risks, we apply value adjustments. To minimize failure risks, the company uses an adequate debtor management system. Above all, the company always conducts a financial reliability background check of future business partner relationships.

## 7 Report on branches

The Company does not maintain any branches.

## 8 Final declaration according to § 312 (3) (3) AktG

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

Berlin, March 29, 2018  
M1 Kliniken AG



Patrick Brenske  
(Management Board)



Dr. Walter von Horstig  
(Management Board)





## Group financial statement

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## Group – Profit and loss statement

As of December 31, 2017\*

	2017 EUR	2016 TEUR
<b>Sales</b>	47.194.525,55	35.955
Other operating income	261.259,84	5.428
Cost of purchased goods and services	-28.698.464,47	-27.939
<b>Personnel expenses</b>		
Wages and salaries	-6.034.729,31	-3.132
Social security, pension and other benefit costs	-1.133.492,27	-671
	-7.168.221,58	-3.802
Depreciation	-461.145,51	-288
Other operating expenses	-5.413.302,79	-4.989
<b>Operating result</b>	5.714.651,04	4.364
Other interest and similar income	174.605,66	140
Income from investments	1.483.048,80	999
Interest and similar expenses	-7.758,21	-14
<b>Financial result</b>	1.649.896,25	1.124
Result from ordinary activities	7.364.547,29	5.489
Taxes on income and earnings	-1.575.582,59	-476
Other taxes	-10.993,47	-5
<b>Net result for the year / Total result for the reporting period</b>	5.777.971,23	5.007
Undiluted earnings per share (in EUR)**	0,38	0,33

\* Accounting according to IFRS

\*\* cf. Group annex Nr. 10, page 47

## Group balance sheet – Assets

As of December 31, 2017\*

	2017 EUR	2016 TEUR
Liquid funds	14.687.401,83	5.812
Trade receivables	9.187.532,65	6.841
Inventories	1.410.139,70	1.410
Securities	0,00	0
Other short-term financial assets	960.126,18	16
Other short-term assets	3.257.739,38	2.915
Income tax assets	12.902,40	0
<b>Short-term assets</b>	<b>29.515.842,14</b>	<b>16.995</b>
Intangible assets	167.965,00	127
Company values	8.028.736,90	8.029
Fixed assets	3.961.529,37	1.034
Financial assets	8.762.821,04	5.882
Other long-term assets	131.779,19	120
<b>Long-term assets</b>	<b>21.052.831,50</b>	<b>15.192</b>
<b>TOTAL ASSETS</b>	<b>50.568.673,64</b>	<b>32.186</b>

\* Accounting according to IFRS

## Group balance sheet – Liabilities

As of December 31, 2017\*

	2017 EUR	2016 TEUR
Accruals	993.480,03	669
Accounts payable	840.543,95	601
Banks loans	0,00	14
Other short-term financial liabilities	32.185,75	17
Other short-term liabilities	1.206.041,44	623
Bonds (profit participation certificates)	0,00	0
<b>Short-term liabilities</b>	<b>3.072.251,17</b>	<b>1.925</b>
Accruals	0,00	4
Bonds (profit participation certificates)	0,00	0
Banks loans	214.797,76	0
Deferred tax liabilities	1.343,70	0
<b>Long-term liabilities</b>	<b>216.141,46</b>	<b>4</b>
Subscribed capital	16.500.000,00	15.000
Capital reserves	14.244.938,63	0
Legal reserve	679.206,70	679
Other revenue reserves	13.755,41	14
Balance sheet profit	15.842.380,27	14.564
<b>Equity</b>	<b>47.280.281,01</b>	<b>30.257</b>
<b>TOTAL LIABILITIES</b>	<b>50.568.673,64</b>	<b>32.186</b>

\* Accounting according to IFRS

## Group – Cash flow statement

As of December 31, 2017\*

	2017 EUR	2016 TEUR
<b>Operating activities</b>		
Period income / net profit	5.777.971,23	5.007
Depreciation on fixed assets	461.145,51	288
Increase / decrease in long-term accruals	-4.210,19	-6
Increase / decrease in short-term accruals	103.322,54	110
Increase / decrease due to valuations	-4.453,01	-4.591
Increase / decrease in inventories	164,53	1.770
Increase / decrease in trade receivables and other assets and other assets	-3.644.611,65	5.524
Increase / decrease in trade accounts payable and other liabilities	837.326,64	494
Profit / loss from the disposal of fixed assets	0,00	22
Interest expense / income	-166.847,45	-127
Other investment income	-1.483.048,80	-999
Income tax expense / income	1.575.582,59	476
Income tax payments	-1.366.377,18	-32
<b>Cash flow from operating activities</b>	<b>2.085.964,76</b>	<b>7.937</b>
<b>Investment activity</b>		
Payments for investments in intangible assets	-140.794,89	-147
Proceeds from disposal of property, plant and equipment investment properties	360,50	1
Payments for investments in property, plant and equipment/ investment properties	-3.289.698,49	-842
Proceeds from disposals of financial assets	0,00	1.827
Payments from the acquisitions of consolidated companies and other business units	-2.876.015,09	0
Interest income	174.605,66	140
Investment income	1.483.048,80	999
<b>Cash flow from investing activities</b>	<b>-4.648.493,51</b>	<b>1.978</b>
Proceeds from capital contributions	15.744.938,63	0
Changes in bank liabilities	200.883,51	-2
Interest expenses	-7.758,21	-13
Payments to company owners and minority shareholders	-4.500.000,00	-4.500
<b>Cash flow from financing activities</b>	<b>11.438.063,93</b>	<b>-4.515</b>
<b>Cash Flow</b>	<b>8.875.535,18</b>	<b>5.399</b>
Cash and cash equivalents on 01.01.2017 / previous year	5.811.866,65	412
Cash and cash equivalents as of 31.12.2017 / previous year	14.687.401,83	5.812
	<b>8.875.535,18</b>	<b>5.399</b>

