HAEMATO

ANNUAL REPORT **2022**

BRIEF OVERVIEW OF THE HAEMATO

In the reporting period, HAEMATO AG generated sales of EUR 248.14 million, a decrease of 13% compared to the previous year (EUR 285.04 million). This decrease resulted from the decline in special effects in the Corona test business and further product portfolio optimization. The company was able to generate earnings before interest and taxes (EBIT) of EUR 8.29 million (previous year EUR 11.16 million).

The share price of HAEMATO AG was 17.20 euros as of 31 December 2022, which was around 28% lower than on 31 December 2021. By 28 February 2023, the share price had risen to 21.40 euros.

KEY FIGURES (IFRS) IN EUR

Consolidated statement of comprehensive income	Jan.-Dec. 2022	Jan.-Dec. 2021
Revenues	248,142	285,043
EBITDA	9,661	12,636
EBIT	8,295	11,161
Net profit for the period	8,193	6,534

Consolidated balance sheet	31.12.2022	31.12.2021
Short-term assets	69,268	81,070
Long-term assets	107,302	100,940
Equity capital	147,168	144,726
Liabilities	29,401	37,284
Balance sheet total	**176,570**	**182,010**
Equity ratio	83.3%	79.5%
Dividend payment per share in EUR*	1.10	1.00

* per dividend-bearing share for the previous year

STOCK PERFORMANCE IN THE FISCAL YEAR (XETRA)

CONTENT OF THE ANNUAL REPORT 2022

1. COMPANY PROFILE

HAEMATO AG is a listed group of companies operating in the pharmaceutical sector and is headquartered in Berlin. The business operations are mainly carried out by three companies: **HAEMATO PHARM GmbH**, **HAEMATO MED GmbH** and **M1 Aesthetics GmbH**. The group of companies of HAEMATO had a commercial and production area of approx. 4,200 m^2 at the Schönefeld site and employed 61 employees as of 31 December 2022. At the end of December 2022, the warehouse and production units were relocated to Berlin-Bohnsdorf. The headquarters and various functional departments will remain in Schönefeld.

HAEMATO PHARM GmbH

Since 2005, HAEMATO PHARM GmbH has been committed to making an active contribution to reducing costs in the healthcare system by **(parallel) importing and distributing low-priced EU original medicines**, so that every patient can benefit from the latest therapies and treatment concepts, even if they are often very expensive. In order to ensure permanently low prices, HAEMATO PHARM takes advantage of the regional price differences between the individual European countries for purchasing purposes. The main focus is on the areas of oncology, HIV/AIDS, neurology, rheumatology, and other chronic diseases. The product portfolio of HAEMATO PHARM comprises (after portfolio optimization) around 511 actively approved original EU medicinal products.

HAEMATO MED GmbH

As a healthcare company, HAEMATO MED GmbH develops **products for aesthetic medicine and cosmetic dermatology**. Here, the focus is on close cooperation with physicians and customers in aesthetic medicine. The expectations and needs of both target groups, as well as the latest technological and scientific findings, are incorporated into all development steps in order to increase the safety, quality and comfort of aesthetic treatments. The distribution of the products is supported by HAEMATO PHARM as exclusive partner. At the end of 2020, HAEMATO MED passed the first stage of the DIN ISO 13485 certification, which is a requirement for the development of private label brands.

