



M1

Kliniken AG

ANNUAL REPORT

2022

2 M1 KLINIKEN AG KEY FIGURES

Statement of comprehensive income according to IFRS (in kEUR)

	fiscal year 2022	fiscal year 2021
Sales	285,291	314,610
EBT	10,233	14,424
Net profit	7,070	10,880

Balance sheet according to IFRS (in kEUR)

	31.12.2022	31.12.2021
Short-term assets	107,307	110,195
Long-term assets	89,718	87,916
Total assets	197,025	198,111
Short-term liabilities	37,466	43,418
Long-term liabilities	16,508	14,791
Equity	143,051	139,902
Total liabilities and equity	197,025	198,111

Shares

Share class	Bearer shares
Number of shares	19,643,403
WKN / ISIN	A0STSQ / DE000A0STSQ8
Ticker symbol	M12
Trading places	Frankfurt, Xetra, Dusseldorf, Stuttgart, Berlin, Hanover, Hamburg, Munich, Tradegate, gettix, Quotrix
Market segment	Entry Standard (Open Market)
Designated Sponsor, Listing Partner	mwb fairtrade
Coverage	Bankhaus Metzler, M.M. Warburg & Co., First Berlin
Market capitalization	EUR 178.0 mn (as of 31.12.2022 - Xetra)

CONTENT

1. LETTER TO THE SHAREHOLDERS	4
2. SUPERVISORY BOARD REPORT	6
3. GROUP MANAGEMENT REPORT	11
3.1 Company Profile	12
3.2 Organisation and Business Segments	13
3.3 Economic Report	14
3.4 Results after the Balance Sheet Date.....	20
3.5 Forecast Report	21
3.6 Opportunity and Risk Report.....	22
3.7 Risk Reporting on the Use of Financial Instruments.....	29
3.8 Report on Branches.....	29
3.9 Final Declaration According to § 312 (3) sec. 3 AktG.....	29
4. GROUP FINANCIAL STATEMENT	30
4.1 Group – Profit and Loss Statement.....	31
4.2 Group – Balance Sheet - Assets.....	32
4.3 Group – Balance Sheet - Liabilities/Equity	33
4.4 Group – Cash Flow Statement	34
4.5 Group – Statement of Changes in Equity	35
5. GROUP ANNEX/ NOTES	36
5.1 General Information	39
5.2 Discretionary Decisions, Estimates and Assumptions	40
5.3 Scope of Consolidation and Consolidation Principles	41
5.4 Remarks on Accounting and Valuation Methods	47
5.5 Notes to the Consolidated Profit and Loss Statement.....	54
5.6 Notes to the Consolidated Balance Sheet.....	58
5.7 Notes to the Consolidated Cash Flow Statement	69
5.8 Segment Reporting.....	69
5.9 Further Disclosures on Financial Instruments.....	70
5.10 Other Disclosures	73
5.11 Approval by the Management Board for the Publication of the 2022 Consolidated Financial Statements in Accordance with IAS 10.17.....	76
5.12 Independent Auditor’s Report	77
6. FURTHER INFORMATION.....	80
Glossary.....	80
Sources.....	81
Imprint.....	83



Dear Shareholders, Ladies and Gentlemen,

In the past financial year 2022, M1 Kliniken AG was able to increase its sales in the "Beauty" segment by more than 14% compared to the previous year and continue to grow profitably. The EBIT margin in this segment increased from 9.8% to around 12%, which confirms the sustainability of this business model. Overall, a net profit for the year of 7.1 million euros (previous year 10.9 million euros) was generated and Group equity increased by 3.2 million euros to 143.1 million euros.

After two years of partial closures and restrictions due to the pandemic, normality returned in 2022. Despite the decline in sales, the sales performance of the two business segments "Beauty" and "Trade" was successful, even though overall sales fell as expected to 285.3 mn euros in 2022 (previous year 314.6 mn euros). The decrease in total sales compared to the previous year is mainly due to the declining demand for medical products from the Covid Diagnostics business in the "Trade" segment. This resulted in a significant one-time effect in the fiscal year 2021. At the same time, further streamlining of the product range took place in the HAEMATO subgroup, which also led to an expected decline in sales.

The fiscal year 2022 was characterized by restructuring measures aimed at reducing costs in all major areas of the Group. The focus was on optimizing operational processes. This work already led to initial successes in the past year and will be continued in 2023.

The expansion of the medical centers in Germany and abroad was continued with the opening of eight locations in four countries, so that we were represented in eight countries with a total of 54 M1 locations at the end of 2022. The foreign Beauty country organizations, some of which were still affected by the after-effects of the Corona pandemic, generated an operating loss of 2.4 mn euros (prev. year 1.0 mn euros). New store openings, particularly abroad, are initially characterized by the gradual development of the brand and the acquisition of regular customers. They generally take around 24 months to reach break-even. At the new location in Budapest (Hungary), break-even was achieved after just six months following the opening in September 2022. Sales at the foreign locations increased from EUR 5.8 mn in the previous year to EUR 8.6 mn in the financial year 2022.

Sales in the Beauty segment rose by a total of 14.1% to over EUR 60.2 mn (prev. year EUR 52.8). The EBIT margin in this segment increased from 9.8% (EUR 5.15 mn) in the previous year to 11.7% (EUR 7.03 mn). The domestic Beauty locations were able to increase their EBIT margin even more significantly from 12.2% to 18.3% and raised their operating result from 6.2 mn euros to 9.4 mn euros. In the coming weeks, expansion in Eastern Europe will continue with the opening of specialist centers in Sofia (Bulgaria) and Bucharest (Romania).

In Eastern Europe, M1 benefits from lower material and personnel costs combined with high price levels for high-quality medical beauty treatments. The plan is to operate between 75-100 sites by 2025. The Beauty segment is expected to generate an EBIT margin of at least 20%.

The ratio of cost of materials to sales decreased to 81.5% in the financial year 2022 (prev. year 82.4%). This is due to the optimized, higher-margin product mix in the Trade segment.

The operating profit 2022 (EBIT) of the M1 Group amounts to EUR 9.3 mn (prev. year EUR 12.1 mn). Earnings before taxes (EBT) amount to EUR 10.2 mn in the fiscal year 2022 (prev. year EUR 14.4 mn). After taxes, a net profit of EUR 7.1 mn was generated (prev. year EUR 10.9 mn).

Equity increased by EUR 3.2 mn to EUR 143.1 mn as of 31 December 2022 (prev. year EUR 139.9 mn). The equity ratio increased to 72.6% (prev. year 70.6%).

In the financial year 2022, a high operating cash flow of EUR 20.8 mn was again generated (prev. year EUR 15.7 mn). Free cash flow, taking into account payments for investments, amounted to EUR 19.0 mn (prev. year EUR 14.3 mn) and impressively demonstrated the financial strength of the M1-Group.

In 2023, the process optimization and digitalization as well as further profitable sales growth in the domestic locations will be driven forward. The number of M1 sites is to increase by six to 60 sites in a total of 10 countries.

Wholesaling and the development of high-margin private labels in the field of "Aesthetic Medicine" will also be driven forward. With the signing of a licensing and supply agreement with the South Korean cooperation partner Huons BioPharma in October 2021, a milestone was reached in the private label strategy with the aim of obtaining approval for and marketing a botulinum toxin product under its own name in the European Economic Area (EEA). The application to conduct a clinical trial was submitted to the relevant authorities at the end of January 2023. Assuming a normal course of the clinical trial, we expect approval to be granted as early as 2025.

The geopolitical conditions caused by the ongoing war in Ukraine, the associated Russia sanctions and the significant rise in energy prices, which are driving a general high level of inflation, may have a negative impact on consumer spending.

However, thanks to our attractively priced range of treatments for cosmetic medicine, the unbroken global trend towards a steady increase in these treatments, and the long-term contractual security of our business activities, we are confident that we will continue to be able to master these challenges well. We are well positioned for further development.

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

Berlin, April 2023



Kilian Brenske
(Management Board)



Attila Strauss
(Management Board)

2. SUPERVISORY BOARD REPORT

Monitoring and cooperation with the Management Board

In financial year 2022, the Supervisory Board of M1 Kliniken AG performed the duties incumbent upon it under the law and the Articles of Association with great care. The Management Board was advised by the Supervisory Board in its activities. The Supervisory Board was involved directly and at an early stage by the Management Board in all decisions of fundamental importance for the Company. The Management Board provided the Supervisory Board with regular, timely and comprehensive information, orally, by telephone and in writing, on the course of business, the economic situation of the Company and the Group, significant business transactions, corporate planning including issues of business policy and risk management, the development of costs and earnings, liquidity, and investment measures. The Supervisory Board was able to satisfy itself of the proper conduct of business by the Management Board. No topic-related committees were formed within the Supervisory Board.

Meetings, consultations and resolutions

The Supervisory Board held seven ordinary meetings in the fiscal year 2022. A quorum was present at all meetings. The meetings focused on the following topics, among others:

- 15.02.2022**
 - Current business performance, Q4/2021 earnings and outlook for preliminary earnings 2021
 - Sales development of the HAEMATO subgroup
 - Operational highlights Q1-Q4/2021 and status of cost optimization and shared services
 - Timing of annual audit

- 03.05.2022**
 - Discussion of the audited 2021 annual financial statements and other submissions pursuant to § 170 of the German Stock Corporation Act (AktG)
 - Resolution on the approval of the annual financial statements and consolidated financial statements 2021
 - Discussion and resolution of the proposal to the Annual General Meeting of HAEMATO AG on the appropriation of profits for the the fiscal year 2021
 - Discussion of the report of the Management Board on relations with affiliated companies for the fiscal year 2021 and the auditor's report
 - Discussion and adoption of the report of the Supervisory Board to the Annual General Meeting for the the fiscal year 2021
 - Resolution on the agenda of the Annual General Meeting on 13 July 2022
 - Proposal for the election of the auditor for the fiscal year 2022

- 12.07.2022**
 - Preliminary discussion of the Annual General Meeting on 13 July 2022

- 11.10.2022**
 - Change in the composition of the Supervisory Board: Resignation of Dr. Wahl for personal reasons and planned appointment of Prof. Dr. Hempel
 - Development of the Group in 2022 in the various business areas
 - Explanation of the streamlining of the cost structure in the HAEMATO subgroup and reduction of fixed material and personnel costs at M1, the full cost effects of which will become apparent in 2023

- 15.11.2022**
 - Expansion of the Executive Board (appointment of Mr. Kilian Brenske)

- 24.11.2022**
 - Expansion of the Executive Board (appointment of Mr. Attila Strauss, dismissal of Dr. Walter von Horstig)

- 13.12.2022
- Stock price development and research
 - Operational Highlights 2022 (organizational development, efficiency improvements, review of marketing agreements, cost-cutting measures).
 - Explanation of the figures for the 3rd quarter of 2022
 - Framework planning for the coming financial years

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

Annual financial statements

The Supervisory Board satisfied itself of the proper conduct of business by the Management Board. The annual financial statements, the consolidated financial statements and the Group Management Report of M1 Kliniken AG for the financial year ending 31 December 2022, prepared by the Management Board, including the accounting records, were audited by the auditors appointed by the Annual General Meeting, "wetreu NTRG", Kiel, and received an unqualified audit opinion.

The annual financial statements, the consolidated financial statements and the Group management report of M1Kliniken AG, the proposal for the appropriation of net income and the auditor's reports were distributed to each member of the Supervisory Board in good time prior to the financial statements meeting. At the Supervisory Board meetings on 2 May and 16 May 2023, the auditors reported on the main findings of their audit and were available to answer questions from Supervisory Board members. For our part, we have audited the annual financial statements prepared by the Management Board and the consolidated financial statements. At the Supervisory Board meeting on 16 May 2023, we noted with approval the annual financial statements and consolidated financial statements prepared by the Management Board and, following our own review of the annual financial statements, the consolidated financial statements and the proposal for the appropriation of net income, raised no objections. The annual financial statements are thus adopted.

Dependency report

M1 Kliniken AG prepared a dependent company report for its financial year ended 31 December 2022, in accordance with Section 312 AktG.

The dependent company report was audited by the auditors appointed by the Annual General Meeting, wetreu NTRG, Kiel, in accordance with Art. 313 par. 1 AktG. The auditors issued a separate written report on the results of the audit. As there were no objections to the report of the Executive Board, the auditor's report was issued in accordance with Art. 313 par. 3 AktG on 12 May 2023. At the financial statements meeting on 16 May 2023, the auditors reported on the results of their audit and confirmed that the factual information contained in the dependent company report is correct, that the consideration paid by the Company for the legal transactions listed in the report was not inappropriately high or that any disadvantages were compensated, and that there are no circumstances which would justify a materially different assessment of the measures listed in the report from that given by the Management Board.

The dependent company report was submitted to the Supervisory Board for review in good time before the financial statements meeting in accordance with Section 314 of the German Stock Corporation Act (AktG). At its meeting on 16 May 2023, the Supervisory Board examined the dependency report comprehensively for completeness and accuracy. The Supervisory Board concluded that there were no objections to the declaration of the Board of Management at the end of the report on relations with affiliated companies and approved the dependent company report.

Members of the Supervisory Board

In the period from 1 January 2021 to 31 December 2022, the Supervisory Board was composed of the following members: Dr. Albert Wahl (Chairman until 11 October 2022), Mr. Uwe Zimdars (Deputy Chairman, Chairman from 17 October 2022), Prof. Dr. Dr. Sabine Meck (Member) and Prof. Dr. Dirk Hempel (Deputy Chairman from 17 October 2022).

Other

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

Berlin, 16 May 2023

A handwritten signature in blue ink that reads "Zimdars".

Uwe Zimdars
(Chairman of the Supervisory Board)



3 GROUP MANAGEMENT REPORT

3.1	COMPANY PROFILE	12
3.2	ORGANISATION AND BUSINESS SEGMENTS	13
3.3	ECONOMIC REPORT	14
3.3.1	Economic and industry-specific conditions	14
a)	General economic conditions	14
b)	Industry-specific conditions	15
3.3.2	Business performance	17
3.3.3	Net assets, financial position and result of operations	18
a)	Earnings position of the M1 group (IFRS)	18
b)	Financial position of the M1 group (IFRS)	19
c)	Asset position of the M1 group (IFRS)	20
3.3.4	Financial performance indicators of the M1 Group (IFRS)	20
3.3.5	Non-financial performance indicators of the M1 Group (IFRS)	20
3.4	RESULTS AFTER THE BALANCE SHEET DATE	20
3.5	FORECAST REPORT	21
3.5.1	Macroeconomic outlook	21
3.5.2	Entrepreneurial outlook	21
3.6	OPPORTUNITY AND RISK MANAGEMENT REPORT	22
3.6.1	Risk management system	22
3.6.2	Risk Report	22
a)	Industry-specific risks	23
b)	Reputational/quality risks	24
c)	Earnings-related risks	25
d)	Financial risk	26
e)	Infrastructural risks	26
f)	Economic risks	27
3.6.3	Opportunity report	27
3.6.4	General statement	28
3.7	RISK REPORTING ON THE USE OF FINANCIAL INSTRUMENTS	29
3.8	REPORT ON BRANCHES	29
3.9	FINAL DECLARATION ACCORDING TO § 312 (3) SEC. 3 AKTG	29

3.1 COMPANY PROFILE

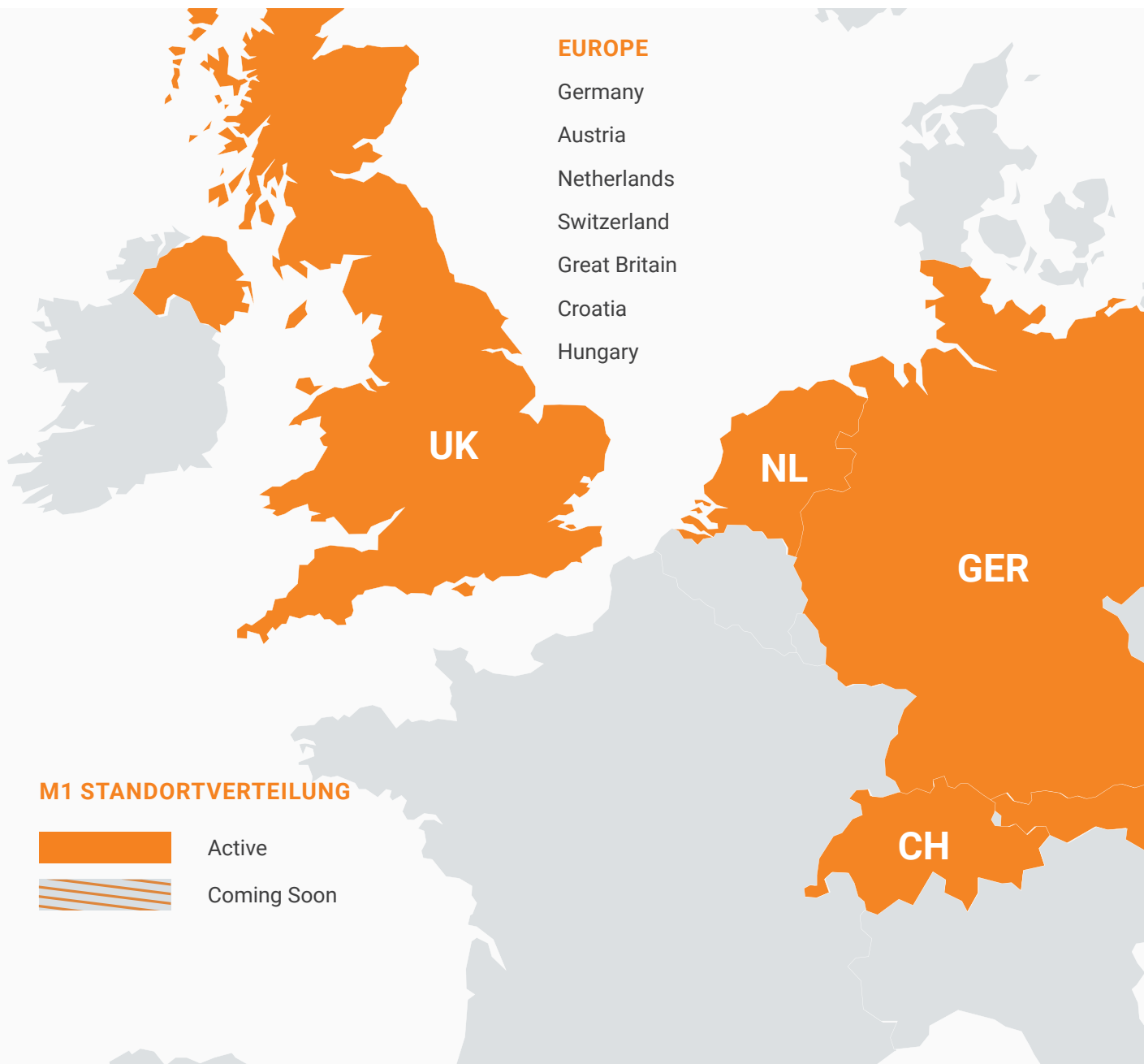
With our guiding principle of "cutting-edge medicine through specialization" and steady growth, we have become the leading provider of healthcare services in the field of beauty medicine and the distribution of medicines and medical products in the areas of "specialty pharmaceuticals" and "aesthetic medicine" in recent years.