\* Accounting according to IFRS

## Group – Statement of changes in equity

As of December 31, 2017\*

	Subscribed capital in EUR	Capital reserve in EUR	Legal reserves in EUR	Profit reserves in EUR	Net profit/ loss in EUR	Total equity in EUR
As of 01.01.2016	15.000.000,00	0,00	635.110,07	13.755,41	14.101.045,39	29.749.910,87
Period result	0,00	0,00	0,00	0,00	4.963.363,65	4.963.363,65
Capital increase / decrease	0,00	0,00	0,00	0,00	0,00	0,00
Transfer to / release from reserves	0,00	0,00	44.096,63	0,00	0,00	44.096,63
Dividends	0,00	0,00	0,00	0,00	-4.500.000,00	-4.500.000,00
As of 01.01.2017	15.000.000,00	0,00	679.206,70	13.755,41	14.564.409,04	30.257.371,15
Period result	0,00	0,00	0,00	0,00	5.777.971,23	5.777.971,23
Capital increase / decrease	1.500.000,00	0,00	0,00	0,00	0,00	1.500.000,00
Transfer to / release from reserves	0,00	14.244.938,63	0,00	0,00	0,00	14.244.938,63
Dividends	0,00	0,00	0,00	0,00	-4.500.000,00	-4.500.000,00
As of 31.12.2017	16.500.000,00	14.244.938,63	679.206,70	13.755,41	15.842.380,27	47.280.281,01

\* Accounting according to IFRS

## Consolidated assets development

As of December 31, 2017\*

	Acquisition and production costs				Accumulated depreciation				Book value	
	01.01.2017	Accruals in EUR	Disposals in EUR	As of 31.12.2017 in EUR	As of 01.01.2017 in EUR	Write-offs in EUR	Write-ups in EUR	Disposals in EUR	As of 31.12.2017 in EUR	As of 01.01.2017 in EUR
Intangible assets	187.331,47	140.794,89	0,00	328.126,36	-60.740,47	-99.420,89	0,00	0,00	167.965,00	126.591,00
Company values	8.028.736,90	0,00	0,00	8.028.736,90	0,00	0,00	0,00	0,00	8.028.736,90	8.028.736,90
Fixed assets	8.216.068,37	140.794,89	0,00	8.356.863,26	-60.740,47	-99.420,89	0,00	0,00	8.196.701,90	8.155.327,90
Advance payments	1.335.312,02	3.289.698,49	-366,62	4.624.643,89	-301.396,02	-361.724,62	0,00	6,12	3.961.529,37	1.033.916,00
Financial assets	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	1.001.917,05	2.876.015,09	0,00	3.877.932,14	4.880.435,89	0,00	4.453,01	0,00	8.762.821,04	5.882.352,94
<b>TOTAL</b>	<b>10.553.297,44</b>	<b>6.306.508,47</b>	<b>-366,62</b>	<b>16.859.439,29</b>	<b>4.518.299,40</b>	<b>-461.145,51</b>	<b>4.453,01</b>	<b>6,12</b>	<b>20.921.052,31</b>	<b>15.071.596,84</b>

\* Accounting according to IFRS





# 1 General information

The parent company is M1 Kliniken AG, which was founded in 2007. The company is registered in the Commercial Register of the Berlin-Charlottenburg District Court under HRB 107637 B and has its registered office at Grünauer Strasse 5, 12557 Berlin. The M1 Kliniken Group is active in aesthetic medicine. The Group's business is primarily focused on providing services to physicians, medical practices and societies active in plastic and aesthetic medicine, trading in pharmaceuticals and medical devices and the acquisition, development, operation and sale of real estate, primarily in the health care sector.

The consolidated financial statements for the period from January 1, to December 31, 2017 of M1 Kliniken AG, Berlin, were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union. The figures for the financial year are shown in EUR / kEUR and for the previous year in kEUR, unless otherwise stated. The new standards adopted by the IASB were observed from the time they came into force.

The following standards and interpretations as well as amendments to existing standards were mandatory for the first time in the 2017 financial year, although there were no significant effects for M1 Kliniken AG:

- Annual Improvements (Cycle 2014 - 2016) - Amendments to IFRS 12 (Applicable to financial years beginning on or after January 1, 2017)
- Amendment to IAS 7 - Disclosure Initiative (applicable for financial years beginning on or after January 1, 2017)
- Amendment to IAS 12 - Recognition of deferred tax assets for unrealized losses (applicable for financial years beginning on or after January 1, 2017)

At the time of the mandatory application of new standards and interpretations in the EU, the company has and will take them into account. There have been no significant effects on the balance sheet and income statement and none are expected.

Accounting and valuation was based on the assumption of the continuation of the company.

The balance sheet of the M1 Kliniken Group has been prepared according to maturities, whereby assets and liabilities that are expected to be realized or repaid within twelve months of the balance sheet date are classified as short-term in accordance with IAS 1. In accordance with IAS 1.56, deferred tax assets and deferred taxes are reported in full under long-term assets and long-term liabilities, respectively.

Profits and losses in the profit and loss statement are calculated using the total cost method.

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

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

## 2 Scope of consolidation

In addition to M1 Kliniken AG, the following controlled subsidiaries (see chart below) were included in the consolidated financial statements of M1 Kliniken AG, Berlin, as of December 31, 2017.

This results from the fact that M1 Kliniken AG directly or indirectly holds more than 50 % of the voting rights of a company's subscribed capital and/or can control the financial and business policies of a company in such a way that it benefits from its activities.

