



Kliniken AG



INTERIM REPORT
2019

Key figures of M1 Kliniken AG

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

	30.06.2019 EUR	30.06.2018 EUR
Sales	32,932,440.40	28,926,972.60
EBT	5,182,897.25	4,288,173.79

Consolidated balance sheet according to IFRS (in EUR)

	30.06.2019 EUR	31.12.2018 EUR
Assets		
Short-term assets	42,483,757.03	44,627,180.70
Long-term assets	42,230,794.49	24,926,795.33
Total assets	84,714,551.52	69,553,976.03
Liabilities		
Short-term liabilities	5,537,629.11	5,658,654.93
Long-term liabilities	11,431,254.53	152,686.57
Equity	67,745,667.88	63,742,640.53
Total liabilities and equity	84,714,551.52	69,553,976.03

Share

Classes of shares	Bearer shares
Number of shares	17,500,000
WKN / ISIN	A0STSQ / DE000A0STSQ8
Ticker symbol	M12
Trading shares	Frankfurt, Xetra, Dusseldorf, Stuttgart, Munich
Market segment	Basic Board, Open Market
Designated Sponsor, Listing Partner	Kepler Cheuvreux, Oddo Seydler Bank AG
Coverage	Bankhaus Metzler, Commerzbank AG, First Berlin, GBC AG, Hauck & Aufhäuser, Kepler Cheuvreux

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Share performance of M1 Kliniken AG





Dear shareholders, dear Ladies and gentlemen,

M1 Kliniken AG was able to confirm its growth course in the first half of 2019. After a total of 24 specialist centres at the end of 2018, we were able to open four new specialist centres in the first half of 2019. This includes two centres for dental treatments (Frankfurt, Hamburg), a further specialist centre for injection treatments (Dortmund) as well as a our second international location in Melbourne/Australia.

In addition, we established cosmetic laser treatments for hair removal in ten of our specialist centres and plan to roll-out this service to almost all German locations by the end of the year.

The demand for our medical aesthetic treatments has continued to develop positively. Group sales rose to EUR 32.9 million in the first half of 2019, compared to EUR 28.9 million in the first half of 2018. The „Beauty“ segment grew strongly, with sales rising to EUR 20.3 million in the first half of 2019 (previous year: EUR 14.3 million). This corresponds to a growth rate of more than 40 %. Sales in the „Retail“ segment decreased from EUR 14.6 million in the previous year to EUR 12.6 million in the first half of 2019.

Earnings before taxes (EBT) for the reporting period rose from kEUR 4,288 as of 30 June 2018 to kEUR 5,183.

The second half of 2019 promises further exciting developments for M1. In mid-July 2019, Amsterdam opened as the first specialist centre in the Netherlands. Further locations are to follow at a short distance. In addition to new openings in Germany, we are also planning to open specialist centres in Switzerland and the UK in the second half of 2019, as well as further facilities in Australia.

We thank our employees for their commitment to M1 Kliniken AG in the first months of 2019. Based on their special commitment, we will be able to continue our success story in the coming months. We would also like to thank our Supervisory Board for the very constructive and beneficial cooperation.

yours

Patrick Brenske
Management Board

Dr. Walter von Horstig
Management Board

Group interim management report of M1 Kliniken AG

1. Company profile

M1 Kliniken AG is one of the fastest growing and leading private providers of health services in the beauty sector. With its products and services, the group of companies offers a customer-oriented spectrum of aesthetic and surgical treatments throughout Germany. Our experienced and highly specialized team of doctors performs minimally invasive and surgical procedures to the highest quality standards using high-quality products and state-of-the-art medical technology.

Locations



2. Economic report

2.1 General economic situation

Following strong growth in 2016 and 2017 - with real GDP growth rates of 2.2% and 2.5%, respectively - the German economy slowed down in 2018 with only 1.5% real GDP growth overall. This development began mainly towards the end of 2018 and continued at the beginning of 2019. Compared to the fourth quarter of 2018 (price-, seasonal- and calendar-adjusted), positive impulses for economic development at the beginning of 2019 came primarily from the domestic economy. Private households increased their consumer spending disproportionately by 1.2%, the strongest increase in private consumer spending since 2011.