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

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

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

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

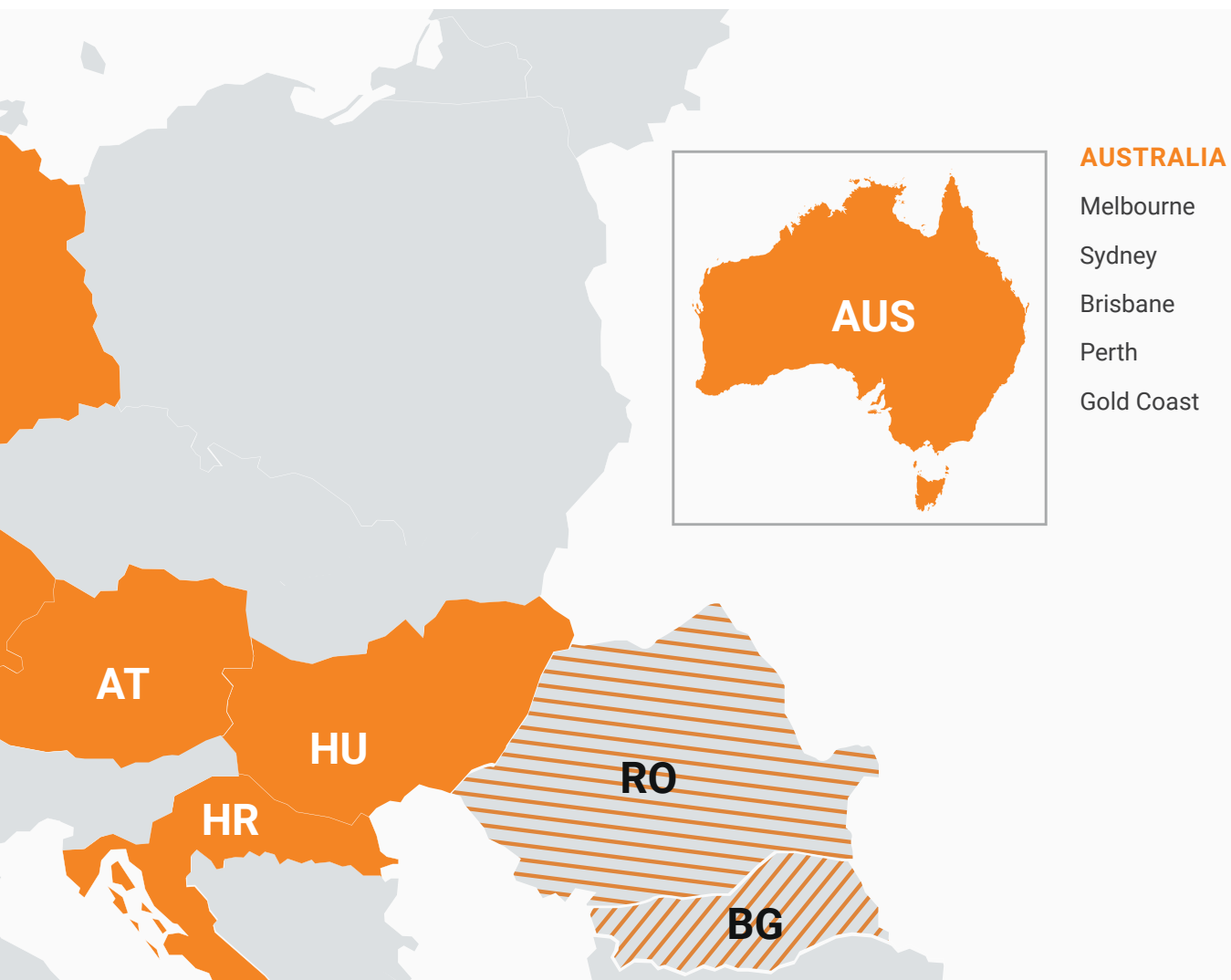


3.2 ORGANISATION AND BUSINESS SEGMENTS

In the "Beauty" business segment, M1 manages a private clinic for plastic and aesthetic surgery (Schlossklinik in Berlin-Köpenick), the medical centers for aesthetic and plastic medicine at locations throughout Germany and abroad, and the product supply of these centers. Under the "M1 Med Beauty" brand, the network of locations comprised a total of 54 specialist centers at the end of 2022 (prev. year 46), 36 of which are located in Germany (prev. year 34). In these centers, the doctors working there cover a focused range of beauty treatments of the highest quality and at attractive prices. In Berlin, M1 operates a specialist surgical clinic (private clinic in accordance with Section 30 of the German Commercial Code) - one of the largest and most modern facilities of its kind in Europe. The number of customers who appreciate this attractive range of services is steadily increasing.

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

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



3.3 ECONOMIC REPORT

3.3.1 Economic and industry-specific conditions

a) General economic conditions

In the past the fiscal year, the core market for our business activities was Germany, although international markets will also become increasingly important in the coming years. In the past financial year, the opening of an M1 specialist center in Budapest (Hungary) laid the foundation for further expansion in the direction of Eastern Europe. Due to relatively low personnel and material costs at a relatively high price level for medical-aesthetic treatments, we see a high potential for further high-margin business there. In the fourth quarter of 2022 and the first quarter of 2023, further M1 national companies were therefore established in Romania and Bulgaria. The opening of medical centers in these countries is scheduled for the second quarter of 2023.

While global GDP (gross domestic product) fell by around 3.1% in 2020 due to the effects of the Corona pandemic and associated lockdown phases, global GDP was already able to record renewed growth of around 6.1% in the following year 2021.¹

For 2022, the Kiel Institute for the World Economy (IfW) expects world production to grow by 3.2%. The increase in global production slowed down again at the end of last year. Global economic expansion weakened significantly overall in 2022, albeit at an unsteady pace. In the final quarter, global economic output again increased only slightly. The brakes were applied by higher energy prices, the now significantly more restrictive monetary policy in response to high inflation, and further measures in China to contain a wave of corona infections. Although world output for the year as a whole increased by 3.2%, roughly in line with the medium-term trend, it was only 1.8% higher in the final quarter than a year earlier. Although global economic sentiment has recently brightened somewhat, the indicator for the global economic climate calculated by IfW Kiel on the basis of sentiment indicators from 42 countries continues to signal only moderate expansion for the current quarter. This means that the phase of recovery of the global economy from the pandemic-related slump has come to an end for the time being.²

According to the German Federal Ministry of Economics and Climate Protection, economic development in Germany proved to be pleasingly resilient last year in the face of the energy crisis and supply chain problems. According to the first preliminary results of the Federal Statistical Office, price-adjusted gross domestic product increased by 1.9% for the year as a whole (prev. year plus 2.7%). The German economy thus grew despite the Ukraine war, supply chain bottlenecks and the energy price crisis. The reasons for the positive performance are catch-up effects following the Corona pandemic and easing supply bottlenecks. Private consumption expanded strongly at a growth rate of +4.6%, as travel, restaurant visits, major cultural events, festivals and trade fairs were once again possible. There are increasing signs that the economic slowdown in the winter half-year will be milder than previously expected.

Nevertheless, the high price developments that are being felt by consumers may still weigh on the economic development in Germany at the beginning of 2023. In addition, uncertainties about the economic outlook are currently still causing a reluctance to invest. According to denifo surveys, the mood in the German economy brightened noticeably in December. Almost all sectors were more confident than before. This is a further indication that a recession may not materialize in the winter half-year 2022/23. The inflation rate decreased by 1.4 percentage points in December to an expected 8.6%. Average consumer prices for 2023 were thus 7.9% higher than a year earlier. The December emergency aid for gas and heat likely played a key role in the December decline. Inflation for energy sources was noticeably weaker than in previous months. The rise in food prices weakened slightly. The labor market continued to prove resilient at the end of the year. Although the use of short-time working is likely to have increased again, it remains at a comparatively low level. However, the shortage of labor is increasingly acting as a brake on growth. The number of vacancies reported will rise to a record level in 2022. In the service sector in particular, almost all industries are looking for new employees.³

Outlook: The economic outlook has brightened somewhat in recent months. However, overall economic output will increase only moderately. Overall, GDP is expected to rise by 0.5% in the current year and by 1.4% in 2024, slightly more than the IfW Kiel had expected in its winter forecast (0.3% and 1.3% respectively). This means that the German economy is likely to avoid deep declines in output as a result of the energy crisis. However, the economic consequences of the war in Ukraine have stifled the recovery from the pandemic and noticeably depressed the level of gross domestic product. Price inflation is likely to remain stubbornly high for some time. As in the winter, IfW Kiel expects consumer prices to rise by 5.4% in the current year and by 2.1% in 2024. High inflation will reduce the disposable income of private households and lead to a decline in consumer spending in the current year.⁴

b) Industry-specific conditions

“BEAUTY” SEGMENT

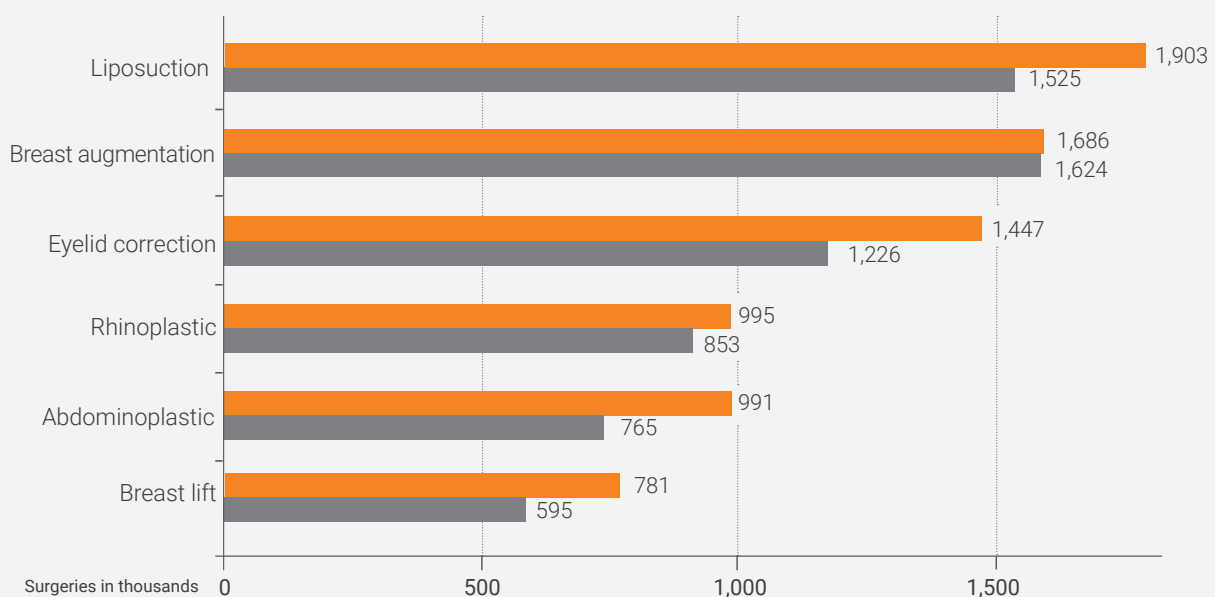
The global beauty market remained a growth market in 2021 (more recent data is not available), both for surgical and outpatient procedures.

Based on the figures of the global association of plastic surgeons for the year 2021 (ISAPS), the number of total aesthetic surgical procedures increased by 18.5% and the number of non-surgical aesthetic cosmetic procedures by 19.9%. According to ISAPS, over a four-year period, surgical procedures increased by 33.3% and non-surgical procedures by as much as 54.4%.⁵

In the surgical field, the two most popular procedures, liposuction and breast augmentation, increased by 24.8% and 3.8%, respectively. The third and fourth most popular aesthetic operations are upper eyelid lifts and rhinoplasty, with growth rates of 18.1% and 16.7%, respectively.

Among non-surgical procedures, the two most popular treatments, botulinum toxin and hyaluronic acid injections, increased by 17.7% and 30.3%, respectively. The change in working life in the context of increased home office use and an increase in the use of video conferencing has pointed the focus on the face and eyes of people, which has increased the demand for eyelid lifts and Botox treatments of the upper half of the face.⁶

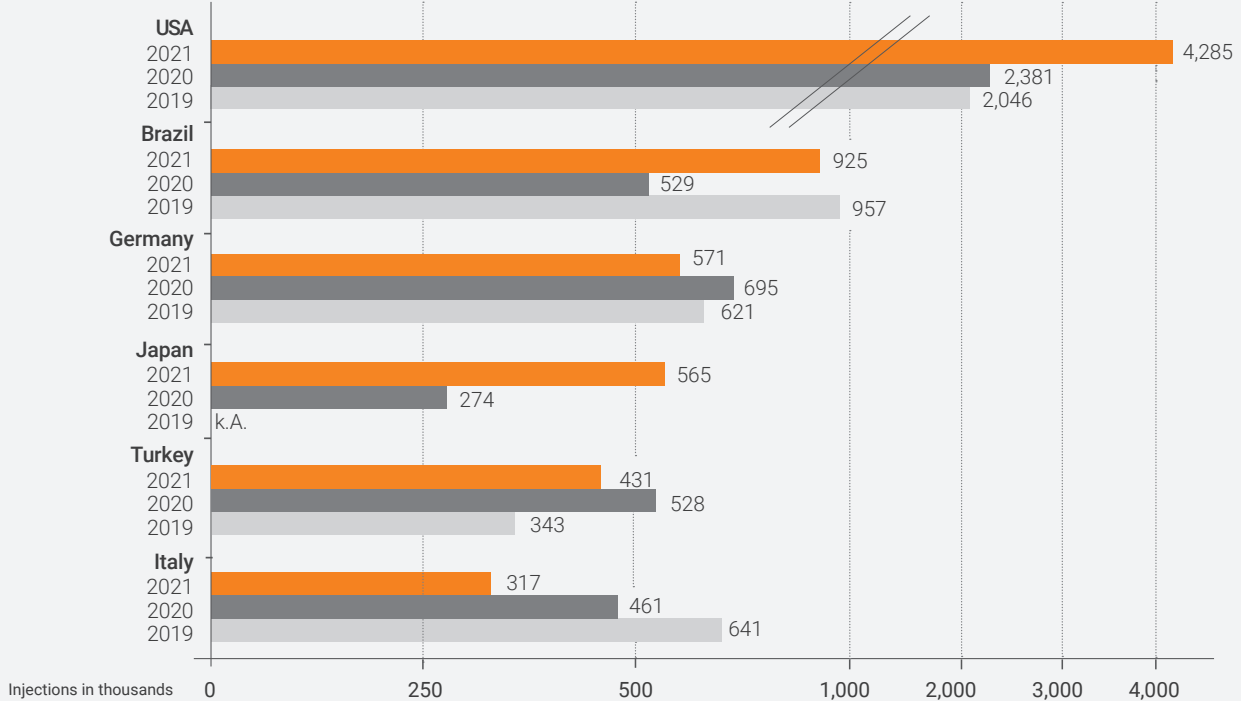
Most frequent cosmetic surgeries worldwide in 2020 vs. 2021 (ISAPS 2023)



In Germany, the treatment figures in 2021 showed a somewhat more differentiated development. When lip augmentation is added to minimally invasive procedures (as in prev. years), there was a 3.1% increase in surgical procedures. Due to increased home office work and lockdowns under Corona restrictions, patients had more time to have longer scheduled surgical procedures. While breast augmentation was the most popular procedure in the previous review period, liposuction was the top-selling procedure in 2021 with a 3.3% increase, followed by eyelid surgery (+12.6%), while breast augmentation is now the third most common procedure (-0.1%).