Name of Company	Location of Company	Date of initial consolidation
M1 Med Beauty Berlin GmbH	Berlin	August 1, 2013
BEAUTY Now GmbH	Berlin	December 16, 2015
Saname GmbH	Schönefeld	May 22, 2013
M1 Aesthetics GmbH	Schönefeld	July 6, 2013
Sanabona GmbH	Berlin	July 18, 2017
Sanawert GmbH	Berlin	July 18, 2017
Sanaselect GmbH	Berlin	July 18, 2017
Sanaestate GmbH	Berlin	July 18, 2017

M1 Med Beauty Berlin GmbH was consolidated on August 1, 2013. The object of M1 Med Beauty Berlin GmbH is the provision of services in aesthetic medicine. The share capital of M1 Med Beauty Berlin GmbH amounts to EUR 25,000.00. M1 Med Beauty Berlin GmbH has its own business operations within the meaning of IFRS 3. After deduction of the identifiable net assets (assets less liabilities), goodwill of EUR 116,000 resulted. The consideration transferred includes advantages from sales growth and future market developments. These advantages, which cannot be recognized separately from goodwill, add up to the above goodwill.

Beauty Now GmbH was founded on December 16, 2015 by M1 Kliniken AG. No valuation differences arose on initial consolidation. The company has several objectives: the ownership, operation and management of beauty institutes; the procurement and provision of services in the field of beauty and health care, as well as beauty and health care and the license-free counselling of alternative practitioners; medical and cosmetic professionals in the field of cosmetics and aesthetic medicine; the acquisition, management and sale of real estate, in particular real estate in the health sector; and the acquisition, management and sale of investments. The share capital amounts to EUR 100,000.00.

Saname GmbH was founded on May 22, 2013 by M1 Kliniken AG. No valuation differences arose on the initial consolidation. The object of the company is the acquisition, management and sale of own and third-party properties, in particular healthcare properties, as well as the management and sale of equity investments. The share capital amounts to EUR 25,000.00.

M1 Aesthetics GmbH, which was established on July 6, 2013, is active in trading in medical products and medical technology. The share capital of M1 Aesthetics GmbH amounts to EUR 25,000.00. M1 Aesthetics GmbH has its own business operations within the meaning of IFRS 3. After deduction of the identifiable net assets (assets less liabilities), goodwill amounted to kEUR 7,913. The consideration transferred includes benefits from expected synergies, sales growth and future market developments. These advantages, which cannot be recognized separately from goodwill, add up to the above goodwill.

Sanabona GmbH was founded on July 18, 2017 by M1 Med Beauty Berlin GmbH. No valuation differences arose on the initial consolidation. The object of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.00.

Sanawert GmbH was founded on July 18, 2017 by M1 Med Beauty Berlin GmbH. No valuation differences arose on the initial consolidation. The object of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.00.

Sanaselect GmbH was founded on July 18, 2017 by M1 Med Beauty Berlin GmbH. No valuation differences arose on the initial consolidation. The object of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.00.

Sanaestate GmbH was founded on July 18, 2017 by M1 Med Beauty Berlin GmbH. No valuation differences arose on the initial consolidation. The object of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.00.

The disclosed financial assets include equity instruments of listed companies.

The ownership interests in the consolidated subsidiaries were as follows:

Name of Company	Location of Company	Share in %
M1 Med Beauty Berlin GmbH	Berlin	100%
BEAUTY Now GmbH	Berlin	100%
Saname GmbH	Schönefeld	100%
M1 Aesthetics GmbH	Schönefeld	100%
Sanabona GmbH*	Berlin	100%
Sanawert GmbH*	Berlin	100%
Sanaselect GmbH*	Berlin	100%
Sanaestate GmbH*	Berlin	100%

\*directly over M1 Med Beauty Berlin GmbH as sole shareholder

### 3 Principles of consolidation

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

**Mergers** are accounted for using the purchase method. The acquisition costs of an acquisition are measured as the sum of the consideration transferred, measured at fair value at the time of acquisition. Subsequent changes in the fair value of contingent consideration representing a financial asset or financial liability are recognized in the income statement in accordance with IAS 39. Contingent consideration classified as equity is not revalued and its subsequent settlement is recognized in equity.

In each merger, non-controlling interests in the acquiree are measured either at fair value or the non-controlling interest in the acquiree's identifiable net assets.

Costs incurred within the scope of the merger are largely recognized as expenses. When the Group acquires an entity, it assesses the appropriate classification and designation of the financial assets and liabilities assumed in accordance with the contractual terms, economic conditions and conditions prevailing at the date of acquisition.

**Goodwill** is initially measured at cost, which is the excess of the acquisition costs transferred over the group's identifiable assets acquired and liabilities assumed. If this acquisition cost is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the statement of comprehensive income.

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

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

**Assets and liabilities** between consolidated companies as well as intragroup sales, other intragroup income and the corresponding expenses are consolidated. Intercompany profits are eliminated.

## 4 Estimates and assumptions

In the preparation of the consolidated financial statements, some assumptions and estimates have been made which have had an effect on the amount and disclosure of the assets and liabilities, income and expenses that are shown in the balance sheet. The actual values may deviate from the assumptions and estimates made in individual cases at a later date. Such changes would have an effect on the income statement if such changes had occurred. All assumptions and estimates are made to the best of our knowledge and belief in order to give a true and fair view of the net assets, financial position and results of operations of the Group.

In applying the accounting and valuation methods, the Management Board makes discretionary decisions.

### Impairment of goodwill and non-current assets

M1 Kliniken AG tests the recoverability of goodwill and other non-current assets annually on the basis of the provisions of IAS 36. The basis for the impairment test is the comparison between the carrying amount of an asset and the recoverable amount that can be generated from the asset or group of assets or the cash-generating unit.

The recoverable amount is the higher of fair value less costs to sell and value in use.

The **determination of the fair values of assets and liabilities** is based on management judgements.

The criteria used by management to assess the **appropriateness value adjustments on receivables** are the maturity structure of the receivables balances, the credit rating of customers and changes in payment terms. In the event of a deterioration in the financial situation of customers, the extent of the actual write-offs to be made may exceed the extent of the expected write-offs.