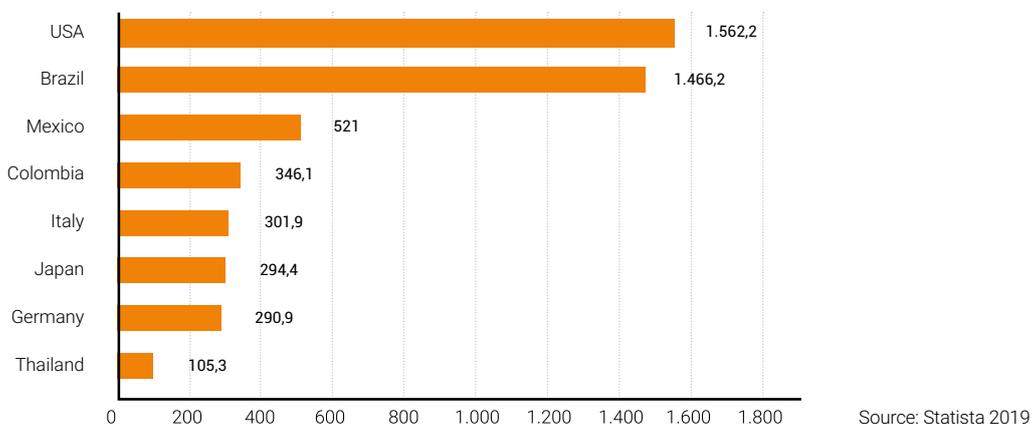
Employment in Germany continued to increase, rising from 44.9 million at the end of 2018 to 45.3 million in June 2019. This further increase in employment and noticeable increases in income are expected to lead to a further significant rise in consumer spending by private households in 2019.

2.2 Sector-related economic environment

In addition to demographic developments, medical-technical progress and the population's understanding of health, rising household incomes support an increasing demand for products and services in the medical-aesthetic market. As society grows older and stays fit longer, people want to look as old as they feel. Also due to the increased social acceptance of beauty medicine, the beauty market is a growing branch within the health industry.

According to ISAPS (International Society of Aesthetic Plastic Surgery) surveys, approximately 23.4 million beauty treatments were performed worldwide in 2017 (+2% year-on-year). More than 85% of the patients are women. The main applications are breast augmentations/liftings and liposuctions in surgery as well as filler treatments with hyaluronic acid and injections with botulinum toxin. This is also reflected in the specialized range of treatments offered by M1 Kliniken AG.

Countries with the highest number of aesthetic surgeries in 2017 (in 1,000)



The world's largest markets for beauty treatments outside Europe are the USA, Brazil, Japan and Mexico. The potential in the most important EU markets is estimated at EUR 10 billion.

Within Europe, Germany is the leading market for medical aesthetic treatments, with more than 700,000 interventions in 2017 - besides Italy. The relevant core target group for M1 Kliniken AG is estimated to be at least 10 million women between 20 and 40 years of age. This target group has the greatest desire for improvement in breasts, body fat and wrinkles.

A growing proportion of women in Germany can imagine to undergo an aesthetic intervention. This trend will continue in the coming years as social media becomes more popular, taboos fade and beauty treatments become more socially accepted.