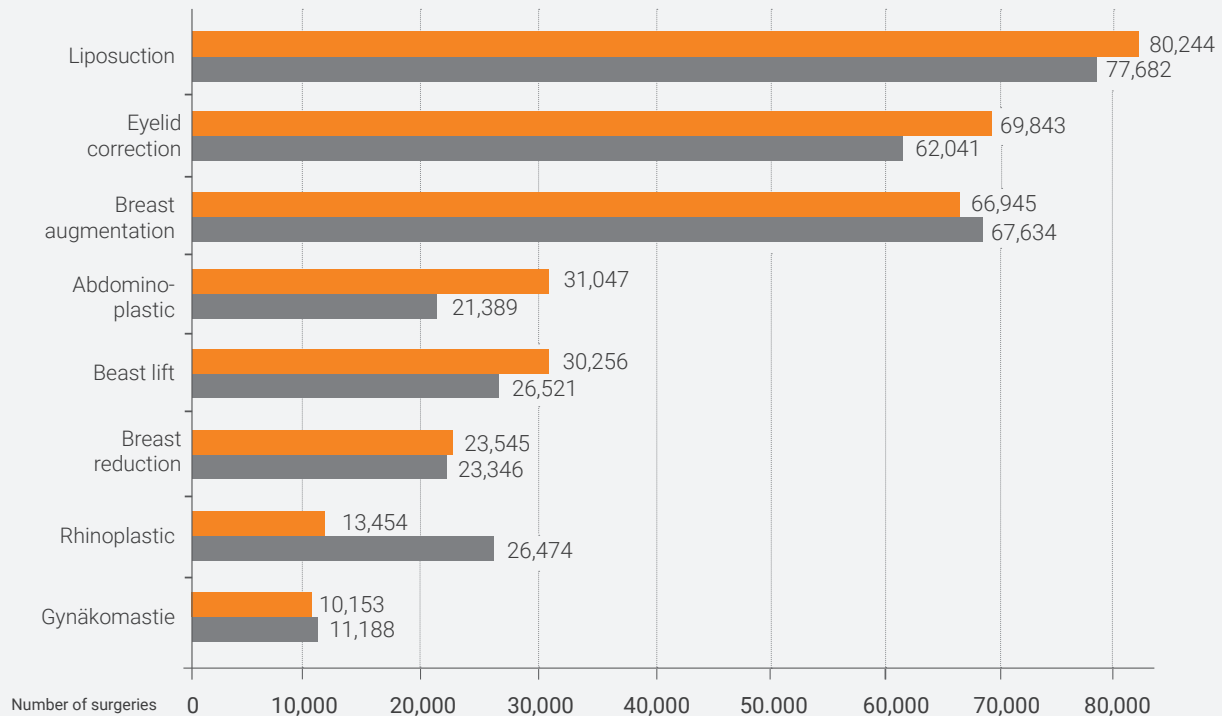
In the area of injectable treatments, a decline of 12% was recorded in Germany due to the obstruction caused by the Corona pandemic. The number of minimally invasive procedures fell from around 732,000 in 2020 to around 644,000 in 2021, with botulinum toxin accounting for around 306,000 treatments and hyaluronic acid (filler) for around 289,000.

Number of injections worldwide compared to previous years (ISAPS 2023)



“TRADING” SEGMENT

The chemical-pharmaceutical industry is still the third largest industrial sector in Germany after automotive and mechanical engineering. In terms of sales, the German chemical and pharmaceutical industry ranks first in Europe and third worldwide behind China and the United States. The pharmaceutical industry is an important part of the chemical industry. Pharmaceuticals account for almost 24 percent of total chemical production. The industry is one of the most productive and research-intensive sectors in Germany. With its research and development expenditures, the chemical-pharmaceutical industry ranks third after the automotive and electrical industries.⁷

Most frequent cosmetic surgeries in Germany in 2020 vs. 2021 (ISAPS 2023)

In the calendar year 2022, sales of pharmaceuticals in the overall pharmaceutical market (pharmacy and hospital) rose by 5.4% (prev. year 7.3%) to EUR 56.5 billion (prev. year EUR 53.6 billion). Growth in the pharmacy market subsegment (volume: EUR 46.6 billion) was almost identical at 5.5%, while growth in the hospital market subsegment (volume EUR 7.9 billion) was slightly lower at 4.9% (prev. year 7.3% and 7.2% respectively). After a decline of 1.0% in the previous year, sales (counting units such as capsules, strokes, sachets, etc.) increased by 2.3% in 2022, both in the pharmacy market (2.3%) and in the hospital market (2.4%).⁸

SHI pharmaceutical spending from December 2021 to December 2022 shows revenue growth of 5.3% (to EUR 50.0 billion) and sales growth of 4.5% (to 723.1 million packs). The mandatory manufacturer discounts and rebates for 2022 in the SHI, PHI and hospital markets are consistently higher than in the previous year. In the SHI market, discounts increased by 17%, in the PHI market by 16% and in the hospital market by 8%. Mandatory discounts in all market segments totaled EUR 8.69 billion (prev. year EUR 7.49 billion).⁹

3.3.2 Business performance

The M1-Group is active in the growing market of aesthetic medicine and plastic surgery and performs aesthetic medical treatments in the self-pay segment ("Beauty" segment).

In the "Trade" segment, the Group, as a pharmaceutical manufacturer, sells European imported pharmaceuticals as well as medical devices and equipment. Pharmaceuticals from other manufacturers that are approved in Germany are also offered as part of the wholesale authorization.

As expected, sales decreased to EUR 285.3 mn in 2022 (prev. year EUR 314.6 mn), which represents a decline in sales of 9.3%. After two pandemic-related years with partial closures and restrictions, the company was able to return to normality in 2022, with sales in the two business segments developing successfully despite the decline in sales. The fiscal year was characterized by restructuring measures aimed at reducing costs in all major areas of the Group. The focus was on optimizing operating processes. This work already led to initial successes in the past year and will be continued in 2023. The expansion in Eastern Europe with the opening of a new location in Budapest and the planned openings of the Bucharest and Sofia locations in summer 2023 are further focal points. Due to high customer satisfaction and a high level of recurring treatments by existing customers, sales in the Beauty segment could now be increased to around EUR 60 mn, compared to EUR 53 mn in the financial year 2021.

The decrease in total sales compared to the previous year is mainly due to the declining demand for medical products from the COVID-19 diagnostics area in the "Trade" segment. At the same time, the HAEMATO subgroup continued to streamline its product range, which also led to an expected decline in sales.

Net income in 2022 amounted to EUR 7.1 million (prev. year EUR 10.9 mn).

3.3.3 Net assets, financial position and results of operations

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

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

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

In the "Beauty" segment, sales increased from EUR 52.8 million (2021) to now EUR 60.2 mn in 2022 - which represents growth of 14% compared to the previous year.

In contrast, sales in the "Trade" segment declined as expected from EUR 261.8 million (2021) to EUR 225.1 million in the fiscal year 2022. This is due to the reduced business volume with COVID-19 diagnostics as a result of the gradual decline in pandemic-related testing obligations as well as continued portfolio optimization, in which certain low-margin products were streamlined.

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

The ratio of cost of materials to sales decreased to 81.5% in 2022 (prev. year 82.4%). This is attributable to the optimized, higher-margin product mix in the Trading segment.

Personnel expenses decreased by 5.3% from EUR 22.1 million (2021) to EUR 20.9 million and thus remained relatively constant compared to sales. At 7.3%, the personnel cost ratio is slightly above that of the previous year (2021: 7.0%).

Other operating expenses amount to EUR 17.9 million and thus increased by 10.3% year-on-year (2021: EUR 16.2 mn). The main cost items are advertising/sales promotion and travel expenses, which increased from EUR 4.1 mn (2021) to EUR 4.3 mn. As a result of a customer loyalty program, under which our customers receive a revenue-based discount for subsequent treatment at the individual treatment centers, these additional marketing services will amount to EUR 2.8 mn for the first time.

The cost of purchased services, which fell from EUR 1.5 mn in the previous year to EUR 1.4 mn, and the cost of goods sold (mainly freight), which fell from EUR 2.2 mn to EUR 1.6 mn, also made a significant contribution to other expenses. Occupancy costs remained at the previous year's level of EUR 1.7 mn.

The financial result decreased from EUR 2.3 mn (2021) to EUR 0.9 mn. This includes income from investments of EUR 0.9 mn (prev. year EUR 1.2 mn). The valuation of financial assets at the end of the financial year and the disposal of financial assets resulted in income of EUR 0.2 mn (prev. year EUR 1.2 mn). Interest income and interest expenses resulted in net expenses of EUR 0.2 mn, which are comparable to the previous year.

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

With cash and cash equivalents of EUR 35.1 mn (prev. year EUR 37.9 mn) - of which EUR 23.8 mn is attributable to HAEMATO AG - and other current financial assets of EUR 17.1 mn (prev. year EUR 18.1 mn) at the end of the year, the financial position can be described as very stable. Inventories decreased from EUR 35.2 mn (2021) to EUR 27.6 mn, mainly due to tight planning management in the HAEMATO subgroup.

Financial management is geared to ensuring that liabilities are always settled within the payment period and receivables are collected within the payment targets.

Non-current assets are covered to 159% by equity (prev. year also 159%). The development of the Group's liquidity is shown in the cash flow statement, which is presented below. Looking at the balance sheet items at the balance sheet dates shown, cash and cash equivalents decreased by EUR 2.7 million.

At EUR 20.8 million (prev. year EUR 15.7 mn), cash flow from operating activities showed a further improvement on the previous year's already strong result.

The cash flow from investing activities of EUR -1.1 million is characterized in particular by investments in property, plant and equipment (EUR 1.2 mn) and intangible assets, most of which are attributable to the HAEMATO subgroup.

Cash flow from financing activities is negative at EUR 22.4 mn (prev. year +4.0 mn) and is largely influenced by the bank liabilities repaid by HAEMATO AG in the past the fiscal year (EUR 13.4 mn), the acquisition of treasury shares (EUR 2.1 mn), the redemption of rights of use (EUR 4.6 mn) and the payment of dividends to minority shareholders (EUR 1.8 mn).

Cash flow statement (in kEUR)	Financial year 2022	Financial year 2021
Cash flow from operating activities	20,768.6	15,685.8
Cash flow from investing activities	-1,116.3	213.2
Cash flow from financing activities	-22,367.7	4,026.7
Consolidation-related changes & Other	-5.9	-13.7
Net cash flow	-2,721.3	19,911.1
Liquid funds at the beginning of the period	37,867.3	17,956.2
Liquid funds at the end of the period	35,146.0	37,867.3

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

The M1-Group plans to invest primarily in the further expansion of the infrastructures operated by clinics and specialist centers. These investments will be in the mid-six-digit range in 2023 and are to be financed largely from the company's own resources.

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

The capital structure can be described as good. Equity increased from EUR 139.9 mn to EUR 143.1 mn in the fiscal 2022. The equity ratio rose to 72.6% (prev. year 70.6%), which is due to the net profit for 2022 and the increase in treasury shares held.

Current assets decreased from EUR 110.2 mn in 2021 to EUR 107.3 mn in 2022. These mainly include cash and bank balances (EUR 35.1 mn; prev. year EUR 37.9 mn), trade receivables (EUR 21.8 mn; prev. year EUR 16.3 mn), inventories (EUR 27.6 mn; prev. year EUR 35.2 mn) and other current financial assets (EUR 17.1 mn; prev. year EUR 18.2 mn).

Inventories decreased year-on-year to EUR 27.6 mn (prev. year EUR 35.2 mn), of which EUR 26.1 mn is attributable to the HAEMATO AG subgroup.

Non-current assets amounted to EUR 89.7 mn (prev. year EUR 87.9 mn). These include property, plant and equipment (including rights of use in accordance with IFRS 16) of EUR 17.2 mn (prev. year EUR 15.3 mn), intangible assets (including goodwill) of EUR 60.3 mn (prev. year EUR 60.4 mn) and other non-current financial assets of EUR 12.0 mn (prev. year also EUR 12.0 mn).

Overall, the economic situation can be described as good.

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

We use the key figures sales and EBT (earnings before taxes) for our internal corporate management. Sales decreased to EUR 285.3 mn in the reporting year (prev. year EUR 314.6 mn). EBT amounted to EUR 10.2 mn (prev. year EUR 14.4 mn), while EBITDA (earnings before interest, taxes, depreciation and amortization) was EUR 15.4 mn (prev. year EUR 17.8 mn).

The M1-Group operates profitably overall and the economic situation can be described as good.

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

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

3.4 RESULTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

3.5 FORECAST REPORT

3.5.1 Macroeconomic outlook

In the final quarter of last year, economic output fell by 0.4%. The main reason for the weak overall economic development was the energy crisis triggered by the Russian attack on Ukraine, which severely slowed the post-pandemic recovery. At 1.8%, the growth rate in 2022 was already significantly lower than had been expected before the war began. The weak economic phase is therefore more an expression of a slowdown than of a recessionary trend. In recent months, the economic outlook has brightened somewhat. However, overall economic output will increase only moderately. According to the spring forecast of the Kiel Institute for the World Economy, GDP is expected to increase by 0.5% in the current year and by 1.4% in 2024, slightly more than the Institute had expected in its winter forecast (0.3% and 1.3% respectively). The German economy is thus expected to avoid deep declines in production as a result of the energy crisis. However, the economic consequences of the war in Ukraine have stifled the recovery from the pandemic and noticeably depressed the level of gross domestic product. Inflation is likely to remain stubbornly high for some time. As in the winter, IfW Kiel expects consumer prices to rise by 5.4% in the current year and 2.1% in 2024. High inflation will reduce the disposable income of private households and lead to a decline in private consumer spending in the current year. There are no signs of any major impetus from the global economy. However, as supply bottlenecks ease, companies in the manufacturing sector can start to work off their previously accumulated order backlogs, even if energy-intensive sectors continue to be impacted by high energy prices. Construction investment will fall significantly due to the deterioration in financing conditions. The labor market remains robust despite the economic downturn.¹⁰

By contrast, the German Council of Economic Experts expects gross domestic product (GDP) to grow by 0.2% in 2023. According to the Council, the short-term downside risks to growth have diminished. In particular, uncertainty about the energy supply situation has decreased for the time being, leading to a decline in wholesale energy prices. For example, the average price for natural gas (EGIX THE) in Europe in the first half of March 2023 was around EUR 46 per MWh, around 80% lower than at its peak in August 2022. After the inflation rate as measured by the German consumer price index (CPI) had fallen from 8.8% year-on-year to 8.1% in December 2022, it was back at 8.7% in both January and February 2023. The core CPI rate continued to rise year-on-year in January and February 2023, at 5.6% and 5.7%, respectively. This suggests that inflation will decline only gradually and remain elevated over the entire forecast horizon. The associated loss of purchasing power is weighing on private consumer spending. The continued tightening of monetary policy with rising interest rates is exacerbating this development and, together with the continuing high level of economic uncertainty, is dampening business investment. Against this background, the German Council of Economic Experts expects the economy to grow by 1.3% in 2024. The Council of Experts forecasts inflation rates of 6.6% this year and 3.0% next year.¹¹

3.5.2 Entrepreneurial outlook

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

For 2023, the company expects the business environment to brighten further after the Corona pandemic appears to be contained worldwide.

Following this 'normalization' of the situation, the Company expects an increase in the number of treatments in the "Beauty" segment at the locations and further practice openings. At the time of preparing the financial statements, a further practice had already been opened in Kassel, Germany. Five further locations in Germany and abroad are in concrete preparation for opening in 2023.

The M1-Group assumes that no new lockdown scenarios will arise due to a new Corona pandemic. The company expects growth in 2023 in the beauty segment of 10-15% compared to the previous year due to the increase in occupancy in the existing locations as well as new locations.

This will also impact on earnings in the "Beauty" segment, with the planned new openings having a negative impact on earnings in the beauty segment. The expansion in sales will be accompanied by a disproportionately low increase in fixed costs.

The company's development in the "Trading" segment is also expected to continue to be positive, although it is difficult to give a specific sales and earnings forecast.

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

The Lifestyle & Aesthetics business of the Trading segment, with its focus on medical products and aesthetics, offers exciting sales opportunities with high growth rates. The aim is to further expand market share and optimize margins in this segment. Business with corresponding pharmaceuticals and medical devices as well as cosmetics is also expected to continue to develop positively in the coming years due to the anticipated market growth. The "Lifestyle & Aesthetics" business is therefore to be further expanded to support the focus on sustained good EBIT margins.

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

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

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

3.6 OPPORTUNITY AND RISK REPORT

3.6.1 Risk management system

The M1-Group uses a risk management system to systematically identify significant risks and risks to the Group's ability to continue as a going concern, to assess their impact and to develop appropriate measures.

The main objective of the risk management system is to avoid financial losses, defaults or disruptions or to implement suitable countermeasures without delay. As part of this system, the Management Board and Supervisory Board are informed of risks at an early stage. The monitoring of operating performance and the timely identification of deviations from plan are the responsibility of the controlling and quality management departments. If necessary, the heads of the respective departments, together with the relevant management personnel, decide on the appropriate strategy and measures for managing risks.