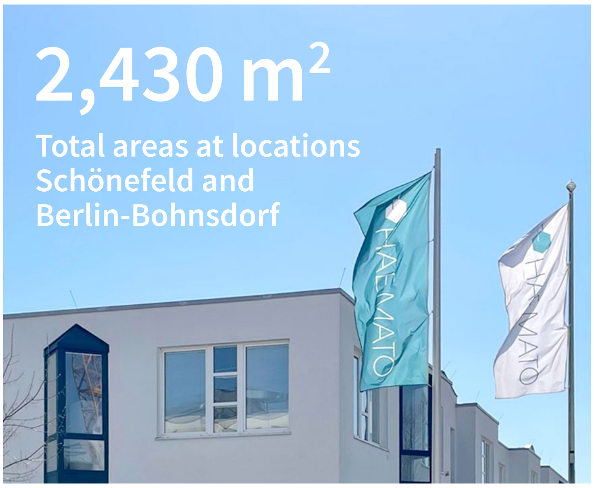
M1 AESTHETICS GmbH

Since 2021, M1 Aesthetics GmbH has also been part of the HAEMATO Group. M1 Aesthetics is a health care company specializing in the **marketing of pharmaceutical, medical and medical technology products for aesthetic surgery and cosmetic dermatology**. Its main customers include clinics, pharmacies, as well as general practitioners and medical care centers in the field of aesthetic medicine and dermatology. The company is also active in the European wholesale of specialty pharmaceuticals.

Target markets of the **HAEMATO Group** are Germany, Austria and the Netherlands. Customers include pharmacies, wholesalers, doctors, clinics, laboratories and corona test centers. Our regular customer base includes over 16 wholesalers and more than 7,000 pharmacies.

At the end of 2021, recertification for the trade with narcotics (BtM) was successfully carried out. Trading activities in the BtM market will be gradually expanded. In 2020, the acceptance of the BtM warehouse by the authority has taken place. The permit required for BtM trading has already been acquired by HAEMATO in 2019, after the high safety requirements and quality specifications were met. This is intended to further expand the versatility of the product range as a competitive advantage in order to be stably positioned in the dynamic pharmaceutical market.

Key Figures



2,430 m^2
Total areas at locations Schönefeld and Berlin-Bohnsdorf

Employees

61*

(*as of 31.12.2022) excluding apprentices
(previous year 111)

Regular customers in Germany (pharmacies, clinics and doctors)

approx. **5,200**

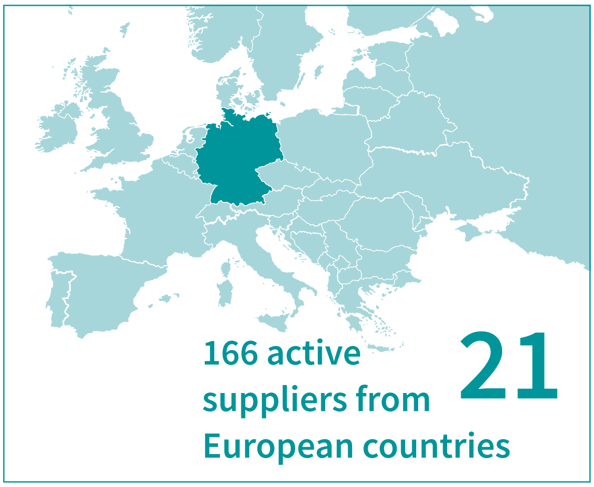
Regular customers in Austria (pharmacies, clinics and doctors)

approx. **2,100**

Active medicinal product registrations

511

(previous year 532)



166 active suppliers from **21** European countries

Product portfolio:

Parallel imports

46.7%

(prev. yr. 32.6%)

Originals

36.7%

(prev. yr. 32.5%)

Biosimilars and others

11.9%

(prev. yr. 18.3%)

Medical products

4.7%

(prev. yr. 16.6%)

Sold pharmaceutical packages in 2022

263,100

(previous year 324,500)

Number of no-par-value shares

5,229,307

(previous year 5,229,307)

Equity ratio

83.3%

(previous year 79.5%)

Total sales in 2022

kEUR 248,142

(previous year kEUR 285,043)

2. LETTER TO THE SHAREHOLDERS

DEAR SHAREHOLDERS,

We look back on a successful fiscal year 2022: Earnings after interest and before taxes (EBT) increased by 12.1% to 10.5 million euros (prev. year 9.4 million euros). Net income after interest and taxes increased by 25.4% to 8.2 million euros (prev. year 6.5 million euros).

IFRS consolidated sales amounted to 248.1 mn euros, and the operating result (EBIT) was 8.3 mn euros. The decrease in IFRS consolidated sales by 36.9 mn euros and in EBIT by 2.9 mn euros compared to the previous year is mainly due to the decline in COVID-19 diagnostics as a result of lower incidences and the resulting decrease in testing. The positive special effects from the previous year were not repeatable in this area, but could be offset by the cost reduction and efficiency improvement measures already initiated in the previous year.