The **anticipated actual income tax** must be calculated for each taxable entity and the temporary differences arising from the different treatment of certain balance sheet items. Thus differences between the IFRS consolidated financial statements and the tax accounts must be assessed. Where temporary differences exist, these differences generally result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. Management must make judgments when calculating actual and deferred taxes. Deferred tax assets are recognized to the extent that it is probable that they can be utilized. The utilization of deferred tax assets depends on the possibility of generating sufficient taxable income within the scope of the respective tax type.

Various factors should be used to assess the probability of the future usability of deferred tax assets, such as past results of operations, operational planning and tax planning strategies. If actual results differ from these estimates or if these estimates have to be adjusted in future periods, they could have an adverse effect on the net assets, financial position and results of operations. If there is a change in the assessment of recoverability of deferred tax assets, the deferred tax assets recognized must be written down and recognized in the income statement.

## 5 Information on consolidation, accounting and valuation methods

In preparing the financial statements of the associated group companies, transactions processed in currencies other than the functional currency (euro) of the Group company are translated at the exchange rates prevailing on the date of the transaction. All monetary items denominated in foreign currencies are calculated at the exchange rate prevailing on the balance sheet date. Non-monetary items denominated in foreign currencies and measured at fair value are calculated at the exchange rates prevailing at the date of measurement at fair value.

### Cash and cash equivalents

Cash and cash equivalents comprise cash, fixed-term deposits with a remaining term of up to three months and demand deposits, all of which are recorded at their nominal values. The cash and cash equivalents reported in the cash flow statement are defined in accordance with the company's cash management and are identical to cash and cash equivalents. Restricted cash with a residual term of more than three months is recognized under other assets.

### Financial assets

Financial assets are generally divided into the following categories:

- Loans and claims originated by the company
- Derivatives that meet the requirements of hedge accounting
- Securities held as fixed assets

When a financial asset is initially recognized, it is measured at cost, which corresponds to the fair value of the consideration given; transaction costs are included. Financial assets from the normal purchase and sale are recognized on the trade date.

Loans and claims are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, loans and receivables are measured at amortized cost using the effective interest method less impairment losses. Amortized cost is calculated taking into account all discounts and premiums on acquisition and includes all fees that are an integral part of the effective interest rate and transaction costs.

Gains and losses are recognized in profit or loss for the period when the loans and claims are written-off or impaired and through the amortization process.

Financial assets are tested for impairment at the balance sheet date.

If it is probable that the Company will not be able to collect all amounts of loans or receivables due under the terms of the contract in the case of financial assets carried at amortized cost, an impairment or value adjustment on receivables is recognized in the income statement. An impairment loss previously recognized in the income statement is corrected if the subsequent partial recovery in value (or reduction in the impairment loss) can be objectively measured. However, an increase in value is only recognized to the extent that it does not exceed the amount of amortized cost.

## Write-offs / impairment of value

Financial assets or parts of a financial asset are written-off when M1 Kliniken AG loses control of the contractual rights that make up the asset. At the balance sheet date, it is determined whether a financial asset deviates in value. If there is objective evidence that loans and claims are carried at amortized cost have suffered a value depreciation, the amount of the loss is the difference between the asset's carrying amount and the present value of expected future cash flows (with the exception of future loan defaults that have not yet occurred) discounted at the financial asset's original effective interest rate (i.e. the interest rate determined at initial recognition).

The carrying amount of the asset should be reduced either directly or by using an adjustment account. The amount of the loss must be recognized in the income statement. M1 Kliniken AG first determines whether there is objective evidence of value impairment of financial assets that are individually significant and financial assets that are not individually significant or together. If the Group determines that there is no objective evidence of value impairment for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar default risk profiles and jointly tests them for value impairment. Assets that are individually assessed for impairment and for which an impairment loss is new or continues to be recognized are not included in a joint value impairment assessment.

## Offsetting of assets and liabilities that can be offset

Financial assets and liabilities are offset so that only the net amount is shown in the balance sheet. This is only done when there is a present legal right to offset the amounts recognised and it is intended to settle on a net basis or to settle the related liability simultaneously with the realisation of the asset concerned.

## Fair value at the balance sheet date

The fair value of financial instruments traded on active markets is determined by the market price or publicly quoted price (bid price offered by the buyer for long positions and ask price for short positions) on the reporting date without deduction of transaction costs.

The fair value of financial instruments that are not traded on an active market is determined using appropriate valuation methods.

Valuation methods include the use of recent transactions between knowledgeable, willing parties in an arm's length transaction, comparison with the current fair value of another, essentially identical financial instrument, the use of discounted cash flow methods and other valuation models.

The company assumes that the fair values of the financial assets and financial liabilities essentially correspond to their carrying amounts.

## Stocks

Raw materials and supplies intended for the production of inventories are valued at acquisition or production cost and not written down to a value below their acquisition or production cost. If the finished products into which they are included are expected to be sold at or above production cost. Any selling costs still to be incurred must be taken into account. However, if a decrease in the price of these substances indicates that the manufacturing costs of the finished products will exceed the net realisable value, the materials are written down to net realisable value.

Work in progress and finished goods are valued at the lower of production cost or market value. Production costs include direct personnel costs, material costs and the attributable share of production overheads. They are determined on the basis of cost center accounting and product cost controlling. Borrowing costs are not capitalized. Obsolete items and those with a low turnover rate are written down appropriately.

## Current and deferred taxes

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

Deferred taxes are recognized, using the liability method, for all temporary differences between the tax carrying amounts of assets and liabilities and the respective IFRS consolidated carrying amounts. However, if a deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction has no effect on either accounting or taxable profit or loss, no deferred tax is recognized. Deferred taxes are measured using the tax rates (and tax regulations) that are apply or substantially apply at the balance sheet date and are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled. The calculation of deferred taxes is based on a corporate income tax rate of 15.0 % (plus solidarity surcharge of 5.5 % on corporation tax).