3.6.2 Risk report

The M1-Group operates its own facilities for medical services and provides infrastructure services for third parties and conducts trading activities in the pharmaceutical and medical products

market. The health and well-being of the patients we care for (both directly and indirectly) sets high standards for the management of risk factors and the established measures for controlling risk factors.

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

The healthcare industry, and in particular the market segments in which M1 is primarily active, offer a wide range of entrepreneurial opportunities that M1 can exploit thanks to its integrated business model. The balancing of entrepreneurial opportunities and the inherent risks is the basis of M1's business approach. M1 focuses on five main risk areas that can give rise to risk situations for the Group.

a) Industry-specific risks

"Beauty" segment

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

For some years now, a shortage of skilled workers has been developing in the healthcare market, affecting both nursing and medical functions. In recent years, the German government has developed a number of strategies to recruit new staff, but these have not yet been able to make up for the shortage of specialists in the long term. The shortage of personnel is also noticeable for M1 and is perceived as a limiting factor in the realization of growth targets. In addition, it must be ensured at all times that newly recruited personnel meet the high professional requirements of M1. Finally, we are realizing pressure on personnel cost development at M1, as the healthcare labor market has already developed into a 'demand market' for job seekers. In this respect, M1 is working on the company's high reputation in the personnel market in order to be able to realize the highest possible and constant supply of labor.

In the field of beauty treatments, there is a risk that society's perception of beauty may change. If a different ideal of beauty were to develop that contradicted the services provided by M1, this could represent a considerable entrepreneurial risk. Due to its market-leading position and the high number of customer contacts, M1 is in a position to identify developments in the 'beauty consciousness' of the target customers at a very early stage and to derive conclusions from this with regard to the range of services required for optimum market coverage.

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

“Trading” segment

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

Under the SHI Financial Stabilization Act of 2022, the manufacturer's discount for reimbursable pharmaceuticals will be raised from 7 to 12 percent by 31 December 2023, effective 1 January 2023. We therefore expect expenses for the procurement of goods and for transport services to increase compared with previous years. This effect is to be offset by the cost efficiency program that has been in place since the end of 2021. The "Lifestyle & Aesthetics" area is to be further expanded and thus support the focus on permanently higher margins. Legal risks arise primarily from the distribution of our products and in particular from trademark and patent law issues. As an importer, we are considered a pharmaceutical entrepreneur under pharmaceutical law. We therefore bear the risk of market withdrawals.

b) Reputational/ quality risks

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

In order to avoid risks resulting from insufficient quality of the performed treatments, M1 follows a comprehensive medical quality management. This starts with the fact that only doctors perform the medical treatments in the field of injectable therapy. This is a basic condition in the M1 specialized centers, since the quality of the treatments is ultimately inseparable from the brand image of the M1 brands used. In the surgical area, only specialists are entrusted with the treatments.

Since 2017, M1 has established its own training institute ("M1 Academy"), where new doctors joining the practice are trained by highly qualified supervisors in a structured program lasting several weeks and familiarized with the treatment spectrum. Internal audits are also carried out regularly by the supervisors during the course of their work. In addition, regular further training events are held to deepen treatment forms and introduce new products. In the surgical area, too, regular conferences are held by the clinic management and the medical director to improve treatment procedures.

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

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

M1 also pursues a comprehensive quality strategy with regard to the materials used (treatment products, instruments, etc.). As a matter of principle, M1 only cooperates with the market leaders in their relevant market segments when it comes to treatment products. For this purpose, products are sourced worldwide. Publications and the opinions of worldwide supervisory bodies are

evaluated when assessing product safety. In the case of treatment instruments, attention is paid to durability, treatment safety and risk-free use.

In the trading segment, there are a large number of guidelines already prescribed by law, strict compliance with which ensures a high standard of quality.

c) Earnings-oriented risks

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

The procurement of medicines, medical devices and medical technology could be negatively impacted by general price increases. The treatment materials used are procured from a limited number of internationally operating suppliers. A change in the pricing policy of these suppliers would have a direct impact on earnings if the suppliers cannot be replaced. M1 counters this risk by clearly diversifying the range of treatment products it offers, thereby reducing its de facto dependence on individual suppliers. In addition, M1 is active on international procurement markets and exploits price margins from this approach.

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

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

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

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

Finally, the extensive insurance coverage of the M1-Group should be mentioned to cushion further earnings risks. In addition to a medical liability insurance policy ("Beauty" segment), which covers financial risks arising from treatment errors, there is also the statutory liability insurance as a pharmaceutical manufacturer in accordance with the German Medicines Act (AMG). Finally, a business interruption insurance policy has been taken out for the operation of the Group's own clinic, which covers the cost risks arising from an interruption in clinic operations as a result of property damage.

d) Financial risks

Financial risks may arise in relation to the default of receivables, changes in interest rates and the Group's ability to meet its payment obligations at any time.

The risks arising from possible bad debts are countered by active receivables management. In the area of medical treatment, it is ensured that customer payments are generally realized before the treatment is performed or immediately after completion of the treatment. As a result, virtually no end-customer receivables are at risk of default. In the case of customers for infrastructure services, M1 continuously analyzes the economic and quality development of the customers in order to be able to take hedging measures at an early stage if necessary. In the area of trade and key accounts, M1 regularly checks the creditworthiness of its partners and compliance with the payment terms granted. In individual cases, collateral is required for larger receivables.

There are no significant currency risks that could affect the company's net assets, financial position and results of operations. Goods deliveries from foreign currency countries are processed within very short periods. Services in non-euro countries were only offered to a limited extent in 2022.

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

HAEMATO AG carried out a further capital increase in March 2021 to finance its own brand strategy.

The Group uses credit lines granted by a consortium of banks to finance working capital for HAEMATO AG. These agreements define financial covenants, non-compliance with which can generally lead to the possibility of termination by individual lenders. Thanks to a rolling corporate and financial planning system, we are always in a position to react to changes in our financial requirements at short notice.

In addition, we finance ourselves in the Trading segment through customer factoring.

In addition, there are two further loans/lines of credit for M1 Med Beauty Berlin GmbH and M1Aesthetics GmbH - each in the amount of EUR 5 million, both of which were concluded in 2020. The loan concluded by M1 Med Beauty Berlin GmbH is a so-called KfW entrepreneurial loan with a term of five years. Repayment begins after a term of one year. At the end of 2020, M1 Aesthetics GmbH concluded a working capital facility in the amount of EUR 5 million, which is to be used for the ongoing financing of the retail business.

To further conserve liquidity, leasing and financing instruments are used on a selective basis. For example, the Schlossklinik operated in Berlin-Köpenick was transferred to a sale-and-lease-back model in 2015 and the funds invested in the development of the property were released. The space of the practice network is rented exclusively on the basis of long-term contracts, so that no acquisition costs are incurred for the real estate.

e) Infrastructural risks

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

The application landscape is characterized by a network of linked individual applications. In the event of problems, individual applications can be removed from the network without affecting the availability of the other IT applications. A special IT infrastructure and extensive firewall systems provide extensive protection against hacker attacks. Regular backups of the data are carried out.

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

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

In the area of building infrastructure, the clinic approval of the Schlossklinik in Berlin-Köpenick in accordance with Section 30 of the German Trade Regulation Act (GewO) is a particularly significant risk. Regular inspections by the licensing authorities have confirmed that M1 meets the highest quality standards. The license to operate the clinic has been granted without restriction. The failure of individual locations of the practice network is of a less extensive character for the provision of the medical treatments carried out there. The practice network, which is now closely knit, makes it possible to provide treatment at other locations as well. In addition, the requirements for operating a practice area can be met relatively quickly, so that the loss of a location can be compensated for within a few months.

f) Economic risks

The past Corona pandemic has shown that overarching societal developments (in this case: lockdown orders by the authorities) can arise that can significantly affect the ability of society to act.

The Corona pandemic demonstrated to our society that supply chains can collapse and consumer behavior can change rapidly and in a way that is difficult to predict. The state intervened in public life with extensive measures aimed at reducing the scope of social contact. Even if the Corona pandemic is considered to be over, it cannot be ruled out that similar developments will affect our social life in the future. This could have a significant negative impact on the overall economic environment in which the Group's business develops.

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

3.6.3 Opportunities report

In addition to the risk areas under consideration, M1 has also defined opportunity areas in whose development the Group intends to actively participate in the coming years.

“Beauty” segment

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

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

“Trading” segment

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

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

Overall, for both business segments, we will counter market competition, especially an increase in competition, with our experience, innovations, reliability and by providing a high level of service and quality.

Through the stock exchange listing of M1 Kliniken AG and HAEMATO AG, we see the possibility of acquiring further financial resources to implement the growth course we have embarked upon.

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

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

3.6.4 General statement

The risk portfolio of M1 consists of some risk positions (e.g. economic situation, legislation) which are not controllable by M1. M1 regularly monitors these risks and considers the resulting changes for the Group.

Risks that can be influenced are monitored by control systems so that negative developments can be absorbed and cushioned. We continue to see risks to future development in a competitive environment that may be characterized by new competitors, rising procurement prices, stagnating selling price levels and the limitation of "production resources" (e.g. materials, personnel). Against the background of our financial stability, we are well equipped to deal with future risks. There are currently no discernible risks that could jeopardize the continued existence of the company.

For the financial year 2023, we do not see any significant change in the overall opportunity and risk landscape for the M1-Group, even if the fundamental outlook at the time of preparing the financial statements appears more positive than twelve months ago. Overall, we are well protected against external and internal risks.

3.7 RISK REPORTING ON THE USE OF FINANCIAL INSTRUMENTS

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

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

Liabilities are paid within the agreed payment periods.

The company pursues a conservative risk policy in the management of its financial positions. If default and credit risks are identified for financial assets, appropriate valuation allowances are made. The company has an adequate accounts receivable management system in place to minimize default risks. In addition, we always inform ourselves about the creditworthiness of our customers before entering into a new business relationship.

3.8 REPORT ON BRANCHES

M1-Group does not operate any branches.

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

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

Berlin, 24 March 2023

M1 Kliniken AG



Kilian Brenske
(Executive Board)



Attila Stauss
(Executive Board)

4 GROUP FINANCIAL STATEMENT

4.1	GROUP - PROFIT AND LOSS STATEMENT	31
4.2	BALANCE SHEET - ASSETS.....	32
4.3	BALANCE SHEET - LIABILITIES/EQUITY	33
4.4	CASH FLOW STATEMENT	34
4.5	STATEMENT OF CHANGES IN EQUITY	35

4.1 GROUP - PROFIT AND LOSS STATEMENT

as of 31 December 2022*

	Notes	Jan. – Dec. 2022 in EUR	Jan. – Dec. 2021 in EUR
Sales	5.1.1	285,291,186	314,610,275
Other operating income	5.1.2	1,482,971	879,610
Cost of goods and services	5.1.3	-232,510,854	-259,304,720
Personnel expenses	5.1.4	-20,945,967	-22,129,883
Other operating expenses	5.1.6	-17,907,365	-16,232,329
Operating result before depreciation EBITDA		15,409,971	17,822,953
Depreciation	5.1.5	-6,062,423	-5,688,335
Operating result EBIT		9,347,548	12,134,618
Income from investments		854,639	1,206,948
Interest and similar income		641,292	667,053
Interest and similar expenses		-827,941	-916,505
Write-ups from the valuation of financial assets		217,727	1,212,076
Income from the disposal of financial assets		-	119,561
Financial result	5.2	885,717	2,289,134
Earnings before taxes EBT		10,233,265	14,423,751
Taxes on income and earnings	5.3	-3,163,226	-3,544,002
Net profit/loss		7,070,039	10,879,749
Profit or loss attributed minority interests		-2,752,684	-1,974,658
Shares of the shareholders of the parent company		4,317,355	8,905,091
Net profit/loss after minority interests		4,317,355	8,905,091
Earnings per share (in EUR)	5.4	0.22	0.45

* accounting according to IFRS

4.2 GROUP - BALANCE SHEET - ASSETS

as of 31 December 2022*

	Notes	31.12.2022 in EUR	31.12.2021 in EUR
Cash and cash equivalents	6.2.1	35,146,022	37,867,304
Trade account receivables	6.2.2	21,773,271	16,308,165
Inventories	6.2.3	27,586,629	35,202,903
Other short-term financial assets	6.2.4	17,102,402	18,155,152
Other short-term non-financial assets	6.2.5	3,403,131	899,000
Income tax assets	6.2.6	2,295,538	1,762,583
Short-term assets		107,306,993	110,195,107
Intangible assets	6.2.7	60,270,552	60,392,488
Fixed assets	6.2.8	17,177,883	15,267,338
Other long-term financial assets	6.2.9	12,002,661	12,002,661
Other long-term non-financial assets	6.2.10	266,654	253,127
Long-term assets		89,717,750	87,915,614
TOTAL ASSETS		197,024,743	198,110,721

* accounting according to IFRS

4.3 GROUP - BALANCE SHEET - LIABILITIES/EQUITY

as of 31 December 2022*

	Notes	31.12.2022 in EUR	31.12.2021 in EUR
Short-term provisions	6.2.1	1,304,228	1,905,077
Liabilities from income taxes		2,672,756	1,916,205
Trade account payables	6.2.2	19,221,643	12,844,805
Short-term lease liabilities	6.2.3	3,376,706	3,655,727
Other short-term financial liabilities	6.2.4	2,841,912	14,776,016
Other short-term non-financial liabilities	6.2.5	2,708,880	2,793,185
Other short-term non-financial liabilities	6.2.6	5,339,949	5,526,662
Short-term liabilities		37,466,074	43,417,678
Long-term provisions	6.2.7	54,395	59,782
Long-term lease liabilities	6.2.3	10,324,044	8,127,287
Other long-term financial liabilities	6.2.8	3,125,000	4,375,000
Deferred tax liabilities	6.2.9	3,004,607	2,228,576
Long-term liabilities		16,508,046	14,790,644
Subscribed capital		19,643,403	19,643,403
Subscribed capital-treasury stock		-1,328,384	-1,063,547
Capital reserve		49,907,438	49,907,438
Capital reserve-treasury stock		-12,623,007	-10,741,825
Retained earnings		39,899,081	37,394,858
Adjustment for minority interests		47,530,177	44,877,243
Equity differences from currency exchange		21,916	-115,172
Equity	6.2.10	143,050,624	139,902,399
TOTAL LIABILITIES AND EQUITY		197,024,743	198,110,721

* accounting according to IFRS

4.4 GROUP - CASH FLOW STATEMENT

as of 31 December 2022*

	Jan. - Dec. 2022	Jan. - Dec. 2021
Net profit for the period	7,069,933	10,879,750
Depreciation of assets	5,862,423	5,644,091
Increase / decrease in long-term provisions	-5,386	7,228
Increase / decrease in short-term provisions	-600,122	-500,460
Increase / decrease due to fair value measurement	-217,727	10,128
Increase / decrease in inventories	7,597,297	7,134,427
Increase / decrease in trade receivables and other assets and other assets	-4,377,019	-15,543,381
Increase / decrease in trade accounts payable and other liabilities and other liabilities	4,970,014	5,252,417
Profit / loss from the disposal of fixed assets	125,269	56,621
Interest expenses / income	198,829	436,963
Other investment income	-854,534	-1,206,948
Income tax expense / income	3,163,226	3,544,002
Income tax payments	-2,163,600	-29,987
Cash flow from operating activities	20,768,603	15,684,850
Cash outflows for investments in intangible fixed assets	-609,511	-308,088
Proceeds from disposals of non-current assets	73,474	180,969
Proceeds from disposals of property, plant and equipment	-1,162,544	-1,027,447
Cash in-/ outflows from the sale/ purchase of consolidated companies and other business units	-	1,080,338
Proceeds / payments from changes in financial assets	-71,478	-
Interest income	627,494	479,543
Income from investments	26,285	-192,123
Cash flow from investing activities	-1,116,279	213,192
Payment from equity contributions	-	14,484,905
Change in bank liabilities	-13,404,803	-4,218,594
Cash outflow from the acquisition of treasury shares	-2,146,020	-
Interest expenses	-399,251	-506,338
Payments to company owners and minority shareholders	-1,823,469	-1,657,699
Amortisation of rights of use	-4,594,128	-4,075,569
Cash flow from financing activities	-22,367,670	4,026,704
Change in liquidity from exchange rate changes	-5,935	-13,671
Net cash flow	-2,721,281	19,911,075
Cash and cash equivalents at the beginning of the period	37,867,304	17,956,229
Liabilities due at any time at the beginning of the period	-	4,002,690
Cash and cash equivalents at the beginning of the period	37,867,304	21,958,919
Cash and cash equivalents at the end of the period	35,146,022	37,867,304
Liabilities due at any time at the end of the period	-	-
Cash and cash equivalents at the end of the period	35,146,022	37,867,304
Change in cash and cash equivalents	-2,721,281	15,908,385