Equity increased by 2.4 mn euros to 147.2 mn euros as of 31 December 2022 (prev. year 144.7 mn euros). The equity ratio increased further from 79.5% to 83.3%. Liabilities were again reduced to 29.4 mn euros (prev. year 37.3 mn euros). The liabilities to banks included in this figure fell by 12.0 mn to 2.7 mn euros as of the balance sheet date of 31 December 2022.

In the past financial year, a high operating cash flow of 19.7 mn euros was again generated (previous year 14.1 mn euros). Due to the high repayment of bank loans, investments in a new warehouse in Berlin and increased dividend payments in the previous year, cash and cash equivalents decreased slightly overall by 1.8 mn euros and amounted to around 23.8 mn euros as of 31 December 2022 (prev. year 25.6 mn euros). We therefore continue to see the Group in a very good position.

The growth achieved in the high-margin "Lifestyle & Aesthetics" segment once again illustrates the potential of the strategic focus, and the cost reduction and efficiency enhancement measures initiated in the previous year are also showing positive results. A part of the corporate strategy in the "Specialty Pharma" segment continues to be the consistent focusing of the pharmaceutical portfolio on higher-margin products.

Due to significantly lower incidences and the resulting reduction in corona testing, sales of medical products from COVID-19 diagnostics also weakened considerably. As a result, the special effects from the previous year were not repeatable.

Since the financial year 2021, HAEMATO‘s business has been divided into two segments, namely the core business “Specialty Pharma“ on the one hand and the “Lifestyle & Aesthetics“ segment on the other.

“Specialty Pharma“ includes the trade and production of drugs and preparations in the fields of HIV, oncology, rheumatology, neurology as well as cardiovascular diseases. HAEMATO acts here as a wholesaler and parallel importer. The share of this segment in the Group‘s total sales in 2022 was 205.7 mn euros, corresponding to a sales share of around 83% (prev. year 219.9 mn euros, equivalent to 77%). As a result of the ongoing portfolio optimization, the gross margin in this segment increased significantly and amounted to 4.9% in the fiscal year 2022 (prev. year 4.0%). This resulted in a higher segment gross profit of 10.1 mn euros in 2022, despite reduced sales (prev. year 8.8 mn euros).

The second segment “Lifestyle & Aesthetics“ emerged from the original one-segment group with the acquisition of M1 Aesthetics GmbH in 2021. The share of this segment in the Group‘s total sales was around 17% in 2022 (prev. year 23%) due to the reduction in the Corona testing business. This higher-margin segment was able to contribute 11.5 mn euros to gross profit (prev. year 22.0 mn euros). This corresponds to a share of 53.1% (prev. year 71.5%).

In December 2022, production and warehousing activities were relocated to the new site in Berlin-Bohnsdorf. The even better logistical connection and the newly established optimized business processes there, combined with adjusted space requirements, will ensure significant cost savings in the coming years.

Under the SHI Financial Stabilization Act of 2022, the manufacturer discount for reimbursable pharmaceuticals was raised from 7% to 12% effective 1 January 2023, until 31 December 2023. We therefore expect expenses for the procurement of goods and for transport services to increase compared with previous years. This effect is expected 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 developed and thus support the focus on permanently higher margins. To this end, wholesale and the development of high-margin private labels in the area of “Aesthetic Medicine“ will be further expanded. As early as October 2021, a licensing and supply agreement was signed with the South Korean cooperation partner Huons BioPharma to license and distribute a botulinum toxin product under our 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. The Company expects the approval to be granted in 2025 if the clinical trial proceeds normally.

Due to the restrictions on manufacturer rebates, we expect consolidated Group sales of 220 mn to 250 mn euros and an EBIT of 6 mn to 8 mn euros.

We would like to express our sincere thanks for the special commitment and untiring efforts of our employees and wish everyone involved to continue with good health.