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

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

## Property, plant and equipment

Property, plant and equipment is carried at cost less accumulated depreciation. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. No borrowing costs were capitalized in the past financial year. On disposal of property, plant and equipment, the historical acquisition costs and accumulated depreciation are derecognized and any gain or loss on disposal is recognized in the income statement.

If necessary, impairment losses reduce (amortised) cost. There was no revaluation of property, plant and equipment in accordance with the option under IAS 16.

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

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

The useful lives and depreciation methods are reviewed regularly to ensure that the economic benefits match the depreciation period.

## Intangible assets

M1 Kliniken AG capitalises intangible assets if the asset is the economic property of the company as a result of past events, if it can be assumed that a future economic benefit from this asset will flow to the company, if the costs of the asset can be reliably measured. This procedure applies when an intangible asset is acquired externally.

### (a) Software

Software is capitalized at cost and reported as an intangible asset if these costs are not an integral part of the related hardware. Software is amortized on a straight-line basis over a period of three or four years.

### (b) Goodwill

Goodwill is initially measured at cost, which is the excess of the total consideration transferred and the amount of the non-controlling interest over the group's identifiable acquired assets and liabilities assumed.

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

### (c) Impairment of non-current assets

Property, plant and equipment and intangible assets are tested for possible impairment whenever events or changes in external circumstances indicate that the recoverable amount of the asset on the balance sheet date is permanently below its carrying amount or if an annual impairment test is required (goodwill and intangible assets that are not yet in use). If the carrying amount of an asset exceeds its lower fair value, an impairment loss is recognized for property, plant and equipment and intangible assets carried at cost. The recoverable amount is the higher of fair value less costs to sell and value in use. The fair value less costs to sell corresponds to the amount obtainable from the sale of the asset in an arm's length transaction between expert parties.

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

### Investments in associated companies

Investments in Associates are accounted for using the equity method in accordance with IAS 28 ("Investments in Associates"). Starting from the acquisition costs at the time of acquisition of the shares, the respective carrying amount of the investment is increased or decreased annually by the pro rata results, dividends distributed and other changes in the equity of the associated companies, insofar as these are attributable to the shares of M1 Kliniken AG or its consolidated subsidiaries. Investments accounted for using the equity method are written down if the recoverable amount is less than the carrying amount.

### Accruals

Provisions are recognized in accordance with IAS 37 for obligations that are uncertain in terms of their due date or amount. A provision is only to be recognized if:

- The Company has a present obligation (legal or constructive) arising from a past event,
- it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- a reliable estimate of the amount of the obligation is possible.

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

Long-term provisions are discounted at a pre-tax interest rate if the effect is essential. In the event of discounting, the increase in provisions due to the lapse of time is recognized as financial expenses.

Contingent liabilities are liabilities arising from a possible obligation as a result of a past event and whose existence is due to the occurrence or non-occurrence of one or more uncertain future events that are not wholly within the control of the company. Contingent liabilities may also arise from a present obligation arising from past events but not recognised because:

- The outflow of resources embodying economic benefits is unlikely to be required to settle this obligation; or
- the amount of the obligation cannot be estimated with sufficient reliability.

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

## Financial liabilities

Financial liabilities are divided into the following categories:

- Financial liabilities held for trading
- Other financial liabilities

The financial liabilities reported in the consolidated financial statements of M1 Kliniken AG were classified as other financial liabilities.

A financial liability is initially recognized at the cost, which corresponds to the fair value of the consideration given; transaction costs are included. After initial recognition, interest-bearing loans are measured at amortized cost using the effective interest method. Gains and losses are recognized in the income statement as part of the amortization using the effective interest method and in the event of write-offs.

Financial liabilities are no longer reported when they have been repaid, i.e. when the obligations specified in the contract have been settled, cancelled or expired.

## Revenue recognition

Revenue is recognized in accordance with IAS 18 if the following conditions are met cumulatively:

- M1 has transferred to the buyer the significant risks and rewards of ownership of the goods and products sold.
- There remains neither a continuing right of disposal, as is usually associated with economic ownership, nor effective control over the assets and rights sold.
- The amount of revenue can be reliably determined.
- It is sufficiently probable that the economic benefit from the sale will flow to the company.
- The costs incurred or to be incurred in connection with the sale can be reliably determined.

In accordance with the accrual principle described in IAS 18, income and expenses relating to the same transaction or other event are recognised simultaneously.

## Other operating income

Other operating income is recognized if the economic benefit from the transaction can be reliably determined and has accrued during the operating period.

## Interest earnings

Interest is recognized on a time-proportional basis, taking into account the effective interest rate of the asset.

## 6 Notes to the consolidated balance sheet

### Cash and cash equivalents

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

Trade receivables totaling kEUR 9,188 (previous year: kEUR 6,841) are measured at amortized cost less any impairment losses using the effective interest method. In the 2017 financial year, the valuation adjustments amounted to kEUR 22 (previous year: kEUR 2). Trade receivables include trade receivables from affiliated companies in the amount of kEUR 770. Trade receivables are due within one year.

Due to the short maturities of trade receivables, it is assumed that the fair values correspond to the carrying amounts.

Inventories consist exclusively of finished goods and merchandise held for sale in the ordinary course of business. No write-ups or write-downs as defined in IAS 2.28 - 2.33 were required in financial 2017.

Changes in property, plant and equipment and intangible assets are presented in Appendix 3, "Changes in consolidated fixed assets as of December 31, 2017".

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

If the recoverable amount of a cash-generating unit is less than its carrying amount, the impairment loss is first allocated to the carrying amount of the goodwill allocated to the unit and then proportionately to the other assets. Any impairment loss on goodwill is recognized directly in the income statement. Impairment losses recognized for goodwill may not be reversed in future periods. kEUR 116 of the goodwill of kEUR 8,029 reported in the consolidated balance sheet was allocated to M1 Med Beauty Berlin GmbH and kEUR 7,913 to M1 Aesthetics GmbH as a cash-generating unit.