* accounting according to IFRS

4.5 GROUP - STATEMENT OF CHANGES IN EQUITY

as of 31 December 2022*

Statement of Changes in Equity in EUR	1, Subscribed capital	2, Subscribed capital (treasury stock)	3, Capital reserve	4, Capital reserve (treasury stock)	5, Retained earnings	6, Equity differences from exchange rate conversions	7, Adjustments for minority interests	8, Total equity
1 January 2021	19,643,403	-1,063,547	49,907,438	-10,741,825	28,007,244	-	29,565,259	115,317,972
Net profit	-	-	-	-	8,905,097	-	1,974,653	10,879,750
Capital increase	-	-	-	-	2,006,583	-	12,478,322	14,484,905
Dividends	-	-	-	-	-1,657,699	-	-	-1,657,699
Changes in the scope of consolidation	-	-	-	-	184,716	-	859,009	1,043,725
Other changes in equity	-	-	-	-	-51,083	-115,172	-	-166,255
31 December 2021	19,643,403	-1,063,547	49,907,438	-10,741,825	37,394,858	-115,172	44,877,243	139,902,399
1 January 2022	19,643,403	-1,063,547	49,907,438	-10,741,825	37,394,858	-115,172	44,877,243	139,902,399
Net profit	-	-	-	-	4,317,354	-	2,752,684	7,070,038
Capital increase	-	-	-	-	14,132	-	-	14,132
Dividends	-	-	-	-	-1,823,469	-	-	-1,823,469
Changes in the scope of consolidation	-	-264,837	-	-1,881,183	28,272	-	-99,750	-2,217,498
Other changes in equity	-	-	-	-	-32,066	137,088	-	105,022
31 December 2022	19,643,403	-1,328,384	49,907,438	-12,623,008	39,899,081	21,916	47,530,177	143,050,624

* accounting according to IFRS

5 GROUP ANNEX/ NOTES

5.1	GENERAL INFORMATION.....	39
5.1.1	Reporting company.....	39
5.1.2	Basis of preparation of the financial statements.....	39
5.1.3	New standards and interpretations	40
5.2	DISCRETIONARY DECISIONS, ESTIMATES AND ASSUMPTIONS.....	40
5.3	SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES	41
5.3.1	Scope of consolidation.....	41
5.3.2	Priciples of consolidation.....	46
5.4	REMARKS ON ACCOUNTING AND VALUATION METHODS	47
5.4.1	Revenue recognition	47
5.4.2	Income tax expense.....	48
5.4.3	Forreign currency conversion.....	48
5.4.4	Earnings per share	48
5.4.5	Financial instruments	48
	a) Cash and cash equivalent.....	49
	b) Financial assets	49
	c) Financial liabilities.....	49
	d) Recognition / Impairment.....	50
	e) Offsetting of receivables and payables	50
	f) Fair value.....	50
5.4.6	Inventories.....	51
5.4.7	Fixed assets.....	51
5.4.8	Leases.....	51
5.4.9	Intangible assets	52
5.4.10	Impairment of long-term assets.....	52
5.4.11	Equity.....	53
5.4.12	Provisions and contingent liabilities.....	53
5.5	NOTES TO THE CONSOLIDATED PROFIT AND LOSS STATEMENT.....	54
5.5.1	Operating result.....	54
	a) Sales.....	54
	b) Other operating income	54
	c) Costs of goods and services	55
	d) Personnel expenses.....	55
	e) Depreciation	55
	f) Other operating expenses.....	55
5.5.2	Financial result	56
5.5.3	Income taxes	57
5.5.4	Earnings per share	58

5.6	NOTES TO THE CONSOLIDATED BALANCE SHEET	58
5.6.1	Assets	58
	a) Cash and cash equivalents.....	58
	b) Trade account receivables.....	58
	c) Inventories	59
	d) Goodwill	59
	e) Intangible assets excluding goodwill.....	62
	f) Fixed assets.....	63
	g) Long-term financial assets	64
	h) Other financial and non-financial assets	65
5.6.2	Liabilities and equity	65
	a) Short-term provisions	65
	b) Liabilities.....	66
	c) Leasing liabilities.....	66
	d) Other short-term financial liabilities.....	66
	e) Other short-term liabilities	66
	f) Contractual and reimbursement liabilities	67
	g) Long-term provisions	67
	h) Long-term financial liabilities	67
	i) Deferred tax assets and deferred tax liabilities.....	67
	j) Equity	68
5.7	NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT	69
5.8	SEGMENT REPORTING.....	69
5.9	FURTHER DISCLOSURES ON FINANCIAL INSTRUMENTS.....	70
5.9.1	Capital risk management.....	70
5.9.2	Categories of financial instruments.....	71
5.9.3	Risk management policy and hedging measures	72
	a) Risk from the default of financial and non-financial assets.....	72
	b) Liquidity risk.....	72
	c) Other price risks	73
5.10	OTHER DISCLOSURES	73
5.10.1	Guarantees, contingent liabilities and other financial commitments.....	73
5.10.2	Related companies and persons.....	73
5.10.3	Auditors' fee.....	76
5.10.4	Events after the balance sheet date	76
5.11	APPROVAL BY THE MANAGEMENT BOARD FOR THE PUBLICATION OF THE 2021 CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 10.17	76
5.12	INDEPENDENT AUDITOR'S REPORT	77



5.1 GENERAL INFORMATION

5.1.1 Reporting company

The parent company is M1 Kliniken AG, which was founded in the fiscal year 2007. The Company is registered in the Commercial Register of the Berlin-Charlottenburg District Court under HRB107637 B and has its registered office at Grünauer Straße 5, 12557 Berlin, Germany.

The business model of M1 Kliniken AG is based on two fields of activities ("segments"): In a "Beauty" segment, M1 concentrates its activities on medical-aesthetic beauty treatments, plastic surgeries and provision of medical infrastructures for partner companies.

In a "Trade" segment, the Group distributes EU original pharmaceuticals (as parallel and reimport), generics and biosimilars, as well as medical devices and equipment and high-quality aesthetic medicine products.

5.1.2 Basis of preparation of the financial statements

M1 Kliniken AG, headquartered in Berlin, Germany, is listed on the Basic Board ('Freiverkehr') of the Frankfurt Stock Exchange. In the financial year 2017, voluntary consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union. Since the financial year 2018, M1 Kliniken AG has exceeded two size criteria of section 293 HGB on two consecutive reporting dates and is therefore required to prepare consolidated financial statements in accordance with the requirements of German commercial law. The consolidated financial statements of M1 Kliniken AG for the period from 1 January to 31 December 2022 have been prepared in accordance with the requirements of Section 315e (1) HGB in conjunction with Section 315e (3) HGB. (3) HGB, the consolidated financial statements for the period from 1 January to 31 December 2022 have been 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. In addition, the notes to the consolidated financial statements contain certain disclosures in accordance with Section 315e (1) of the German Commercial Code (HGB).

Unless otherwise stated, the figures for the financial year and the previous year are presented in euros. With the exception of the subsidiaries in Switzerland, Great Britain, Croatia, Hungary and Australia, the euro is also the functional currency of the other companies included in the consolidated financial statements.

In preparing the financial statements of the related Group companies, transactions denominated in currencies other than the functional currency (EUR) of the Group company are translated using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, all monetary items denominated in foreign currencies are translated at the closing rate. Non-monetary items denominated in foreign currencies that are measured at fair value are translated at the exchange rates prevailing at the date of the fair value measurement.

The new standards adopted by the IASB have been applied from the effective date.

Accounting and valuation have been carried out on a going concern basis.

The balance sheet of the M1 Kliniken Group has been prepared on the basis of maturities, with assets and liabilities expected to be realized or settled within twelve months of the balance sheet date being classified as current in accordance with IAS 1. Deferred tax assets and deferred tax liabilities are recognized in full under non-current assets and non-current liabilities respectively in accordance with IAS 1.56. The following table shows the maturities of assets and liabilities.

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

The accounting and valuation methods applied are basically the same as those applied in the previous year.

In order to improve the clarity of presentation, individual items have been combined in the balance sheet and the income statement. The breakdown of these items is shown in the notes. Rounding differences may occur in the presentation compared with the mathematically exact values.

5.1.3 New standards and interpretations

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

- COVID-19-related tenant relief after 30 June 2021 (amendments to IFRS 16) - beginning April 2021.
- Onerous contracts – costs of performance IAS 37 – effective from 01.01.2022
- Annual improvements to IFRS standards 2018-2020 – starting 01.01.2022
- Property, plant and equipment: Revenue before planned use (amendments to IAS 16) – beginning 01.01.2022
- References to the Framework (amendments to IFRS 3) – effective from 01.01.2022

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

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

- Classification of liabilities as current and non-current - starting 01.01.2023
- IFRS 17 Insurance Contracts and Amendments to IFRS 17 Insurance Contracts – effective from 01.01.2023
- Disclosures on Accounting Policies (Amendments IAS 1 and IFRS Practice Statement 2) – effective from 01.01.2023
- Definition of estimates (amendments to IAS 8) – effective from 01.01.2023
- Deferred taxes relating to assets and liabilities arising from a single transaction (amendments to IAS 12) – effective from 01.01.2023
- Sale or contribution of assets between an investor and an associate or joint venture (Amendments to IFRS 10 and IAS 28) – still open

5.2 DISCRETIONARY DECISIONS, ESTIMATES AND ASSUMPTIONS

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

The Board of Management exercises significant judgment in the application of the accounting policies set out below.

M1 Kliniken AG tests goodwill and other non-current assets with finite useful lives for impairment annually if there are indications of impairment in accordance with IAS 36. The impairment test is based on a 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 an asset's fair value less costs to sell and its value in use.

The determination of the fair values of assets and liabilities is based on management assessments. M1 Kliniken measures in particular the investment in HAEMATO AG, CR Capital AG and CR Opportunities GmbH at fair value. In the case of CR Opportunities GmbH, this is determined on the basis of Level 3 of the fair value hierarchy. This is mainly based on a valuation report by an external expert.

The bases used by management to assess the appropriateness of allowances for trade receivables are, in particular, the maturity structure of the receivable balances, the creditworthiness of the customers and changes in payment terms. Due to the prompt settlement of receivables from medical treatment and the close monitoring of the solvency of other customers, valuation allowances are of minor importance.

In the area of revenue recognition, it is necessary to examine which separate performance obligations are included in the contracts with customers. For each separate performance obligation identified, an assessment must be made as to whether the conditions for recognizing revenue over time are met.

The expected current income tax must be calculated for each taxable entity and the temporary differences arising from the different treatment of certain balance sheet items between the IFRS consolidated financial statements and the financial statements prepared for tax purposes must be assessed. Management must make judgments in both the calculation of current and deferred taxes. Deferred tax assets are recognized to the extent that it is probable that they can be utilized. The utilization of deferred tax assets depends on the possibility of generating sufficient taxable income within the framework of the respective type of taxation.

In assessing the likelihood that deferred tax assets will be utilized in the future, various factors are considered, such as past results of operations, operating plans and tax planning strategies. If actual results differ from these estimates, or if these estimates have to be adjusted in future periods, this could have an adverse effect on the net assets, financial position and results of operations. If there is a change in the assessment of the recoverability of deferred tax assets, the recognized deferred tax assets must be written down through profit or loss.

5.3 SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

5.3.1 Scope of consolidation

In addition to M1 Kliniken AG, Berlin, the following subsidiaries were fully consolidated in the consolidated financial statements as of 31 December 2022. Control results from M1 Kliniken AG directly or indirectly holding more than 50% of the voting rights of the subscribed capital of a company and/or being able to govern the financial and operating policies of an entity so as to benefit from its activities.

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

Pursuant to Section 264 (3) of the German Commercial Code (HGB), a corporation that is not capital market-oriented within the meaning of Section 264d of the HGB and is included as a subsidiary in the consolidated financial statements of a parent company with its registered office in a member state of the EU does not need to apply the provisions of the first subsection of the second section of the HGB entitled "Annual financial statements of the corporation and management report" or those of the third and fourth subsections of the section entitled "Audit" and "Disclosure, audit by the operator of the Federal Gazette" if all the requirements specified in Section 264 (3) of the HGB are met. This applies to M1 Med Beauty Berlin GmbH, which is why it has dispensed with the preparation of notes and a management report in its own annual financial statements 2022.

Beauty Now GmbH was founded by M1 Kliniken AG on 16 December 2015. No differences arose in the course of the initial consolidation. The object of the company is the ownership, operation and management of beauty institutes, the brokerage and provision of services in the field of beauty and health care as well as beauty and health care, the consultation of alternative practitioners, medical professionals and cosmetic professionals in the field of cosmetics and aesthetic medicine, the acquisition, management and sale of real estate, in particular real estate in the health care sector and the acquisition, management and sale of investments. The share capital amounts to EUR 100,000.

Saname GmbH was founded by M1 Kliniken AG on 22 May 2013. No differences arose in connection with the initial consolidation. The purpose of the company is the acquisition, management and sale of its own and third-party real estate, in particular real estate in the healthcare sector, as well as the management and sale of investments. The share capital amounts to EUR 25,000.

Sanabona GmbH was founded on 18 July 2017 by M1 Med Beauty Berlin GmbH. No differences arose in connection with the initial consolidation. The purpose of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000. **Sanawert GmbH** was founded by M1 Med Beauty Berlin GmbH on 18 July 2017. No differences arose in the course of 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.

Sanaselect GmbH was founded by M1 Med Beauty Berlin GmbH on 18 July 2017. No differences arose in the course of the initial consolidation. The purpose of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.

Sanaestate GmbH was founded by M1 Med Beauty Berlin GmbH on 18 July 2017. No differences arose in the course of the initial consolidation. The purpose of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.

M1 Med Beauty Australia Pty Ltd. was founded on 02 August 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Australia Pty Ltd. has its own business operations as defined by IFRS 3. The corporate purpose of M1 Med Beauty Australia Pty Ltd. is the provision of services in aesthetic medicine. The subscribed capital of the company amounts to AUS\$ 100. The company will be fully consolidated for the first time with effect from 1 January 2020. As part of the first-time consolidation, an existing loss carryforward of the Company as of 31 December 2019 in the amount of EUR 259,681 was offset in the consolidated equity. In the reporting year, the Company generated sales of kEUR 2,020 and a loss of kEUR 456 due to expenses incurred in the construction of the medical centers.

M1 Med Beauty UK Ltd. was founded on 22 October 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty UK Ltd. has its own business operations within the meaning of IFRS 3. The corporate purpose of M1 Med Beauty UK Ltd. is the provision of services in aesthetic medicine. The subscribed capital of the Company amounts to GBP 10,000. The company will be fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carryforward of the company as of 31 December 2019, in the amount of EUR 210,667 was offset in consolidated equity. In the reporting year, the company generated sales of kEUR 1,237 and a loss of kEUR 1,566 due to expenses incurred in the construction of the specialist centers.

M1 Med Beauty Austria GmbH was founded on 20 December 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Austria GmbH has its own business operations within the meaning of IFRS 3. The corporate purpose of M1 Med Beauty Austria GmbH is the provision of services in aesthetic medicine. The subscribed capital of the company amounts to EUR 35,000. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carryforward of the company as of 31 December 2019, amounting to EUR 287,986, was offset in the Group's equity. In the reporting year, the company generated sales of kEUR 2,015 and a loss of kEUR 123 due to expenses incurred in the construction of the centers.

M1 Med Beauty Netherlands B.V. was founded on 21 December 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Netherlands B.V. has its own business operations within the meaning of IFRS 3. The corporate purpose of M1 Med Beauty Netherlands B.V. is the provision of services in aesthetic medicine. The subscribed capital of the company amounts to EUR 10,000. The company will be fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carryforward of the company as of 31 December 2019, amounting to EUR 418,300, was offset in the Group's equity. In the reporting year, the company generated sales of kEUR 1,067 and a loss of kEUR 530 due to expenses incurred in the construction of the centers.

M1 Med Beauty Croatia d.o.o. was founded on 21 December 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Croatia d.o.o. has its own business operations as defined by IFRS 3. The corporate purpose of M1 Med Beauty Croatia d.o.o. is the provision of services in aesthetic medicine. The subscribed capital of the company amounts to 50,000 kuna. The company will be fully consolidated for the first time with effect from 1 January 2020. As part of the first-time consolidation, an existing loss carryforward of the company as of 31 December 2019, amounting to EUR 2,370, was offset in the consolidated equity. In the reporting year, the company generated sales of kEUR 341 and a loss of kEUR 47 due to expenses incurred in the construction of the centers.

M1 Med Beauty Swiss GmbH was founded on 22 February 2019 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Swiss GmbH has its own business operations as defined by IFRS 3. The corporate purpose of M1 Med Beauty Swiss GmbH is the provision of services in aesthetic medicine. The subscribed capital of the company amounts to CHF 200,000. The company will be fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carried forward by the company as of 31 December 2019, in the amount of EUR 309,178 was offset in consolidated equity. In the reporting year, the company generated sales of kEUR 1,703 and a profit of kEUR 44.

Under an agreement dated 10 June 2020, M1 Kliniken AG acquired a 48.2% stake in HAEMATO AG as part of a capital increase through contributions in kind at M1 Kliniken AG effective 1 July 2020. In this context, MPH Health Care AG contributed the shares it had previously held in **HAEMATO AG** to M1 Kliniken AG and subscribed to the newly issued shares of M1 Kliniken AG. As of 1 July 2020, HAEMATO AG was consolidated at equity in the consolidated financial statements of M1 Kliniken AG, as it held less than 50% of the shares.

In the course of July 2020, M1 Kliniken AG took over the entrepreneurial control of HAEMATO AG. Since there was also the option of demanding that an extraordinary shareholders' meeting of HAEMATO AG be convened at any time and since, based on the historically known attendance rates at the shareholders' meetings of HAEMATO AG, it can be assumed that the share of 48.2% of the share capital of HAEMATO AG is sufficient to determine the resolution situation at the shareholders' meeting, there was a transition to full consolidation of HAEMATO AG in the consolidated financial statements of M1 Kliniken AG as of 1 August 2020.