Schönefeld, April 2023

Patrick Brenske Management Board	Attila Strauss Management Board

3. REPORT OF THE SUPERVISORY BOARD

3.1 Supervision of Management and Cooperation with the Management Board

In the fiscal year 2022, the Supervisory Board of HAEMATO AG performed its duties with great care in accordance with the law and the Articles of Association. The management of the company was monitored by the Supervisory Board. The Management Board was advised in its activities by the Supervisory Board within the scope of exercising its control rights. The Board was involved by the Management Board in all decisions of fundamental importance for the Company. The Management Board informed the Supervisory Board regularly and in a timely manner, orally, by telephone and in writing, about the main events in the course of business, the economic situation of the Company and the Group, corporate planning, and investment and capital measures.

The Supervisory Board was able to satisfy itself as to the proper conduct of business.

3.2 Meetings, Consultations and Resolutions

The Supervisory Board held six ordinary meetings in the fiscal year 2022. The meetings focused on the following topics, among others:

15 February 2022:

- Explanation of Q3/ 2021 results, Stock price development and research
- Operational Highlights Q1-Q4/2021
- Status of licensing and supply agreement with Korea for Botox registration of private label product
- Report on successful regulatory audit by LAVG Brandenburg

28 March 2022:

- Expansion of the Management Board (appointment of Mr. Attila Strauss)

03 May 2022:

- Discussion of the audited 2021 annual financial statements and other submissions pursuant to Section 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 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 fiscal year 2021
- Resolution on the agenda for the Annual General Meeting on 12 July 2022
- Proposal for the election of the auditors

11 July 2022:

- Preparation for the Annual General Meeting on 12 July 2022.

11 October 2022:

- Explanation of half-year figures 2022, outlook fiscal year 2022 and situation of the company incl. operational highlights Q1-Q3 2022.
- Stock price development and research
- Report on successful inspections from authorities for new warehouse and production site
- Report on trip to South Korea as part of third-country inspection by German authorities for Botox approval

13 December 2022:

- Q3/2022 results and operational highlights
- Report on preparation of clinical trial in the context of Botox approval

In addition, the Supervisory Board meetings discussed current developments, strategic decisions and their operational implementation. Further informal meetings or conference calls were held between the Supervisory Board and the Management Board to discuss new significant business policy developments.

3.3 Annual Financial Statement

The Supervisory Board satisfied itself of the proper conduct of business. The annual financial statements prepared by the Management Board, the consolidated financial statements, and the combined management report of HAEMATO AG and the Group for the fiscal year ending 31 December 2022, together with the bookkeeping system, were audited by the auditor Harry Haseloff, Berlin, who was appointed as auditor by the Annual General Meeting, and received an unqualified audit opinion.

The prepared annual financial statements, the consolidated financial statements, combined management report of HAEMATO AG and the Group, the proposal for the appropriation of the net income, and the auditor‘s reports were distributed to each member of the Supervisory Board in good time prior to the balance sheet meeting on 16 May 2023. At the Supervisory Board meetings on 02 May 2023 and 16 May 2023 the auditors reported on the main results of their audit and were available to answer questions from Supervisory Board members. We have audited the annual financial statements and the consolidated financial statements prepared by the Management Board. At the Supervisory Board meeting on 16 May 2023, we approved the annual financial statements and the consolidated financial statements prepared by the Management Board on the basis of our own audit. The annual financial statements are thus adopted.

We noted the results of the auditor‘s review at the Supervisory Board meeting on 16 May 2023 with approval, and raised no objections following our own review of the annual financial statements. We also examined the proposal of the Management Board to use the unappropriated profit for the distribution of a dividend of EUR 1.20 per dividend-bearing share. We consider this proposal to be appropriate and therefore endorse it.

3.4 Dependency Report

HAEMATO AG prepared a dependent company report for the fiscal year ended 31 December 2022 in accordance with § 312 AktG.

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

At the balance sheet meeting on 16 May 2023, the auditor reported on the results of his audit and confirmed the correctness of the factual statements made in the dependency report. He also confirmed that according to the legal transactions listed in the statement the company's performance was not unreasonably high or any disadvantages were compensated and that for the measures listed in the report, there are no circumstances that result in a significantly different assessment than the one made by the Management Board.