Financial assets include equity instruments of listed companies. The shares were allocated to the category "at fair value through profit or loss". Equity instruments are subsequently measured at the market price on the respective balance sheet date. The results from this category have been recognized in other operating income. The investments held in financial assets are measured at fair value through profit or loss.

The other short-term provisions relate to tax provisions, the annual financial statements and auditing costs of the consolidated companies, provisions for personnel costs, legal and consulting costs and other provisions.

	01.01.2017	Consumption	Released	Added	31.12.2017
Accruals	kEUR	kEUR	kEUR	kEUR	kEUR
Taxes	496	-494	0	715	717
Audit and annual financial statement costs	99	-22	-77	100	100
Personnel / vacation entitlements	21	0	0	84	105
Others	26	-26	0	16	16
<b>TOTAL</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>28</b>	<b>55</b>
	<b>669</b>	<b>-542</b>	<b>-77</b>	<b>943</b>	<b>993</b>

Current liabilities to banks, trade payables, other financial liabilities and other current liabilities are carried at continued acquisition cost using the effective interest method. Due to the short maturities of these financial instruments, it is assumed that their fair values correspond to their carrying amounts.

Other current financial liabilities amount to kEUR 32 (previous year: kEUR 17).

Deferred tax liabilities: Deferred tax liabilities are recognized for all taxable temporary differences, unless the deferred tax liability arises from goodwill for which amortization is not tax deductible, or from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit.

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

No deferred tax assets were reported as of the reporting date.

In connection with the fair value measurement of existing financial instruments, it was necessary to recognize deferred tax liabilities. The amount by which the IFRS values measured at fair value exceed the tax balance sheet values is kEUR 4. Applying the effective tax rate of 30.175 % and other components, this results in a deferred tax liability of kEUR 1.

In connection with the capital increase, directly allocable expenses were added to the capital reserve. This results in a difference of kEUR 1,081 between the tax valuations and the IFRS valuations. The related tax liability to be recognized as a liability amounts to kEUR 326 and was also transferred to the capital reserve.

## Proprietary capital

The company's share capital of EUR 16,500,000.00 is divided into 16,500,000 no-par value shares with an imputed nominal value of EUR 1.00. In October 2017, a capital increase was carried out from the authorized capital of 2015. The new shares were issued at a subscription price of EUR 11.00. The difference between the proceeds and the nominal value was transferred in full to the capital reserve. Expenses in connection with the capital increase were deducted from the capital reserve in accordance with IAS 32. In accordance with the resolution of the Annual General Meeting on July 13, 2015, the Management Board was authorized, with the approval of the Supervisory Board, to increase the share capital on one or more occasions until July 1, 2020 by issuing new shares against contributions in kind or in cash, but by a maximum total of EUR 6,000,000.00 (Authorized Capital 2015).

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

## 7 Fixed-asset movement schedule

The composition and development of fixed assets is shown in the table "Changes in consolidated fixed assets as of December 31, 2017"; see Annex 3.

## 8 Contingent liabilities and other financial commitments

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

## 9 Notes to the consolidated profit and loss statement

### Principles of revenue recognition

**Revenues** totaling kEUR 47,195 (previous year: kEUR 35,955) mainly relate to proceeds from the sale of pharmaceuticals and medical devices as well as medical services in the field of aesthetic medicine.

**Other operating income** amounts to kEUR 261 (previous year: kEUR 5,428) and mainly results from the release of provisions, income from ordinary activities and insurance compensation.

The **cost of purchased materials and services**, which totaled kEUR 28,698 (previous year: kEUR 27,939), includes all expenses incurred in connection with the purchase of pharmaceuticals. Costs for purchased services in the field of aesthetic medicine are also included.

**Personnel costs** increased due to the expansion to a total of kEUR 7,168 (previous year: kEUR 3,802).

**Depreciation** includes scheduled depreciation on property, plant and equipment and intangible assets in the amount of kEUR 461 (previous year: kEUR 288). Property, plant and equipment and intangible assets are depreciated on a straight-line basis over different useful lives (three to 15 years).

**Other operating expenses**, which amounts to kEUR 5,413 (previous year: kEUR 4,989), are spread over a large number of individual items, such as rent, advertising and travel costs, packaging materials, freight costs, insurance premiums, third-party work, legal and consulting costs as well as costs for the annual financial statements and auditing.

**Other interest and similar income** include interest income totaling kEUR 175 (previous year: kEUR 140). Interest results from the granting of loans and the investment of liquid funds at German banks.

**Interest and similar expenses** totaling kEUR 8 (previous year: kEUR 14) mainly relate to interest invoiced for loans granted.

**Taxes on income and earnings** amount to kEUR 1,576 (previous year: kEUR 476).

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

Effective tax rate for companies located in	in %
Berlin	30,175
Schönefeld	24,225

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

Other taxes include motor vehicle tax.

## 10 Earnings per share

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

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

Periode of time	Number of ordinary shares	Prioritisation	Weighted Proportion
Jan 01 – Oct 08, 2017	15.000.000	277/365	11.383.562
Oct 09 – Dec 31, 2017	16.500.000	88/365	3.978.082
		<b>2017</b>	<b>2016</b>
Net income attributable to equity holders of the parent company		5.777.971,23	5.007.460,28
Number of shares (weighted average)		15.361.644	15.000.000
Earnings per share		0,38	0,33

## 11 Information on board members

### Board

Family name	First name	Function/Profession	Power of representation
Brenske	Patrick	Merchant	Sole power of representation
Dr. von Horstig	Walter	Merchant	Collaboratively since 01.10.2017

### Board of supervisors

Family name	First name	Profession	Function	
Dr. Pahl	Christian	Merchant	Chairman	until 27.06.2017
Dr. Wahl	Albert	Business engineer	Deputy Chairman	until 27.06.2017
			Chairman	since 27.06.2017
Prof. Dr. Dr. Meck	Sabine	University lecturer	Board Member	
Zimdars	Uwe	Merchant	Deputy Chairman	since 27.06.2017

The total remuneration of the Supervisory Board in financial year 2017 amounted to kEUR 27.5 (previous year: kEUR 25). There are no receivables from members of the Supervisory Board.