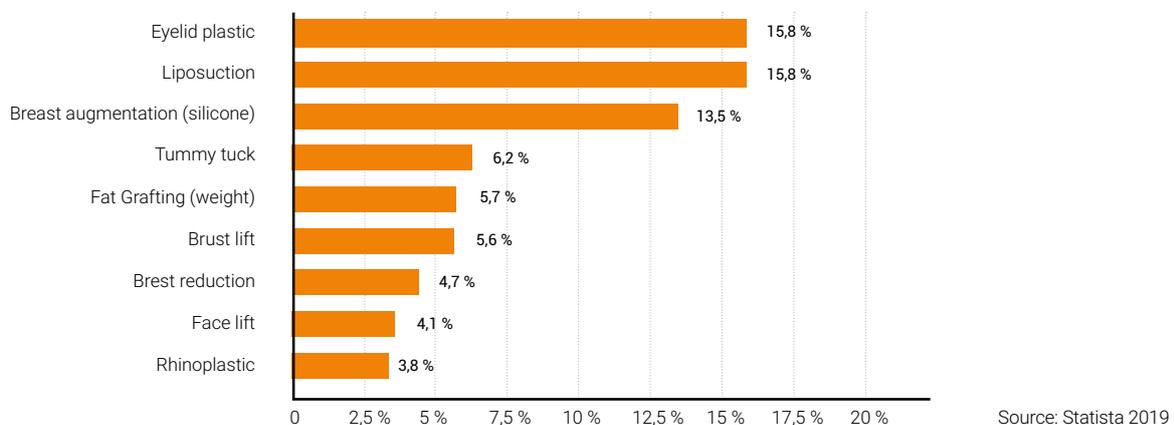
2.3 Outlook

The monthly indicators on the state of the economy point to a recovery in economic development in the current and in the coming year. The German Institute for Economic Research (DIW) forecasts real growth in the German economy of 0.9% this year and 1.7% in 2020. The forecast is based on continued employment growth and further wage increases. In contrast, the current trade conflicts at the international level, which could increase further in scale, represent a significant risk for the German economy.

In the field of aesthetic medicine, experts expect a constant annual increase. According to Medical Insight, worldwide sales of aesthetic products will increase annually by 11.8% from USD 6.8 billion in 2014 to USD 11.9 billion in 2019. This increase will be driven primarily by new products, and neuromodulators such as botulinum toxin and dermal fillers.

No specific forecasts for the German market currently exist. Due to the positive economic development, in particular the increase in purchasing power, further growth rates can be expected. The extensive „removal of taboos“ in beauty medicine and enormous progress in treatment methods and techniques support this assumption.

Proportion of the most frequent aesthetic surgeries in Germany by type of intervention in 2017



3. Economic position

3.1 Earnings position of the M1 Group (IFRS)

The company's situation in the first half of 2019 was again characterised by the growth of our operating business - above all in the „Beauty“ segment. Sales amounted to kEUR 32,932 in the first half of 2019 (first half of 2018: kEUR 28,927). Sales in the „Beauty“ segment rose from kEUR 14,280 in the first half of 2018 to kEUR 20,329 (30.06.2019) and thus by more than 40%. In contrast, sales in the „Trading“ segment declined by 14% to kEUR 12,603 in the first half of 2019 (first half of 2018: kEUR 14,647).

Earnings before taxes (EBT) amounted to kEUR 5,183 (first half of 2018: kEUR 4,288) and net income for the period to kEUR 4,003 (first half of 2018: kEUR 3,373).

3.2 Financial position of the M1 Group (IFRS)

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

Our capital structure is good. Equity at the end of June 2019 was kEUR 67,746 as compared to kEUR 63,743 in December 31, 2018.

3.3 Assets position of the M1 Group (IFRS)

The financial position of the M1 Group compared to December 31, 2018 is characterized by a decline in cash and cash equivalents of kEUR 10,051 to kEUR 15,333 as of June 30, 2019, with other short-term financial assets rising to kEUR 6,419 (kEUR 726 as of December 31, 2018) and other long-term financial assets rising from kEUR 5,353 to kEUR 16,409.

Inventories increased by kEUR 949 to kEUR 2,353 as of June 30, 2019 (kEUR 1,404 as of December 31, 2018). Property, plant and equipment increased from kEUR 5,489 as of December 31, 2018 to kEUR 17,480. Due to the first-time application of IFRS 16 (Leases), this includes rights of use amounting to kEUR 12,364.

Income tax liabilities decreased from kEUR 1,699 as of December 31, 2018 to kEUR 764 as of June 30, 2019.

Trade payables increased from kEUR 908 as of December 31, 2018 to kEUR 1,783 (June 30, 2019).

Due to the first-time application of the provisions of IFRS 16 (Leases), short-term lease liabilities of kEUR 1,560 and non-current lease liabilities of kEUR 10,898 were recognized.

Overall, our economic situation can be described as good.