The dependent company report and the respected auditor's report were submitted to the Supervisory Board in good time before the balance sheet meeting on 16 May 2023 in accordance with § 314 AktG. At its meeting on 16 May 2023 the Supervisory Board thoroughly examined the dependent company report for completeness and correctness. The Supervisory Board concluded that there were no objections to the declaration of the Management Board at the end of the report on relations with affiliated companies and approved the dependent company report.

3.5 Composition of the Supervisory Board

In the period from 1 January 2022 to 31 December 2022, the Supervisory Board was composed of members Andrea Grosse (Chairwoman), Prof. Dr. Dr. Sabine Meck (Deputy Chairwoman), Dr. Marion Braun (Member until 15 February 2021) and Uwe Zimdars (Member as of 9 March 2021).

3.6 Other

The Supervisory Board would like to thank the Management Board, Mr. Patrick Brenske and Mr. Attila Strauss for the successful management of the HAEMATO Group and the pleasant, constructive and successful cooperation in 2022.

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

Berlin, 16 May 2023

A. Grosse

Andrea Grosse
(Chairwoman of the Supervisory Board)

4. Management Report

4.1 Fundamentals of the Company

4.1.1 Business Model

The HAEMATO Group is active in the pharmaceutical sector, in particular in the wholesale and manufacture of pharmaceuticals. The focus of business activities is on the sale of off-patent and patent-protected pharmaceuticals in the insurance-financed market and the sale of medical products. The focus is on the one hand on the growth markets and therapies for cancer, HIV, rheumatology and other chronic diseases, and on the other hand on pharmaceuticals and medical devices for aesthetic treatments.

Our customers include, in particular, pharmacies in Germany (around 5,200), Austria (around 2,100) and other EU countries, wholesalers, medical treatment centers, doctors and clinics.

With our product portfolio of off-patent and patent-protected medicines, we contribute to an efficient supply of medicines and thus to cost reductions for health insurers and patients.

4.1.2 Research and Development

We do not carry out any research and development.

4.2 Economic Report

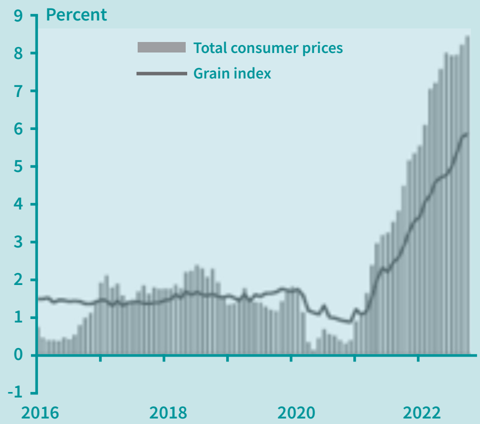
4.2.1 Macroeconomic, Industry-Specific Conditions

4.2.1.1 General Economic Conditions

While global GDP (gross domestic product) fell by around 3.1% in 2020 due to the effects of the Corona pandemic and the associated lockdown phases, global GDP already grew again by around 6.1% in the following year 2021. For 2022, the Kiel Institute for the World Economy (IfW) expects global production to grow by 3.2%. After a weak first half of the year, the rise in global production temporarily accelerated in the third quarter. Global economic activity increased at a moderate pace overall in the course of 2022. The underlying economic trend was overshadowed by special factors. In the third quarter, dampening influences such as a temporary sharp reduction in inventories in the United States and the impact of pandemic-related lockdowns in China disappeared, and production picked up noticeably at a rate of 1.2% compared with the previous quarter. However, the economic climate indicator calculated by IfW Kiel on the basis of sentiment indicators from 42 countries continued to weaken, pointing to a renewed slowdown in economic expansion toward the end of the year.[2]