By the end of 2020, M1 Kliniken AG further expanded its shareholding in HAEMATO. This was also achieved through the contribution of M1 Aesthetics GmbH to HAEMATO AG in return for the issue of new shares in HAEMATO AG, which were subscribed for by M1 Kliniken AG. The capital increase in kind was registered with HAEMATO AG on 17 December 2020, so that M1 Kliniken AG held a total of 75.8% of the share capital of HAEMATO AG at the end of the 2020 financial year.

In March 2021, Haemato AG carried out a cash capital increase of 475,391 bearer shares at a price of 31.00 euros/share, excluding the subscription rights of existing shareholders. The resulting net proceeds of 14.5 million euros accrued to the Company in April 2021. M1 Kliniken AG did not participate in the capital increase. After an additional partial sale, the shareholding as of 31 December 2022 is now 68.3% of the total of 5,229,307 shares issued.

HAEMATO AG was founded on 10 May, 1993. The company is registered in the Commercial Register of the Berlin-Charlottenburg District Court under HRB 88633 and has its registered office in Berlin. The HAEMATO-Group operates in the pharmaceutical sector with a focus on the growth markets of high-priced specialty pharmaceuticals in the fields of oncology and HIV, as well as in the areas of rheumatism, neurology and cardiovascular diseases, and in the "Lifestyle & Aesthetics" segment.

After deduction of the identifiable net assets (assets less liabilities), the initial consolidation of HAEMATO AG resulted in goodwill of EUR 25,907,033. The consideration transferred includes, among other things, benefits from sales growth and future market developments. These benefits, which cannot be accounted for separately from goodwill, total the above-mentioned goodwill.

HAEMATO AG prepares its own consolidated financial statements in accordance with IFRS. For the the fiscal year 2022, sales of kEUR 248,142 (prev. year kEUR 285,043) were generated. The operating result in 2022 totaled kEUR 8,295 (prev. year kEUR 11,161). The consolidated net income of HAEMATO AG, which was impacted by fair value measurements on financial assets in the amount of kEUR 1,910 (prev. year kEUR -1,861), amounted to kEUR 8,193 (prev. year kEUR 6,534).

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

HAEMATO Med GmbH was founded by HAEMATO AG on 22 May 2013. No differences arose in the course of the initial consolidations. The object of HAEMATO Med GmbH is the manufacture,

distribution, import, export and import of medical products. HAEMATO Med GmbH has its own business operations as defined by IFRS 3. The share capital amounts to EUR 25,000.

HAEMATO Pharm GmbH founded Sanate GmbH on 24 September 2013. This was renamed Dr. Holz Pharmaservice GmbH in 2022. No difference arose in connection with the initial consolidation. Dr. Holz Pharmaservice GmbH has its own business operations as defined by IFRS 3. The share capital amounts to EUR 25,000.

Compared to the previous year, the shareholding ratios have only changed at HAEMATO AG, unless the company was first founded or acquired in the past the fiscal year. As a result of individual share purchases at HAEMATO AG in the course of the past financial year, the shareholding ratio increased from 68.3% to 68.4%.

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

* indirect holding

5.3.2 Principles of consolidation

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

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

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

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

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

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

Where goodwill has been allocated to a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. The value of the disposed portion of goodwill is determined on the basis of the relative values of the disposed operation and the remaining portion of the cash-generating unit.

Intercompany receivables and payables as well as intercompany sales, other intercompany income and the corresponding expenses are consolidated. Intercompany profits and losses are eliminated unless they are immaterial.

In accordance with IAS 12, deferred taxes have been recognized on consolidation adjustments recognized in profit or loss to the extent that the difference in tax expense is expected to reverse in future years.

5.4 REMARKS ON THE ACCOUNTING AND VALUATION METHODS

5.4.1 Revenue recognition

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

Provision of medical services

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

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

As of 1 January 2022, advance payments of EUR 558,244 were made by customers for the provision of medical services, which were recognized as revenue in the reporting year. As of 1 January 2021, advance payments of EUR 508,263 were made by customers, which were recognized as revenue in the course of the fiscal year 2021.

As of 31 December 2022, there were customer prepayments of EUR 427,679, which will be recognized as revenue in the course of the fiscal year 2023.

Trade of goods

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

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

Dividends and interest income

Dividend income from investments is recognized when the Group's right to receive payment is established. Interest income is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income is accrued in accordance with the outstanding nominal amount using the relevant effective interest rate. The effective interest rate is the rate that exactly discounts expected future cash receipts through the expected life of the financial asset to the net carrying amount of the asset when it is initially recognized.

5.4.2 Income tax expense

Tax expense

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

Deferred taxes

Deferred taxes are recognized using the liability method for all temporary differences between the tax bases of assets and liabilities and their respective IFRS carrying amounts. However, if a deferred tax arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred taxes are measured using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled. Deferred taxes are calculated on the basis of a corporation tax rate of 15.0% (plus a solidarity surcharge of 5.5% on corporation tax). Trade tax is assessed at a rate of 240% (M1 Aesthetics GmbH, HAEMATO Pharm GmbH, HAEMATO Med GmbH, HAEMATO AG) and 410% (M1 Med Beauty Berlin GmbH, M1 Kliniken AG). This results in a trade tax burden on taxable income of 8.40% and 14.35% respectively. The total tax burden of the Group for the German companies ultimately comprises the respective trade tax and corporate income tax including solidarity surcharge.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilized.

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

5.4.3 Foreign currency conversion

In preparing the financial statements of the related Group companies, transactions denominated in currencies other than the functional currency (euro) of the respective Group company are translated using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, all monetary items denominated in foreign currencies are translated at the closing rate. In general, foreign currency translations are of minor importance for the preparation of the consolidated financial statements, as the Group has so far operated for the most part in the euro environment. There were no significant changes from currency translations compared to the previous year. The single-entity financial statements of foreign companies with a functional currency other than the euro were translated at the closing rate of the respective foreign currency.

5.4.4 Earnings per share

Earnings per share are calculated by dividing net income by the number of shares outstanding. In accordance with IAS 33.19, the number of ordinary shares used to calculate basic earnings per share is the weighted average number of ordinary shares outstanding during the period. There are no facts on the basis of which the result could be diluted.

5.4.5 Financial instruments

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

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, time deposits with residual maturities of up to three months and maturities 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 policy and are identical to cash and cash equivalents.

b) Financial assets

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

Financial assets are recognized when a Group company becomes a party to the contractual provisions of the financial instrument. When a financial asset is recognized for the first time, it is measured at fair value, which generally corresponds to cost. Transaction costs are included in the initial measurement unless the financial asset is measured at fair value through profit or loss.

Subsequent measurement depends on the categorization of the financial instruments according to one of the following measurement categories:

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

A financial asset is measured at amortized cost if the contractual cash flows consist solely of interest and principal payments on the outstanding principal amount of the financial instrument (cash flow criterion) and the business model is to hold the financial instrument. These include the trade receivables of the M1 Kliniken Group as well as other receivables and cash at banks. The subsequent measurement of these financial assets is based on the effective interest method. Transaction costs and other premiums and discounts are also taken into account when determining the effective interest rate.

Financial assets are measured at fair value through profit or loss if the financial asset is either held for trading or is designated as at fair value through profit or loss. This applies to all financial assets that do not meet the cash flow criterion or are subject to the "sell" business model. Financial assets held for trading are not held. Similarly, no financial assets are measured at fair value through other comprehensive income.

Financial assets are recognized directly in equity if the financial instrument meets the cash flow criterion and the business model consists of a combination of holding and selling. In the M1 Kliniken Group, no financial asset falls into this category.

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

c) Financial liabilities

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

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

d) Financial liabilities

Financial assets or a part of a financial asset are derecognized when M1 Kliniken AG loses control of the contractual rights that comprise the asset. Financial liabilities are derecognized when M1 Kliniken AG no longer has any contractual obligations resulting from the financial instrument.

Financial assets are subject to the impairment requirements of IFRS 9, with the exception of financial assets measured at fair value through profit or loss.

The amount of the impairment loss is measured on the basis of expected credit losses. Expected credit losses are the difference between the contractually agreed cash flows and the expected cash flows, measured at present value using the original effective interest rate.

Expected credit losses are generally recognized in three stages. However, the impairment rules in the M1 Kliniken Group mainly apply to trade receivables. For these, IFRS 9.5.5.15 provides for a simplified approach in which stage 1 of the recognition of expected credit losses is omitted. Instead, trade receivables are impaired according to either level 2 or level 3. All trade receivables with no indication of impaired creditworthiness are recognized in level 2. To determine expected credit losses, observed historical default rates updated at each reporting date are used, adjusted by any necessary future-related components. Where possible, external sources are also used to determine the probabilities of default. The expected credit losses are calculated as the product of the default probabilities determined and the loss given default, which is set at 100% of the amount of the receivable.

If there are indications of impaired creditworthiness, there is a transition to Level 3 with the result that, in addition to the continued recognition of an allowance for credit losses, the effective interest rate is based on the net carrying amount. Indications of impaired creditworthiness exist in particular when financial difficulties of the debtor become known in conjunction with an increased probability of insolvency. For trade receivables with impaired creditworthiness, an individualized estimate of the expected credit loss is made.

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

e) Offsetting of receivables and payables

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

f) Fair value

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

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

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

The Company assumes that the fair values of financial assets and financial liabilities not measured at fair value essentially correspond to their carrying amounts.

5.4.6 Inventories

Inventories in the beauty and retail segments are measured at the lower of cost plus any incidental acquisition costs (e.g. transport, customs duties) or net realizable value. Work in progress and finished goods do not exist.

5.4.7 Fixed assets

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

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

Where necessary, impairment losses reduce the amortized cost. Property, plant and equipment were not revalued in accordance with the option under IAS 16.

Depreciation is calculated using the straight-line method. Depreciation is calculated on the basis of the consumption of future economic benefits. Property, plant and equipment are depreciated on a straight-line basis over various economically significant useful lives (1 to 15 years). If the carrying amount exceeds the expected recoverable amount of an item of property, plant and equipment, an impairment loss is recognized in accordance with IAS 36. The recoverable amount is determined from the net sales proceeds or - if higher - the present value of the estimated future cash flows from the use of the asset.

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

In addition to the amortization of intangible assets and depreciation of property, plant and equipment, the scheduled impairments of the rights of use capitalized in accordance with IFRS 16 will also be recognized in depreciation and amortization from the financial year 2019 onwards. This resulted in amortization of rights of use of EUR 4,211,021 in the past financial year (prev. year EUR 3,735,143).

5.4.8 Leases

The Group pursues a strategy of partially renting or leasing important assets that are required for the performance of its business operations. In addition to some company vehicles, these include in particular the premises of the clinic in Berlin-Köpenick and the premises of the practice network. The space is rented at suitable locations and leased on the basis of long-term rental agreements. As a rule, an initial rental period of five years is agreed, which can be extended once or several times. Rental and lease obligations were recognized for the first time in 2019 on the basis of IFRS 16. In this context, the expected future rental and lease payments are capitalized

and a corresponding rental and lease liability is recognized when the rental and lease relationship is established. The expense arising from rental and lease agreements is recognized in the item "Depreciation and amortization".

5.4.9 Intangible assets

M1 Kliniken AG capitalizes intangible assets if the asset is beneficially owned by the Company as a result of past events, if it is probable that future economic benefits associated with the asset will flow to the Company and if the cost of the asset can be measured reliably. There are no internally generated intangible assets.

Concessions and similar rights

Concessions and similar rights are capitalized at cost and recognized as an intangible asset separately from goodwill. Concessions and similar rights are amortized on a straight-line basis over the period of the limited period of ownership. If the right or asset is indefinite, an annual impairment test is performed on the concession or right and any impairment loss is recognized in the income statement.

Software

Software is capitalized at cost and recognized as an intangible asset separate from goodwill, unless such software costs are an integral part of the related hardware. Software is amortized on a straight-line basis over a period of three or four years.

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount of non-controlling interest in the identifiable assets acquired and liabilities assumed of the Group.

Irrespective of whether there is any indication of impairment, the recoverable amount of 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% below the carrying amount, a sensitivity analysis is performed to determine the theoretical impairment potential. For this purpose, the underlying earnings before interest and taxes (EBIT) is reduced by 10%, the risk-free basic interest rate is increased by 1 percentage point and the impact on the capitalized goodwill is determined.

5.4.10 Impairment of long-term assets

Property, plant and equipment and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the recoverable amount of the asset may be lower than its carrying amount at the reporting date, or when an annual impairment test is required. In the case of intangible assets with indefinite useful lives, an impairment test must also be performed at least annually. The recoverable amount is determined to determine whether impairment is required. If the recoverable amount cannot be determined directly for the asset, it is determined by reference to the cash-generating unit (CGU) to which the asset belongs. For this purpose, the future cash flows expected from the cash-generating unit are determined and measured using the discounted cash flow approach. The discount factor includes the risk-free interest rate and a risk premium, with the cost of capital being weighted in accordance with the capitalization structure (equity / debt) of the cash-generating unit. If an asset belongs to several cash-generating units, the assets used jointly are allocated to the individual cash-generating units.

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

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

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

If an impairment loss is determined for a cash-generating unit to which goodwill has been allocated that exceeds the carrying amount of the goodwill, the goodwill is first written down in full and the remaining impairment loss is allocated to the other assets of the CGU.

5.4.11 Equity

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

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

As of 31 December 2022, HAEMATO AG holds a total of 1,328,384 shares in M1 Kliniken AG, most of which were transferred to the Company as consideration for the expenses incurred in connection with M1 and as a valuation of the share in the business idea before the IPO of M1 Kliniken AG in 2015. The shares are deducted from equity as treasury stock in the consolidated financial statements of M1 Kliniken AG in accordance with IAS 32-33. Equity is thereby reduced by an amount of EUR 13,951,391.

5.4.12 Provisions and contingent liabilities

In accordance with IAS 37, provisions are recognized for obligations of uncertain timing or amount, where it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the provision. A provision is recognized only when:

- the Company has a present obligation (legal or constructive) as a result of 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 is the best estimate of the expenditure required to settle the obligation at the balance sheet date, i.e. the amount that the entity could be reasonably expected to pay to settle the obligation at the balance sheet date or to transfer it to a third party at that date.

Non-current provisions are discounted at a pre-tax rate if the effect is material. In the case of discounting, the increase in provisions due to the passage of time is recognized as a finance cost.

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

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be estimated with sufficient reliability. If the probability of an outflow of resources embodying economic benefits to the Company is remote, no contingent liability is disclosed.

5.5 NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.5.1 Operating result

a) Sales

Revenues totaling EUR 285,291,186 (prev. year EUR 314,610,275) mainly comprise income from the sale of pharmaceuticals and medical devices as well as medical services in the field of aesthetic medicine and the provision of infrastructure services.

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

b) Other operating income

Other operating income amounts to EUR 1,482,971 (prev. year EUR 879,610).

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

	2022 in EUR	2021 in EUR
Insurance compensation and indemnities	196,010	237,662
Income from currency conversion	164,808	181,481
Other benefits in kind	89,899	115,460
Income related to other periods	263,249	44,103
Income from the release of accruals	530,753	20,562
Profit from the disposal of fixed assets	12,277	12,817
Other operating income	225,975	267,525
Total	1,482,971	879,610

c) Cost of goods and services

The cost of purchased goods and services, which totaled EUR 232,510,854 (prev. year EUR 259,304,720), mainly includes expenses incurred in connection with the purchase of pharmaceuticals and medical devices.

Also included are expenses for purchased services (mainly professional fees) in the field of aesthetic medicine.

d) Personnel expenses

Personnel expenses decreased to a total of EUR 20,945,967 (prev. year EUR 22,129,883). It relates to EUR 17,735,546 in wages and salaries (prev. year EUR 18,760,603) and EUR 3,210,421 in social security contributions and pension costs (prev. year EUR 3,369,279).

The M1 Kliniken Group had an average of 366 employees in the reporting period (prev. year 350 employees). Of these, 292 were employed full-time and 74 part-time. In addition, 6 trainees were employed at the end of the year.

e) Depreciation

Depreciation and amortization includes scheduled depreciation of property, plant and equipment and amortization of intangible assets amounting to EUR 1,651,402 (prev. year EUR 1,908,948). An amount of EUR 4,211,021 was attributable to the scheduled amortization of rights of use capitalized in accordance with IFRS 16 (prev. year EUR 3,735,143). Depreciation of current assets amounting to EUR 200,000 was also recognized (prev. year EUR 44,244).

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

	2022 in EUR	2021 in EUR
Depreciation of intangible assets	726,893	824,988
Depreciation on property, plant and equipment	924,509	1,083,960
Depreciation on rights of use	4,211,021	3,735,143
Depreciation of current assets	200,000	44,244
Total	6,062,423	5,688,335

f) Other operating expenses

Other operating expenses, which total EUR 17,907,365 (prev. year EUR 16,232,329), are spread over a large number of individual items, such as rent, advertising and travel expenses, packaging materials, freight costs, insurance premiums, third-party work, legal and consulting costs, and annual financial statement and audit costs.