Group interim financial report

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Group balance sheet – Assets

for the time period from 1 January to 30 June 2019*

	30,06,2019 in EUR	31,12,2018 in EUR
Cash and cash equivalents	15,333,18.26	25,383,992.68
Trade account receivables	15,982,097.97	16,738,922.91
Inventories	2,352,645.23	1,404,126.31
Other short-term financial assets	6,418,854.46	726,043.78
Other short-term non-financial assets	989,954.33	361,192.62
Income tax receivables	1,407,022.78	12,902.40
Short-term assets	42,483,757.03	44,627,180.70
Intangible assets (without company value)	218,789.81	258,291.60
Company value	8,028,736.90	8,028,736.90
Tangible assets	17,480,188.02	5,488,775.27
Other long-term financial assets	16,409,364.91	11,056,024.43
Other long-term non-financial assets	93,714.85	94,967.13
Long-term assets	42,230,794.49	24,926,795.33
TOTAL ASSETS	84,714,551.52	69,553,976.03

* Accounting under IFRS

Group balance sheet – Liabilities

for the time period from 1 January to 30 June 2019*

	30.06.2019 in EUR	31.12.2018 in EUR
Short-term accruals	675.940,68	654.000,78
Liabilities from income taxes	764.279,34	1.698.571,30
Trade account payables	1.783.102,38	907.663,64
Short-term leasing liabilities	1.560.255,42	0,00
Other short-term financial liabilities	68.258,56	81.968,25
Other short-term non-financial liabilities	272.566,31	1.800.774,66
Advance payments received	413.226,42	515.676,30
Short-term liabilities	5,537,629.11	5,658,654.93
Long-term leasing liabilities	10,898,336.96	0.00
Other long-term financial liabilities	117,558.66	149,546.44
Deferred tax liabilities	415,358.91	3,134.13
Long-term liabilities	11,431,254.53	152,680.57
Subscribed capital	17,500,000.00	17,500,000.00
Capital reserve	28,044,731.01	28,044,731.01
Retained earnings	22,200,936.87	18,197,909.52
Equity	67,745,667.88	63,742,640.53
TOTAL LIABILITIES	84,714,551.52	69,553,976.03

* Accounting under IFRS

Group profit and loss statement

for the time period from 1 January to 30 June 2019*

	30.06.2019 EUR	30.06.2018 EUR
Sales	32,932,440.40	28,926,972.60
Other operating income	1,452,496.89	101,124.33
Cost of purchased goods and services	-17,001,310.96	-18,230,563.31
Labour costs		
Wages and salaries	-4,673,115.22	-3,563,598.65
Social insurance contribution and other employee benefits	-986,177.07	-718,401.33
	-5,659,292.29	-4,281,999.98
Other operational expenses	-5,765,657.95	-2,796,503.70
Other taxes	-10,303.30	11,359.10
EBITDA (Operating result before depreciation)	5,948,372.79	3,730,389.04
Depreciation / Amortisation	-1,302,672.35	-255,067.02
EBIT (Earnings before interest and taxes)	4,645,700.44	3,475,322.02
Other interest and similar income	5,431.64	73,927.56
Income from investments	741,524.40	741,524.40
Interest and similar expenses	-209,759.23	-2,600.19
Financial result	537,196.81	812,851.77
EBT (earnings before taxes)	5,182,897.25	4,288,173.79
Taxes on income and earnings	-1,179,869.90	-914,681.89
Net profit	4,003,027.35	3,373,491.90
Undiluted earnings per share (in EUR)	0.23	0.20

* Accounting under IFRS

Consolidated cash flow statement

for the time period from 1 January to 30 June 2019*

	30.06.2019 EUR	30.06.2018 EUR
Net profit / Period income	4,003,027.35	3,373,491.90
1. Depreciation on tangible assets	1,302,672.35	255,067.02
2. Change in short-term accruals	21,939.90	-98,209.17
3. Change in fair value valuations	-1,366,113.60	-866.30
4. Change in inventory	-948,518.92	-127,202.87
5. Change in trade account receivables and other assets	412,504.83	-4,071,033.42
6. Change in trade account payables and other liabilities	-768,929.18	2,866,136.42
7. Profit / loss from the disposal of fixed assets	438,050.34	-6,616.64
8. Interest expense / income	204,327.59	-71,327.37
9. Other investment income	-741,524.40	-741,524.40
10. Tax expense / income	1,179,869.90	914,681.89
11. Income tax payments	-3,096,057.46	-141,022.42
Cash flow from operating activities	641,248.70	2,151,574.64
1. Payout for investments in intangible assets	-23,744.00	-144,530.34
2. Inpayment from the disposal of fixed assets	525,202.04	6,617.64
3. Payout for investments of fixed assets	-482,889.79	-783,073.98
4. Payout for investments of financial assets	-10,240,800.00	0.00
5. Payout for investments in non-consolidated business units	-188,026.88	0.00
6. Interest payments received	5,431.64	73,927.56
7. Dividends received	741,524.40	741,524.40
Cash Flow from investment activities	-9,663,302.59	-105,534.72
1. Payout from the repayment of liabilities to banks	-32,625.66	-32,565.02
2. Interest paid	-1,297.29	-2,600.19
3. Amortisation of rights of use	-994,833.58	0.00
Cash Flow from financing activities	-1,028,756.53	-35,165.21
Cash Flow	-10,050,810.42	2,010,874.71
1. Liquid funds on 01 January 2019 / previous year	25,383,992.68	14,687,401.83
2. Liquid funds on 30 June 2019 / previous year	15,333,182.26	16,698,276.54
Change in liquid funds	-10,050,810.42	2,010,874.71