Global industrial production increased quite vigorously by 1.3% in the third quarter of 2022. On the one hand, production in China, which had suffered from the Corona restrictions in the spring, recovered. On the other hand, orders accumulated in the preceding months could be processed as the tensions in the logistics networks eased noticeably worldwide. In line with industrial production, global trade continued to grow quite strongly in the third quarter, exceeding the level of a year earlier by 5.3% in September (by which time the Dutch CPB figures were available). In the fall, however, global trade lost considerable momentum. According to the Kiel Trade Indicator, a sharp decline is even expected for November 2022. In the advanced economies, the underlying trend in economic activity has weakened further. Although total output in the advanced economies increased by just under 0.5% in the third quarter, slightly more than in the two previous quarters, the expansion of domestic consumption continued to weaken. In the USA, construction investment fell sharply. Thus, the 0.7% increase in GDP recorded there probably overstates the underlying economic trend there. In the euro zone, growth slowed to 0.3%, and in the United Kingdom and Japan, overall economic output actually declined by 0.2% in each case.[3]

Consumer prices in the advanced economies



Monthly data; year-on-year change in consumer prices in the United States, the euro area in Japan, and the United Kingdom, weighted by gross domestic product at 2019 prices and exchange rates; core index: consumer prices excluding energy and food.

Source: OECD, Main Economic Indicators; calculations by IfW

In the emerging markets, the economy is proving robust. In China, the economic situation continues to be burdened by Corona and problems in the real estate sector, but in the third quarter the economy recovered from the production slump recorded in the spring (caused by massive lockdowns). In India, too, where overall economic production had suffered from a historic heat wave, gross domestic product increased strongly in the summer. In the other emerging Asian countries, output also rose quite strongly in most cases. In Latin America, too, economic activity remained on an upward trajectory almost everywhere. There have so far been no pronounced signs of the global monetary tightening that had been feared in view of the occasionally strong capital outflows from the emerging countries. According to the Kiel Institute, inflation in the advanced economies has probably peaked. Inflation reached historic highs in the course of 2022 and in the summer and fall was higher in many countries than it has been for more than 50 years. In the G7 countries, it was 8.4% in October (see chart). In November 2022, the year-on-year increase in consumer prices is expected to have declined significantly for the first time since the start of the inflation surge at the beginning of 2021. In both the USA, where the inflation rate has already been trending downward for several months, and in Europe, the statistics for November 2022 show lower inflation, mainly because energy prices have recently fallen noticeably again from the high levels seen in summer.[4]

Monetary policy is being tightened further. The major central banks in the advanced economies reacted to the sharp rise in inflation rather late, but then with a historically very steep increase in key interest rates. In the USA, the target for the federal funds rate is now 4.25 to 4.5%, almost as high as at the end of the last pronounced phase of monetary policy tightening in 2007. The ECB, which only started raising interest rates in the summer, has now raised its key rate to 2.5%. Fiscal policy is currently having a supportive effect. Although the high level of spending to mitigate the economic consequences of the pandemic has placed a heavy burden on public finances in the advanced economies (and also in many emerging countries), there is currently no pronounced consolidation effort. In Europe in particular, economic policymakers are endeavoring to limit the impact of the energy crisis on households and companies, in some cases with considerable fiscal effort. Worldwide, the fiscal stimulus will diminish in the course of the coming year. For 2024, the Kiel Institute expects fiscal policy to have an overall dampening effect.[5]

According to the German Federal Ministry of Economics and Climate Protection, economic development in Germany proved encouragingly 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 (previous 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, for example, expanded strongly with 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 increasingly 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 the ifo surveys, the mood in the German economy brightened noticeably in December. Almost all economic 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% above the previous year‘s level. The December emergency aid for gas and heat probably played a decisive role in the December decline. Inflation for energy sources was noticeably weaker than in the previous months. The rise in food prices weakened slightly. The labor market remained resilient at the end of the year. Although the use of short-time work 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 rose to a record level in 2022. In the service sector in particular, almost all sectors are looking for new employees.[6]