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

	2022 in EUR	2021 in EUR
Advertising and travel expenses	4,319,476	4,061,958
Space costs	1,659,756	1,668,220
Third-party services	4,248,385	1,473,177
Other items, including	7,679,747	9,028,372
- Costs of distribution of goods	1,574,637	2,210,868
- Insurances and fees	1,201,396	1,263,049
- Office supplies/telephone/internet/postage etc.	755,145	835,121
- Currency conversion	233,351	477,869
- Repairs & maintenance	601,375	450,890
- Legal and consulting costs	719,650	446,688
- Accounting / closing costs	415,802	293,363
- Other	2,178,391	3,050,524
Total	17,907,365	16,232,329

Occupancy costs do not relate to the original rental payments, but to other costs in the rental and leasing area (e.g. ancillary rental costs). The significant increase in 'third-party services' relates in particular to the "Beauty Club" customer loyalty program introduced in 2022. Following a treatment, M1 customers are granted a discount on the next treatment based on the amount of the treatment performed. This service for customer loyalty and strengthening of the M1 brand is provided by the operating companies of the M1 locations.

5.5.2 Financial result

Interest and similar income includes interest income totaling EUR 641,292 (prev. year EUR 667,053). The interest results from the granting of loans and the investment of cash and cash equivalents with German banks.

Interest and similar expenses, which total EUR 827,941 (prior year EUR 916,505), relate on the one hand to the discounting of capitalized lease liabilities in accordance with IFRS 16 in the amount of EUR 427,072 (prior year EUR 410,167) and interest on current and non-current liabilities in the amount of EUR 400,869 (prior year EUR 506,338)

Income from investments amounts to EUR 854,639 and results from dividend claims (prev. year: EUR 520,763 dividend claims as well as a claim for profit distribution of CR Opportunities GmbH in the amount of EUR 686,185).

The measurement of financial assets as part of the investment of the Group's liquidity resulted in write-ups of EUR 217,727 (prev. year EUR 1,212,076).

5.5.3 Income taxes and earnings

Taxes on income amounted to EUR 3,163,226 (prev. year EUR 3,544,002).

	2022 in EUR	2021 in EUR
Taxes on income and earnings	3,163,226	3,544,002
Corporate tax	1,406,894	1,533,512
Solidarity surcharge on corporate tax	74,961	81,833
Trade tax	832,863	1,033,434
Capital gains tax	68,699	54,898
Solidarity surcharge on capital gains tax	3,778	3,019
Deferred taxes	776,031	791,560
Corporate income tax DTA	0	45,747

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 result:

Effective tax rate for companies located in	in %
Berlin	30.175
Schönefeld	24.225

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

Tax reconciliation	2022		2021	
	in kEUR	in %	in kEUR	in %
Earnings before taxes	10,233		14,424	
Tax rate	30.175%		30.175%	
Expected tax expense and tax rate	3,088	30.2	4,353	30.2
Tax reductions due to tax-free income	-258	-2.5	-364	-2.5
Tax reductions due to fair value measurements	-66	-0.6		
Non-deductible expenses	31	0.1	15	0.1
Non-offsettable losses Subsidiaries	919	9.0		
Tax rate differences	-562	-5.5	-588	-4.1
Other tax effects	13	0.1	128	0.9
Reported tax expense and effective tax rate	3,163	30.9	3,544	24.6

5.5.4 Earnings per share

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

Period	Number of shares		
1 January - 31 December 2021	19,643,403		
		2022 in EUR	2021 in EUR
Net income attributable to equity holders of the parent company		4,317,354	8,905,097
Number of shares (weighted average)		19,643,403	19,643,403
Earnings per share		0.22	0.45

5.6 NOTES TO THE CONSOLIDATED BALANCE SHEET

5.6.1 Assets

a) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, time deposits with residual maturities of up to three months and maturities of up to three months, and demand deposits, all of which are recognized at their nominal values.

	31.12.2022 in EUR	31.12.2021 in EUR
Cash registers	33,060	6,183
Bank deposits	35,112,962	37,861,120
Total	35,146,022	37,867,304

b) Trade account receivables

Trade receivables, which total EUR 21,773,271 (prev. year EUR 16,308,165), are measured at amortized cost less any impairment losses. For this purpose, the so-called expected credit loss model is applied, which, however, did not result in any material effects. Impairment losses are initially recognized in allowance accounts, unless it can be assumed that the receivable will be wholly or partially uncollectible when the impairment event occurs. In these cases, the gross value of the receivable is written down directly to profit or loss.

In the fiscal year 2022, allowances amounted to EUR 79,283 (prior year EUR 164,323). As of the reporting date, there are no indications of impaired creditworthiness of the debtors.

Trade receivables include trade receivables from affiliated companies amounting to EUR 2,881,841 (prior year EUR 1,577,363). The trade receivables are due within one year.

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

Maturity	31.12.2021 in EUR	remaining period	
		up to 1 year in EUR	more than 1 year
Trade account receivables	16,308,165	16,308,165	-
thereof: Trade account receivables from affiliated companies	1,577,363	1,577,363	-

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

c) Inventories

Inventories mainly comprise goods held in the ordinary course of business and treatment materials used in the course of medical treatment. In the area of treatment materials, there was a write-down requirement of EUR 200,000 in the fiscal year 2022. There was no need for write-downs or write-ups within the meaning of IAS 2.28 - 2.33 in the financial year 2021.

	31.12.2022 in EUR	31.12.2021 in EUR
Inventories	27,586,629	35,202,903
Goods	26,247,072	33,958,714
Advance payments on inventories	678,239	410,160
Right to recollect products	661,318	834,028

d) Goodwill

Goodwill acquired in a business combination shall not be amortized. Instead, the acquirer shall allocate it to cash-generating units (CGU) of the Group and test it for impairment in accordance with IAS 36, annually or more frequently if events or changes in circumstances indicate that it may be impaired.

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

EUR 25,907,033 of the goodwill of EUR 34,299,237 (prev. year EUR 34,330,842) reported in the consolidated balance sheet was allocated to HAEMATO AG, EUR 115,723 to M1 Med Beauty Berlin GmbH, EUR 7,913,014 to M1 Aesthetics GmbH and EUR 363,466 to M1 Med Beauty Austria GmbH as a cash-generating unit.

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

in EUR	Acquisition and production costs			Value adjustments			Book value
	01.01. 2021	Accruals/ disposals	31.12. 2021	01.01. 2021	Depreciation/ Appreciation	31.12. 2021	31.12. 2021
Goodwill	34,394,053	-	34,394,053	-31,606	-31,605	-63,211	34,330,842
HAEMATO AG	25,907,033	-	25,907,033	-	-	-	25,907,033
M1 Aesthetics GmbH	7,913,014	-	7,913,014	-	-	-	7,913,014
M1 Med Beauty Berlin GmbH	115,723	-	115,723	-	-	-	115,723
M1 Med Beauty Austria GmbH	458,283	-	458,283	-31,606	-31,605	-63,211	395,072

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

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

The cost of capital was determined on the basis of the estimated cost of equity (incl. premium for market risk) and the cost of debt (less tax portion). This reflects the specific risks of the respective segments in which the CGUs operate. For the determination of the weighted average cost of capital, an assumption for 'typical' capital shares was chosen.

The impairment tests carried out did not reveal any need for impairment of the goodwill reported in the balance sheet.

A sensitivity analysis of the impairment test to changes in the key assumptions used to determine the recoverable amount was performed for the goodwill of the HAEMATO AG, M1 Med Beauty Berlin and M1 Aesthetics CGUs.

The goodwill for M1 Med Beauty Austria GmbH arose upon the transfer of the Austrian business operations from the former branch of M1 Med Beauty Berlin GmbH to M1 Med Beauty Austria GmbH in the financial year 2019 and embodies expenses for the start-up of operations. For this goodwill, a regular impairment test is waived and the goodwill is amortized on a scheduled basis over 15 years.

e) Intangible assets excluding goodwill

Intangible assets excluding goodwill mainly relate to investments in software.

in EUR	Acquisition/manufacturing costs			Value adjustments			Book value		
	01.01. 2022	Accruals/ disposal	Transfer/ disposal	31.12. 2022	01.01. 2022	Current depreciation		Disposals	31.12. 2022
Concessions and similar rights	33,169,150	243,458	0	33,412,608	-7,938,291	-691,843	-	-8,630,135	24,782,473
Acquired intangible assets	9,912,944	-	-	9,912,944	-9,678,949	-7,998	-	-9,686,947	225,997
Advance payments made on intangible assets	596,793	366,052	-	962,845	-	-	-	-	962,845
Total	43,678,887	609,510	0	-17,617,240	0	25,971,315	0	-18,317,082	25,971,315
in EUR	Acquisition/manufacturing costs			Value adjustments			Book value		
	01.01. 2021	Accruals/ disposal	Transfer/ disposal	31.12. 2021	01.01. 2021	Current depreciation		Disposals	31.12. 2021
Concessions and similar rights	9,010,069	23,405,117	753,964	33,169,150	-6,588,670	-1,354,731	5,110	-7,938,291	25,230,858
Acquired intangible assets	9,912,944	-	-	9,912,944	-9,670,951	-7,998	-	-9,678,949	233,995
Advance payments made on intangible assets	1,301,145	57,611	-761,963	596,793	-	-	-	-	596,793
Total	20,224,158	23,462,728	0	43,678,887	-16,259,621	-1,362,729	5,110	-17,617,240	26,061,646

f) Fixed assts

in EUR	Acquisition/manufacturing costs				Value adjustments				Book value	
	01.01. 2022	AHK Additions / Transfers	AHK Disposal	Currency difference	31.12. 2022	01.01. 2022	AHK Additions / Transfers	AHK Disposal		Currency difference
Properties	32,345,909	7,275,242	-3,133,469	-44,073	36,443,609	-17,078,571	-4,396,950	647,984	9,095	17,177,883
Land and buildings	2,604,088	-	-43,959	-	2,560,129	-2,597,724	-565	38,161	-	1
Technical equipment and machinery	920,422	209,987	-202,409	-	928,000	-536,027	-89,161	128,187	-	430,999
Operating and office equipment	8,406,838	952,557	-600,359	-13,152	8,745,883	-5,057,114	-830,229	481,635	1,462	3,341,638
Rights of use	20,414,562	6,112,698	-2,286,742	-30,921	24,209,597	-8,887,707	-4,211,021	-	7,633	13,405,245
in EUR	Acquisition/manufacturing costs				Value adjustments				Book value	
01.01. 2021	AHK Additions / Transfers	AHK Disposal	Currency difference	31.12. 2021	01.01. 2021	AHK Additions / Transfers	AHK Disposal	Currency difference		31.12. 2021
Properties	28,557,214	4,542,852	-779,873	25,716	32,345,909	-12,795,117	-4,396,950	120,040	-6,545	15,267,338
Land and buildings	2,604,088	-	-	-	2,604,088	-2,597,159	-565	-	-	6,364
Technical equipment and machinery	892,835	27,587	-	-	920,422	-446,263	-89,764	-	-	384,395
Operating and office equipment	7,777,312	999,861	-395,503	25,168	8,406,838	-4,228,346	-948,164	120,040	-645	3,349,724
Rights of use	17,282,978	3,515,405	-384,369	548	20,414,562	-5,523,349	-3,358,458	-	-5,900	11,526,855

g) Non-current financial assets

The investments held under non-current financial assets are measured at fair value through profit or loss. These primarily include the shares in CR Opportunities GmbH. No positive or negative valuation results were generated from the valuation of CR Opportunities GmbH in the financial year 2022.

in EUR	Acquisition and production costs				Value adjustments			Book value	
	01.01. 2022	AHK Additions	Transfers	Consolidation	31.12. 2022	01.01. 2022	Transfers		Appreciation/ Depreciation
Shares in affiliated Companies	8,735,014	-	-	-	8,735,014	3,267,647	-	-	12,002,661
CR Opportunities GmbH	8,732,353	-	-	-	8,732,353	3,267,647	-	-	12,000,000
Other	2,661	-	-	-	2,661	-	-	-	2,661

in EUR	Acquisition and production costs				Value adjustments			Book value	
	01.01. 2021	AHK Additions	Transfers	Consolidation	31.12. 2021	01.01. 2021	Transfers		Appreciation/ Depreciation
Shares in affiliated Companies	8,735,014	-	-	-	8,735,014	3,267,647	-	-	12,002,661
CR Opportunities GmbH	8,732,353	-	-	-	8,732,353	3,267,647	-	-	12,000,000
Other	2,661	-	-	-	2,661	-	-	-	2,661

h) Other financial and non-financial assets

In the fiscal year 2022, other financial and non-financial assets mainly consisted of receivables from a customer and securities included in current assets.

	31.12.2022 in EUR	31.12.2021 in EUR
Other short-term financial assets	17,102,402	18,155,152
Receivables from affiliated companies	405,567	355,840
Other assets	4,344,178	4,480,096
Bonds	12,352,657	11,253,115
Loans with a remaining term of up to 1 year	0	2,066,100
Other short-term assets	3,403,131	899,000
Receivables from sales tax credits	2,711,144	19,601
Receivables from personnel	49,427	22,351
Accruals and deferred income	301,609	344,879
Further assets	340,951	512,170
Other long-term assets	266,654	253,127
Deposits	305,452	292,081
Prepaid expenses (Leasing)	-38,798	-38,954

5.6.2 Liabilities

a) Short-term provisions

Short-term provisions include the audit costs of the consolidated companies, provisions for personnel costs, legal and consulting costs and other provisions. The values are determined using defined calculation algorithms.

Current Provisions	01.01.2022 in EUR	Consumption in EUR	Elimination in EUR	Increase in EUR	31.12.2022 in EUR
Audit and year-end closing costs	107,635	89,303	1,772	127,896	144,456
Personnel / holiday entitlements	433,705	180,564	242,673	483,075	493,543
Other	1,363,738	819,138	437,928	559,557	666,229
Total	1,905,077	1,089,005	682,373	1,170,528	1,304,228

b) Liabilities from deliveries and services

Liabilities are measured at amortised cost using the effective interest rate method. It is assumed that the fair values correspond to the carrying amounts of these financial instruments due to the short maturities.

c) Leasing liabilities

In accordance with IFRS 16, M1 Kliniken AG capitalises leases from operating leases as rights of use and depreciates them over the term of the contracts. The future lease payments create liabilities which, depending on the term, are differentiated into short-term and long-term liabilities and are discounted.

	31 December 2022	31 December 2021
Right of use	13,405,245	11,526,855
Prepaid expenses	-44,798	-38,954
Σ Assets	11,487,901	11,487,901
Short-term leasing liabilities	3,376,706	3,655,727
Long-term leasing liabilities	10,334,828	8,127,287
Σ Liabilities	13,711,534	11,783,014
Depreciation	-4,211,021	-3,735,143
Interest expense	-427,072	-410,167
Σ Income statement	-4,638,093	-4,145,310
Leasing expenses	4,598,516	4,066,840
Σ Correction of leasing expenses	4,598,516	4,066,840
Delta net profit/loss for the year	-39,577	-78,470

d) Other short-term financial liabilities

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

e) Other current liabilities

Other current liabilities are carried at amortized cost using the effective interest method. These are mainly liabilities for payroll taxes and value-added tax, social security liabilities, and advance payments received for treatments in the Beauty segment.

f) Contractual and reimbursement liabilities

Reimbursement liabilities include obligations from sales transactions that constitute financial instruments. A reimbursement liability arises when the Company receives a consideration from a customer and expects the customer to be refunded all or part of that consideration. A reimbursement liability is measured at the amount of the consideration to which the company does not expect to be entitled and is therefore not included in the transaction price.

A reimbursement liability is recognised for sales with a right of return.

	31 December 2022	31 December 2021
Return delivery rights	703,720	920,866
Discount contracts / manufacturer discounts	4,636,229	4,605,797
Contractual and reimbursement liabilities	5,339,949	5,526,662

g) Long-term provisions

The long-term provisions relate to obligations to preserve business records with a remaining term of more than one year.

h) Long-term financial liabilities

Long-term financial liabilities include liabilities to banks and were recognised at amortised cost using the effective interest method.

i) Deferred tax assets and deferred tax liabilities

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

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

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

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

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

- goodwill for which amortisation is not deductible for tax purposes, or
- the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

However, for taxable temporary differences associated with investments in subsidiaries, a deferred tax liability is recognised unless the timing of the reversal of the temporary difference can not be controlled by the Company and it is probable that this will not occur in the foreseeable future. Deferred tax as of 31 December 2021 relates to the following:

Temporary Differences in kEUR	01.01.2022	Recognised in profit or loss	Recognised directly in equity	31.12.2022
Valuation of intangible assets	57	729	319	1,105
Fair value measurement of financial instruments	2,146	69	-319	1,896
Fair value measurement of financial assets	0		0	0
Other valuation differences	25	-22	0	3
Deferred tax liabilities	2,228	710	0	3,004

Deferred taxes from the measurement of intangible assets result from the first-time consolidation of a subsidiary acquired in 2009 and 2013 in the HAEMATO AG subgroup and from different measurement approaches under commercial law and IFRS and amount to kEUR 1,105 (prev. year kEUR 57) as of the reporting date. Allocations from the previous year amounting to kEUR 319 were changed.