## 12 Number of employees

M1 Kliniken Group employed an average of 149 people during the reporting period (previous year: 74).

## 13 Disclosures on financial instruments in accordance with IFRS 7

An analysis of income from financial investments in financial assets broken down by measurement categories represented as follows:

Income Category	2017	2016
	kEUR	kEUR
Receivables	175	140
Financial assets measured at fair value	4	4.652

The following is an analysis of expenses from financial investments in financial assets and financial liabilities broken down by measurement categories:

Expenses Category	2017	2016
	kEUR	kEUR
Liabilities carried at amortized cost	-8	-14

Expenses from other financial liabilities measured at amortized cost relate to interest expenses.

### Risk management policy and hedging measures

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

This procedure ensures that suitable countermeasures can be implemented to avoid risks. This is essentially an early warning system which serves to monitor liquidity and the development of results. The risk management policy is essentially covered by the Management Board of M1 Kliniken AG. The controlling departments of M1 Med Beauty Berlin GmbH and M1 Aesthetics GmbH provide support, monitor the operational success and can thus detect deviations from the plan in good time. If necessary, the responsible persons in the specialist departments decide together with the Management Board on the appropriate strategy for controlling risks.

The M1 Kliniken Group is generally exposed to risks from changes in general conditions as a result of legislation or other regulations. However, if such changes occur, in most cases they are not sudden and surprising, so that there is usually sufficient time to react to changes.

### Capital risk management, debt and interest rate risk

The Group manages its capital with the aim of maximizing the earnings of those involved in the company by optimizing the ratio of equity to debt. This ensures that all Group companies can operate under the going concern assumption.

Shareholders' equity on the respective balance sheet date:

	31.12.2017	31.12.2016
Net equity	kEUR 47.280	kEUR 30.257
Balance sheet total	kEUR 50.569	kEUR 32.186
Equity ratio	93,50 %	94,01 %

The Group uses bank loans to implement its business model.

In the reporting period, liabilities to banks increased from kEUR 14 to a total of kEUR 215. Due to low bank liabilities and low interest rates, we currently see only limited interest rate risks.

Other financial liabilities are not subject to interest rate risk, as no interest is payable. These are short-term liabilities.

## Fair value of financial instruments

Financial assets measured at continued acquisition cost		Short-term			Total book values	Fair values to be attributed
in kEUR	Trade accounts receivable	Other short-term (financial) assets	Liquid funds			
31.12.2017	9.188	4.218	14.687	28.093	28.093	
31.12.2016	6.841	2.931	5.812	15.584	15.584	

The total carrying amounts and fair values of financial assets at the balance sheet date amounted to kEUR 8,763 (previous year: kEUR 5,882).

For the instruments presented in the table above and below, the Management Board considers the carrying amounts in the consolidated balance sheet to be a good approximation of their fair values.

Financial assets measured at continued acquisition cost		Short-term			Long-term	Total book values
in kEUR	Liabilities to banks	Trade accounts payable	Other financial liabilities	Liabilities to banks		
31.12.2017	0	841	32	215	1.088	
31.12.2016	14	601	17	0	632	

## Other price risks

Other price risks may arise from rising purchase prices. There are currently no long-term supply contracts or similar measures that could limit these risks. The conclusion of such contracts would have a negative impact on the necessary flexibility of management in the composition of the product portfolio, which is put together in line with demand.

## Risk from the default of receivables

The default risk of receivables is assessed by means of corresponding individual and lump-sum value adjustments. The maximum default risk of financial assets is limited by the carrying amounts.

## Liquidity risk

The Group manages liquidity risks by constantly monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables show the expected cash flows of financial liabilities (undiscounted principal and interest payments) as of December 31, 2017 and December 31, 2016:

Financial liabilities measured at amortized cost	Book value 31.12.2017 kEUR	Cashflow up to 1 year kEUR	Cashflow > 1 year up to 5 years kEUR	Cashflow > 5 years kEUR
Accruals	993	993	0	0
Interest-bearing financial liabilities	215	0	215	0
Non-interest-bearing financial liabilities	873	873	0	0
Other short-term liabilities	1.206	1.206	0	0
Financial liabilities measured at amortized cost	Book value 31.12.2016 TEUR	Cashflow up to 1 year kEUR	Cashflow > 1 year up to 5 years kEUR	Cashflow > 5 years kEUR
Accruals	674	669	4	0
Interest-bearing financial liabilities	14	14	0	0
Non-interest-bearing financial liabilities	618	618	0	0
Other short-term liabilities	623	623	0	0

Of the non-interest-bearing financial liabilities, kEUR 841 (previous year: kEUR 601) relate to trade payables and kEUR 32 (previous year: kEUR 17) to other current financial liabilities.

## Consolidated cash flow statement

The cash flow statement shows how the cash and cash equivalents of the M1 Kliniken Group have changed in the course of the reporting years due to inflows and outflows of funds. In this cash flow statement, see Appendix 5, cash flows are broken down by operating, investing and financing activities. Cash and cash equivalents include cash and cash equivalents of kEUR 14,687 (previous year: kEUR 5,812) available at short notice.