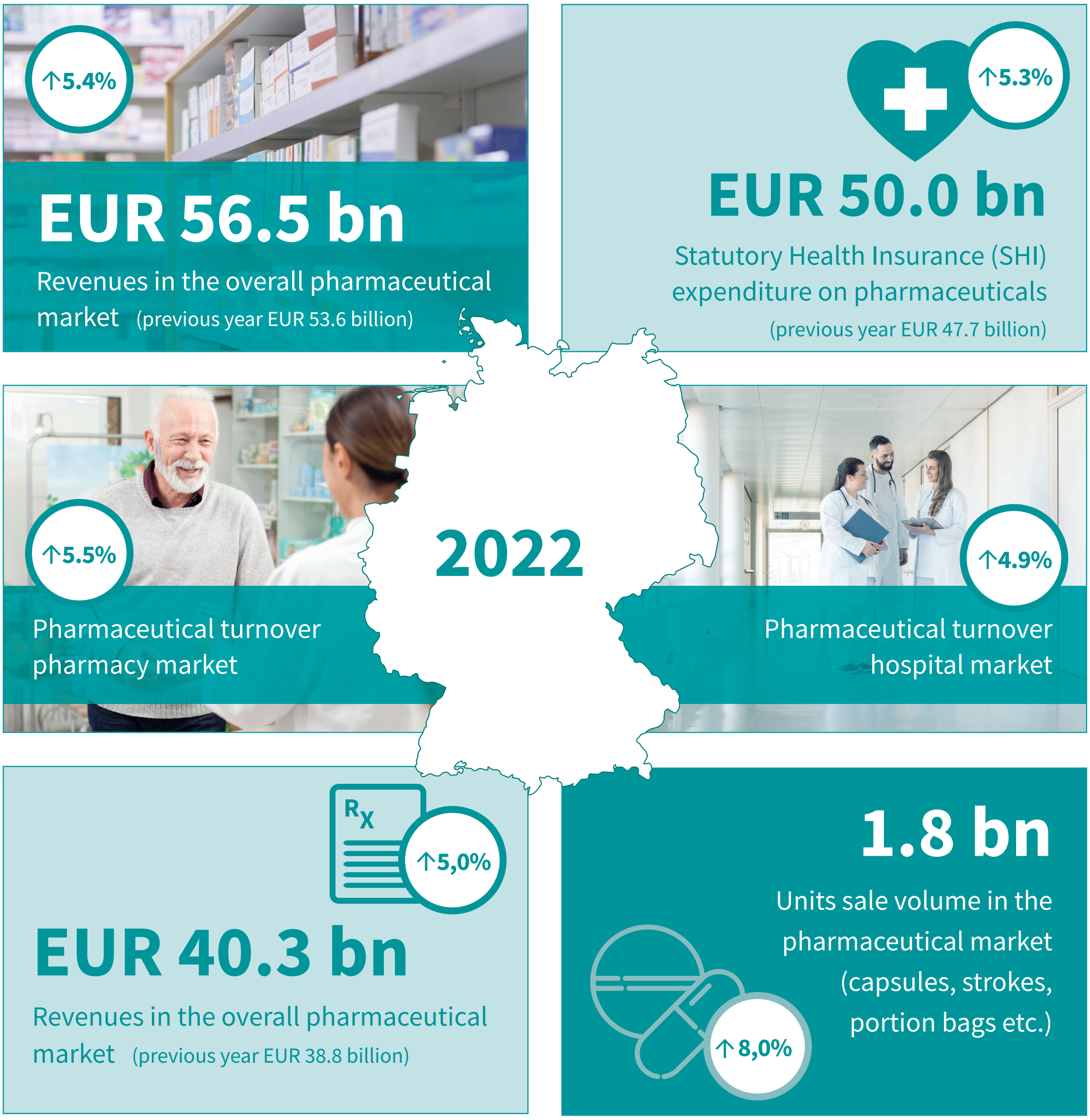
4.2.1.2 Pharmaceutical Market

There are around 2,100 chemical and pharmaceutical companies in Germany, employing around 466,500 people at last count. 92% of German chemical companies are small and medium-sized enterprises with fewer than 500 employees. The chemical and pharmaceutical industry is the third largest industrial sector in Germany after automotive and mechanical engineering. In terms of sales, the German chemical-pharmaceutical industry ranks first in Europe and third worldwide behind China and the USA. The pharmaceutical industry is an important part of the chemical industry. Pharmaceuticals account for just under 24% of total chemical production and are one of the most productive and research-intensive sectors of the German economy. With its research and development spending, the chemical-pharmaceutical industry ranks third after the automotive and electrical industries.[7]