In connection with the fair value measurement of existing financial instruments, deferred taxes of kEUR 1,896 (prev. year kEUR 2,146) had to be recognized as liabilities and relate to the amount by which the IFRS values measured at fair value exceed the tax balance sheet values. In this context, allocations from the previous year amounting to kEUR 319 were changed. In the past financial year, there was an increase due to the fair value write-ups of securities held and the reversal of write-downs under commercial law in the IFRS consolidated financial statements.

j) Equity

The Company's share capital of EUR 19,643,403 (prev. year EUR 19,643,403) is divided into 19,643,403 no-par value shares (prev. year 19,643,403 shares) with a notional value of EUR 1.00 each. The increase in the Company's share capital in 2020 was carried out by utilizing the Authorized Capital 2019 in the amount of 2,143,403 euros as part of a capital increase against contribution in kind of 11,011,977 shares in HAEMATO AG previously held by MPH Health Care

AG. The capital increase was entered in the commercial register on 30 June 2020. The new shares were fully subscribed and taken over by MPH Health Care AG. For the development and composition of equity, please refer to the statement of changes in equity.

In the financial year 2022, in accordance with the resolution of the Annual General Meeting of M1 Kliniken AG of 13 July 2022, the unappropriated surplus was carried forward in full to new account.

At the time of preparation of the financial statements for the fiscal year 2022, there is no proposal for the appropriation of the net profit for the fiscal year 2022.

5.7 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows how the cash and cash equivalents of the M1 Kliniken Group have changed in the course of the reporting years as a result of cash inflows and outflows. In this cash flow statement, the cash flows are broken down into operating, investing and financing activities. The cash flows from investing and financing activities are each presented using the direct method. Cash flows from operating activities, on the other hand, are presented using the indirect method. Cash and cash equivalents include cash and cash equivalents available at short notice amounting to EUR 35,146,022 (prev. year EUR 37,867,304).

The main items in the cash flow from operating activities are the result for the period of EUR 7,069,933 (prev. year EUR 10,879,750), depreciation of EUR 5,862,423 (prev. year EUR 5,644,091) and the decrease in inventories of EUR 7,597,297 (prev. year EUR 7,134,427).

Further significant components are the cash inflow from the increase in trade receivables and payables and the decrease in inventories, other assets and liabilities in the amount of EUR 592,995 (prev. year net outflow of EUR 10,202,158).

The cash flow for 'investing activities' is characterized by cash inflows from interest income of EUR 627,494 (prev. year EUR 479,543) and investments in intangible assets and property, plant and equipment of EUR 1,772,054 (prev. year EUR 1,335,535).

The cash flow from financing activities in the past fiscal year was mainly influenced by the reduction of liabilities to banks/loans amounting to EUR 13,404,803 (prev. year EUR 4,218,594) and payments for the redemption of rights of use amounting to EUR 4,594,128 (prev. year EUR 4,075,569).

5.8 SEGMENT REPORTING

The reportable segments in the M1-Kliniken Group are the "Beauty" and "Trade" segments. The classification into operating segments follows the guidelines of the Group's internal management and controlling based on business activities. Segmentation is not based on regional aspects, as this is not (yet) a relevant management parameter for internal management.

The "Beauty" segment comprises the Schlossklinik in Berlin-Köpenick, the operating activities in various outpatient clinics in Germany, and the network of outpatient specialist centers. Aesthetic surgery services (mainly breast augmentation, eyelid lifts, and liposuction) are performed in the clinics, and other aesthetic medical treatment services (mainly injections with hyaluronic acid

and botulinum toxin) are performed in the network of specialist centers. The end customers of this segment are natural persons for whom treatments are performed and operators of aesthetic medicine practices.

The "Trading" segment comprises all activities relating to the trading of pharmaceuticals and medical devices. This is a trading activity, whereby the position of the distributor of products from contract manufacturers is increasingly coming into focus. The products are not processed or refined in this context. Rather, the M1 Kliniken Group uses the trading activities to increase its purchasing volume from relevant suppliers as a basis for price negotiations. The target customers of this segment are users who use the products in their own business activities or who resell them.

The segments do not have any intercompany sales.

Changes in segmentation and the allocation of individual activities to the segments have taken place in the financial year 2022 to the extent that HAEMATO AG is fully allocated to the "Trade" segment and the newly consolidated foreign companies of the M1 Group are fully allocated to the "Beauty" segment.

	2022 in kEUR		2021 in kEUR	
Group sales	285,291		314,610	
Trade	225,054	78.9%	261,822	83.2%
Beauty	60,237	21.1%	52,788	16.8%

The Group generates more than 10% of consolidated sales with one customer (EUR 29,665,049). In the previous year (2021), no customer accounted for more than 10% of consolidated sales.

EBIT is divided among the various business segments as follows:

	2022 in kEUR		2021 in kEUR	
Group EBIT	9,348		12,135	
Trade	2,319	24.8%	6,984	57.6%
Beauty	7,029	75.2%	5,151	42.4%

5.9 FURTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

5.9.1 Capital risk management

To date, the Group has managed its capital with the aim of maintaining a very high equity ratio, so as not to become dependent on lenders and to keep its entrepreneurial decision-making freedom as open as possible. This ensures that all Group companies can operate on a going concern basis and that decisions are not influenced by any covenants imposed by lenders.

At the respective balance sheet dates the equity capital amounts to:

	31.12.2022 in EUR	31.12.2021 in EUR
Equity	143,050,624	139,902,399
Balance sheet total	197,024,743	198,110,721
Equity ratio	72.61%	70.62%

In the reporting period, liabilities to banks decreased from EUR 18,908,345 to a total of EUR 5,503,542, of which EUR 2,378,542 was attributable to the HAEMATO Subgroup. A 1-percentage point increase in the interest rate on the HAEMATO Group's floating-rate liabilities to banks totaling kEUR 2,379 leads to a kEUR 24 increase in interest expenses. A 1-percentage point decrease in the interest rate on the HAEMATO Group's floating-rate liabilities to banks leads to a kEUR 24 decrease in interest expenses. However, the risk of interest rate changes is also reduced for the above-mentioned loans because the loans do not have a fixed term of more than one month and can be repaid at any time. The other financial liabilities are not exposed to any interest rate risk, as the terms are fixed until maturity.

5.9.2 Categories of financial instruments

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

Book values	31.12.2022 in EUR	31.12.2021 in EUR
Financial assets measured at amortized cost	61,669,038	61,077,505
Trade account receivables	21,773,271	16,308,165
Other short-term financial assets	4,749,745	6,902,036
Cash and cash equivalents	35,146,022	37,867,304
Financial assets at fair value through profit or loss	24,355,318	23,255,776
Other short-term financial assets	12,352,657	11,253,115
Other long-term financial assets	12,002,661	12,002,661
Book values total	86,024,356	84,333,281

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

5.9.3 Risk management policy and hedging measures

The risk management system of the M1 Kliniken Group aims to identify and record all significant risks and their causes at an early stage in order to avoid financial losses, defaults or disruptions. Hedge accounting within the meaning of IFRS 9 is not applied.

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

The risk management policy is essentially covered by the Management Board of M1 Kliniken AG. The controlling departments of the operational units, which provide support in this respect, monitor the operations and are thus able to identify deviations from plans in good time. If necessary, the respective persons responsible in the specialist departments together with the Management Board decide on the appropriate strategy for managing risks.

In general, the M1 Kliniken Group is exposed to risks that may arise from changes in framework conditions as a result of legislation or other regulations. However, should such changes occur, they usually do not occur suddenly and unexpectedly, so that there is sufficient reaction time to deal with the changes.

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

Default risk is the risk that business partners are unable to meet their contractual obligations, resulting in a financial loss to the Group. Due to the good knowledge of the company's customers, the default risk of trade accounts receivable can be managed well. Open positions are only entered into if actual settlement is assured. Therefore, the default risk is of minor importance for the M1 Kliniken Group. If such risks nevertheless become apparent, they are assessed by means of valuation allowances in accordance with the "expected credit loss model" under IFRS 9.

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

b) Liquidity risk

The Group manages liquidity risks to ensure ongoing solvency by constantly monitoring forecasted and actual cash flows and reconciling the maturity profiles of financial assets and liabilities.

The following tables show the expected cash flows of financial liabilities as of 31 December 2022 and 31 December 2021. Interest payments were not taken into account. Liabilities with a term of more than one year were not discounted:

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

Financial liabilities measured at amortized cost	Book value 31.12.2021 in EUR	Cash flow up to 1 year in EUR	Cash flow > 1 year to 5 years in EUR	Cashflow > 5 years in EUR
Other long-term financial liabilities	4,375,000	-	4,375,000	-
Trade account payables	12,844,805	12,844,805	-	-
Other short-term financial liabilities	14,776,016	14,776,016	-	-
Other short-term liabilities	2,793,185	2,793,188	-	-

EUR 19,221,643 (prev. year EUR 12,844,805) of the non-interest-bearing financial liabilities relates to trade payables and EUR 2,841,912 (prev. year EUR 14,776,016) to other current financial liabilities.

c) Other price risks

Other price risks may arise from rising purchase prices. Long-term supply contracts and similar measures that could limit these risks do not currently exist. The conclusion of such contracts would have a negative impact on the flexibility required by management in the composition of the product portfolio, which is compiled on the basis of demand. In recent years, the company has been able to significantly reduce the cost prices for the treatment materials used by means of a clever purchasing policy. Falling purchase prices are also expected in the future. The trading sector will also benefit from falling purchase prices in the future.

5.10 OTHER DISCLOSURES

5.10.1 Guarantees, contingent liabilities and other financial commitments

There are no contingent liabilities. The other financial obligations are within the scope of normal business transactions. At the end of 2022, there were lease liabilities totaling EUR 13,700,750 (prev. year EUR 11,783,014) from rental and lease agreements, of which EUR 10,324,044 (prev. year EUR 8,127,287) related to non-current liabilities and EUR 3,376,706 (prev. year EUR 3,655,727) to current liabilities.

5.10.2 Related companies and persons

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

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

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

If assets or liabilities result from transactions with these companies, they are reported under other assets and other liabilities. The Management Board and the Supervisory Board of M1 Kliniken AG are considered to be the key management personnel of the Company. Changes in the persons concerned occurred in the past financial year as shown below:

Management Board

Family name	First name	Function/ profession	Power of representation	Comment
Dr. von Horstig	Walter	Merchant	Sole power of representation	until Nov 2022
Brenske	Kilian	Merchant	Sole power of representation	until Nov 2022
Strauss	Attila	Business-computer scientist	Sole power of representation	until Nov 2022

Board of Supervisors

Family name	First name	Profession	Function	Comment
Dr. Wahl	Albert	Industrial engineer	Chairman	until Okt 2022
Zimdars	Uwe	Merchant	Chairman	since Okt 2022
Zimdars	Uwe	Merchant	Deputy Chairman	until Okt 2022
Prof. Dr. Hempel	Dirk	Specialist for internal medicine and oncology	Deputy Chairman	since Okt 2022
Prof. Dr. Dr. Meck	Sabine	University lecturer	Member	

The following transactions were conducted with related parties:

Transactions with related parties and persons	31.12.2022 in kEUR	31.12.2021 in kEUR
Deliveries and services rendered	23,759	2,500
to companies that are controlled by majority shareholders	23,759	2,500
to majority shareholders	-	-
to Supervisory Board members	-	-
Deliveries and services received	11,831	1,329
to companies that are controlled by majority shareholders	11,831	1,329
to Supervisory Board members	-	-
Other operating expenses	65	-
to companies that are controlled by majority shareholders	5	-
to majority shareholders	60	-
to Supervisory Board members	-	-

The total remuneration of the Supervisory Board amounted to EUR 45,000 in the fiscal year 2022 (prev. year also EUR 45,000). The Supervisory Board did not receive any variable remuneration components. The Management Board and Supervisory Board do not receive any pension entitlements.

There are no receivables from members of the Supervisory Board or the Management Board.

There were no other business relationships with related parties in the 2022 financial year.

With regard to the disclosure of the total remuneration of the Management Board members, the protective clause of § 286 IV HGB was utilised.

5.10.3 Auditor's fee

The fees charged by the auditor for the past financial year totalled EUR 139,903 (prev. year EUR 102,603).

5.10.4 Events after the balance sheet date

There were no significant events after the balance sheet date.

5.11 APPROVAL BY THE MANAGEMENT BOARD FOR THE PUBLICATION OF THE 2022 CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 10.17

These consolidated financial statements take into account all events known to the Management Board up to 4 May 2023.

Berlin, 4 May 2023



Kilian Brenske
(Management Board)



Attila Stauss
(Management Board)

5.12 INDEPENDENT AUDITOR'S REPORT

Reproduction of the audit opinion

We have issued the following unqualified opinion on the consolidated financial statements and the Group Management Report:

Independent Auditor's Report

to the Management Board of M1 Kliniken AG, Berlin

Audit opinions

We have audited the consolidated financial statements of M1 Kliniken AG, Berlin, and its subsidiaries (the Group), prepared in accordance with IFRS, which comprise the consolidated statement of financial position as of 31 December 2022, the consolidated statement of comprehensive income, the consolidated statement of cash flows, and the consolidated statement of changes in equity for the financial year from 1 January 2022 to 31 December 2022 and the notes to the consolidated financial statements, including a description of the accounting policies. We have also audited the Group Management Report of M1 Kliniken AG for the financial year from 1 January 2022 to 31 December 2022.

In our opinion, based on the findings of our audit, the consolidated financial statements are as follows:

- The accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2022, and of its financial performance for the fiscal year from 1 January 2022 to 31 December 2022 in accordance with International Financial Reporting Standards (IFRS) and German generally accepted accounting principles from 1 January 2022 to 31 December 2022, and
- The accompanying Group Management Report as a whole provides a suitable view of the Group's position. In all material respects, this Group Management Report is consistent with the consolidated financial statements, complies with IFRS and German legal requirements, and accurately presents the opportunities and risks of future development.

In accordance with § 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations concerning the correctness of the consolidated financial statements and the Group Management Report.

Basis for the audit opinions

We conducted our 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). Our responsibility in accordance with these requirements and standards is further described in the section "Auditor's Responsibility for the Audit of the Consolidated Financial Statements and the Group Management Report" of our auditor's report. We are independent of the Group companies in accordance with German commercial law and professional regulations and have fulfilled our other German professional obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements and the Group Management Report.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS and the requirements of German commercial law applicable to corporations and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. Furthermore, they are responsible for the preparation of the financial statements on the basis of the going concern principle, unless factual or legal circumstances prevent this.

In addition, management is responsible for the preparation of the Group Management Report, which as a whole provides a suitable view of the Group's position and is consistent in all material respects with the consolidated financial statements, complies with IFRS and German statutory requirements, and suitably presents the opportunities and risks of future development. Furthermore, management is responsible for the arrangements and measures (systems) that it determines are necessary to enable the preparation of a Group Management Report in accordance with IFRS and the applicable requirements of German law, and for providing sufficient appropriate evidence to support the disclosures in the Group Management Report.

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

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

Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group Management Report as a whole provides a suitable view of the Group's position, is consistent in all material respects with the consolidated financial statements and the audit findings, complies with German legal requirements, and suitably presents the opportunities and risks of future development, and to issue an auditor's report that includes our audit opinion on the consolidated financial statements and the Group Management Report.

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

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

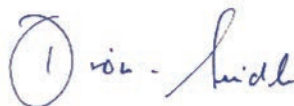
- identify and assess the risks of material misstatement of the consolidated financial statements and the Group Management Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis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

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

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

Kiel, 12 May 2023

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



Auditor



GLOSSARY

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

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

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

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

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

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

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

SOURCES

- 1 Cf. <https://de.statista.com/themen/1181/weltwirtschaft/#topicOverview>
- 2 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Frühjahr 2023 (Nr. 99) vom 15.03.2023, S. 2-3
- 3 Cf. Pressemitteilung BMWK vom 13.01.2023 „Die wirtschaftliche Lage in Deutschland im Januar 2023“
- 4 Cf. Kieler Konjunkturberichte: Deutsche Wirtschaft im Frühjahr 2023 (Nr. 101) vom 14.03.2023, S. 3-4
- 5 Cf. ISAPS Global Survey 2021 Press Release, S. 1
- 6 Cf. ISAPS INTERNATIONAL SURVEY ON AESTHETIC/COSMETIC PROCEDURES performed in 2021, S. 6
- 7 Cf. bmwk.de/Redaktion/DE/Artikel/Branchenfokus/Industrie/branchenfokus-chemie-pharmazie.html
- 8 Cf. IQVIA Marktbericht Classic: Entwicklung des deutschen Pharmamarktes im Jahr 2022, S. 3-11
- 9 Cf. IQVIA Marktbericht Classic: Entwicklung des deutschen Pharmamarktes im Jahr 2022, S. 28-31
- 10 Cf. Kieler Konjunkturberichte Nr. 101: Deutsche Wirtschaft im Frühjahr 2023 vom 14.03.2023, S. 3
- 11 Cf. www.sachverstaendigenrat-wirtschaft.de/konjunkturprognose-2023.html



IMPRINT

M1 Kliniken AG
Grünauer Straße 5
12557 Berlin
Germany

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

M: ir@m1-kliniken.de

W: www.m1-kliniken.de

Management Board

Kilian Brenske
Attila Strauss

Supervisory Board

Chairman of the Supervisory Board:
Uwe Zimdars

Deputy Chairman of the Supervisory Board:
Prof. Dr. Dirk Hempel

Member of the Supervisory Board:
Prof. Dr. Dr. Sabine Meck

Registry court

Amtsgericht Charlottenburg, Berlin

Registry number

HRB 107637 B

Concept, design and realisation

M1 Kliniken AG
Investor Relations

Photos

M1 Kliniken AG
iStock
Getty Images



M1 Kliniken AG
Grünauer Str. 5, 12557 Berlin

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

M: ir@m1-kliniken.de
W: www.m1-kliniken.de