## 14 Related companies and persons

Related parties within the meaning of IAS 24 "Related Party Disclosures" are generally members of the Management Board and Supervisory Board, their close family members, non-consolidated subsidiaries and all companies belonging to the investment group of MPH Health Care AG. Please refer to section (10) for information on the Management Board and Supervisory Board. These related parties were not involved in any transactions with M1 Group companies that were unusual in kind or quality. All transactions between the related parties have been concluded on arm's length terms.

Any assets or liabilities resulting from transactions with these companies are reported under other assets and other liabilities.

The following transactions were conducted with related parties:

Receivables / liabilities to / from related parties	31.12.2017 kEUR	31.12.2016 kEUR
<b>Receivables from related parties</b>	<b>770</b>	<b>2.794</b>
to companies controlled by majority shareholders	770	1.590
to majority shareholders	0	0
to Supervisory Boards	0	1.204
<b>Liabilities to related parties</b>	<b>1</b>	<b>44</b>
to companies controlled by majority shareholders	1	1
to majority shareholders	0	0
to Supervisory Boards	0	43
<b>Transactions with related parties</b>	<b>31.12.2017 kEUR</b>	<b>31.12.2016 kEUR</b>
<b>Delivered supplies and services</b>	<b>6.698</b>	<b>25.816</b>
to companies controlled by majority shareholders	6.698	19.844
to majority shareholders	0	8
to Supervisory Boards	0	5.964
<b>Received supplies and services</b>	<b>10.065</b>	<b>777</b>
of companies controlled by majority shareholders	10.065	777
of Supervisory Boards	0	0
<b>Other operating expenses</b>	<b>1</b>	<b>54</b>
of companies controlled by majority shareholders	0	4
of majority shareholders	1	0
of Supervisory Boards	0	50

There were no other business relationships with related parties in financial year 2017.

## 15 Events after the balance sheet date

No other significant events occurred after the balance sheet date as of April 3, 2018.

## 16 Approval of the 2017 consolidated financial statements by the Executive Board for publication in accordance with IAS 10.17

These consolidated financial statements take into account all events known to the Management Board up to April 3, 2018.

Berlin, April 3, 2018



Patrick Brenske  
(Management Board)



Dr. Walter von Horstig  
(Management Board)

## 17 "Auditors' Report

To the Supervisory Board and shareholders of M1 Kliniken AG, Berlin:

### **Audit assessment**

I have audited the IFRS consolidated financial statements of M1 Kliniken AG - consisting of the consolidated balance sheet as at December 31, 2017, consolidated statement of comprehensive income for the period from January 1, 2017 to December 31, 2017, consolidated cash flow statement for the period from January 1, 2017 to December 31, 2017, consolidated statement of changes in equity for the period from January 1, 2017 to December 31, 2017, consolidated fixed asset movements as of December 31, 2017, notes to the consolidated financial statements, for the period from January 1, 2017 to December 31, 2017 and the group management report.

In my opinion, based on the findings of my 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, 2017 and its results of operations for the financial year from January 1, 2017 to December 31, 2017 in accordance with German principles of proper accounting, and comply with the requirements of German commercial law.
- 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 assessment**

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 "Auditor's Responsibility to Audit the Financial Statements and 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.

### **Responsibility of the legal representatives 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 not.

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 misstatement, whether intended or not, and whether the Group management report as a whole provides a suitable view of the Group's position and is in accordance, in all material respects, with the consolidated financial statements and the findings of the audit, and suitably presents the opportunities and risks of future development, and to express an audit opinion that includes my opinion on the consolidated financial statements and the Group management report.

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 assessment. 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.
- In my opinion, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events such 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, among other things, 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.

The audit report is signed as follows in accordance with § 321 (5) HGB, taking into account § 32 WPO.

Berlin, April 17, 2018

  
Dipl.-Kfm. Harry Haseloff  
Auditor





## Sources

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- 2 [https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2018/02ZPD18\\_059\\_813.html](https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2018/02ZPD18_059_813.html)
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- 4 <https://de.statista.com/statistik/daten/studie/244676/umfrage/haeufigste-schoenheitsoperationen-weltweit-nach-art-des-eingriffs/>
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- 6 <http://meyer-gattermann.de/trends-behandlungen>

## Glossary

### AMNOG

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

### Net profit

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

### Botulinumtoxin

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

### Cash Flow

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

### 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 and amortization of valuables and intangible assets are added to earnings before interest and taxes.

### Hyaluronic acid

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

### Dermal filler

Dermal fillers are special filling substances for the volume build-up of e.g. sunken cheeks or for the enlargement of lips, which completely biodegrade after some time.

### Licensing

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

## Imprint

### **M1 Kliniken AG**

Grünauer Straße 5  
D-12557 Berlin

**T:** + 49 (0) 30 34 74 74 - 414

**F:** + 49 (0) 30 34 74 74 - 417

**M:** [ir@m1-kliniken.de](mailto:ir@m1-kliniken.de)

**W:** [www.m1-kliniken.de](http://www.m1-kliniken.de)

### **Management Board:**

Patrick Brenske  
Dr. Walter von Horstig

### **Supervisory Board:**

#### **Chairman of the Supervisory Board:**

Dr. Albert Wahl

#### **Deputy Chairman of the Supervisory Board:**

Uwe Zimdars

#### **Member of the Supervisory Board:**

Prof. Dr. Dr. Sabine Meck

### **Registry court:**

Amtsgericht Charlottenburg

### **Registry number:**

HRB 107637 B

### **Concept, design and realisation:**

M1 Kliniken AG  
Investor Relations

### **Photos:**

M1 Kliniken AG  
iStock  
Fotolia



**M1 Kliniken AG**

Grünauer Straße 5  
D-12557 Berlin

**T:** + 49 (0) 30 34 74 74 - 414

**F:** + 49 (0) 30 34 74 74 - 417

**M:** [ir@m1-kliniken.de](mailto:ir@m1-kliniken.de)

**W:** [www.m1-kliniken.de](http://www.m1-kliniken.de)