* Accounting under IFRS

Consolidated equity change account

for the time period from 1 January to 30 June 2019*

	Share capital EUR	Capital reserves EUR	Legal reserve / Total profit / loss EUR	Total equity EUR
As of 1 January 2018	16,500,000.00	14,244,938.63	16,535,342.38	47,280,281.01
Net profit of period	0.00	0.00	3,373,491.90	3,373,491.90
Dividends	0.00	0.00	0.00	0.00
As of 30 June 2018	16,500,000.00	14,244,938.63	19,908,834.28	50,653,772.91
As of 1 January 2019	17,500,000.00	28,044,731.01	18,197,909.52	63,742,640.53
Net profit of period	0.00	0.00	4,003,027.35	4,003,027.35
Dividends	0.00	0.00	0.00	0.00
As of 30 June 2019	17,500,000.00	28,044,731.01	22,200,936.87	67,745,667.88

* Accounting under IFRS



Condensed notes (unaudited)

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1. General information

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

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

The consolidated interim financial statements for the period January 1 to June 30, 2019 of M1 Kliniken AG were compiled in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and according to IAS 34 „Interim Reporting“ as this is to be applied in the European Union. The figures are unaudited.

With regard to the methods of accounting, valuation and consolidation applied, together with exercising of the options contained in IFRS, we refer to the notes to the consolidated financial statements as of December 31, 2018.

2. Basis of consolidation

No changes took place in the basis of consolidation during the period covered by this reporting. We refer to our presentation in the consolidated financial statements as of December 31, 2018.

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

Liquid funds, which amount to kEUR 15,333 (31.12.2018: kEUR 25,384), are mostly bank deposits and recorded at their nominal values.

Trade account receivables which amount to kEUR 15,982 (December 31, 2018: kEUR 16,739) are valued using the effective interest methods at amortised cost less any impairment.

Inventories which amount to kEUR 2,353 (December 31, 2018: kEUR 1,404) consist of finished products, which were valued at procurement and manufacturing costs. In accordance with IAS 2, all costs incurred by the acquisition of the respective inventories were included.

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

Other operating expenses, which amount to kEUR 5,766 (01.01.-30.06.2018: kEUR 2,797), include a large number of individual items such as advertising and travel expenses, legal and consulting costs, etc. One-time expenses of kEUR 1,666 are included in this item.

In accordance with IFRS 16 (Leases), rental and leasing expenses of kEUR 882 are now reported under depreciation.

Earnings before taxes (EBT) amounted to kEUR 5,183 (30.06.2018: kEUR 4,288).

4. Dividends

At the Annual General Meeting, which is held on 23 August 2019, a dividend of €0.30 per dividend-bearing share was proposed for the 2018 financial year.

5. Contingent liabilities and other financial obligations

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

6. Events of particular significance after 30.06.2019

After the balance sheet date June 30, 2019, until the date of publishing of this report, no events of particular significance took place.

Berlin, August 2019



Patrick Brenske
Management Board



Dr. Walter von Horstig
Management Board

Further information

Glossary

AMNOG

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

Balance sheet profit

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

Botulinum toxin

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

Hyaluronic acid

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

Dermal fillers

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



Imprint

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Member of the supervisory board:
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Registry court:

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Register number:

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Conception, design and realisation:

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