In the calendar year 2022, sales of pharmaceuticals in the overall pharmaceutical market (pharmacy and hospital) increased by 5.4% (previous year 7.3%) to 56.5 billion euros (previous year 53.6 billion euros). At 5.5%, growth in the pharmacy market subsegment (volume EUR 46.6 billion) was almost identical, while growth in the hospital market subsegment (volume EUR 7.9 billion) was slightly lower at 4.9% (previous year 7.3% and 7.2% respectively). After declining by 1.0% in the previous year, sales (counting units such as capsules, strokes, portioned pouchesletc.) increased by 2.3% in 2022, both in the pharmacy market (2.3%) and in the clinic market (2.4%).[8]

The pharmacy market recorded mid-single-digit sales growth of 5.5% in the calendar year 2022. Just under 1.8 billion packages (+8%) worth EUR 46.6 billion (at the pharmaceutical company‘s selling price, including vaccines and test diagnostics) were dispensed to patients. The market segment for prescription drugs grew by slightly more than 5% in terms of revenue in the full year 2022, corresponding to a monetary value of EUR 40.3 billion. Sales of over-the-counter medicines sold through pharmacies and via mail order business rose relatively strongly by 12.2% to around 980 million packages. This corresponds to a sales growth of 7.0% to EUR 6.3 billion (previous year EUR 5.7 billion). The mail-order market for over-the-counter drugs and non-prescription drugs grew by 9.5% in 2022 in terms of value (around EUR 3.1 billion) and by over 12% in terms of volume (272 million packs). The largest segment within the OTC mail order category is made up of OTC medicines, which account for 60% of the total and also show the strongest growth in terms of sales and revenue, with almost 16% more packages sold. The online purchase of cough and cold remedies is certainly a driver here.[9]

SHI pharmaceutical spending from December 2021 to December 2022 shows a revenue growth of 5.3% (to EUR 50.0 billion) and a sales growth of 4.5% (to 723.1 million packages). 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 rebates in all market segments totaled 8.69 billion euros (previous year 7.49 billion euros).[10]



Source: IQVIA MARKET REPORT: Development of the German pharmaceutical market in 2022

4.2.2 Business Development

As a pharmaceutical manufacturer and wholesaler, the HAEMATO Group distributes its own generic drugs (from its own approvals) as well as European imported drugs and medical products. In addition, with the acquisition of M1 Aesthetics GmbH in 2021, the product portfolio was expanded to include drugs and medical devices for use in aesthetic medicine as well as cosmetic products.

The focus is particularly on growth markets in the area of specialty pharmaceuticals, primarily in the high-priced indication areas of oncology and HIV, as well as in the areas of rheumatism, neurology and cardiovascular diseases. In addition, the HAEMATO Group offers pharmaceuticals from other manufacturers that are approved in Germany under its wholesale license. In the field of aesthetic medicine, the company is primarily represented in the self-pay market through the sale of medical products for surgery and cosmetic dermatology. The largest and most important sales market is the German market.

Group sales in 2022 decreased by 12.9% to EUR 248.14 million (previous year EUR 285.04 million). The main reason for this is the significant reduction in the extensive Corona testing business due to the gradual relaxation of pandemic-related testing obligations in the course of 2022.

Compared to the fiscal year 2020, which already includes sales from the corona business, sales in 2022 increased by EUR 9.8 million or 4.1%. Sales of narcotics (BtM), cannabis and biosimilars were further increased, but do not yet contribute significantly to HAEMATO‘s sales.

HAEMATO‘s business in the past fiscal year was far less affected by the pandemic than in the two previous years. With an amending law that came into force on 19 March 2022, and a transitional period granted to the states, many federally mandated measures to contain the COVID 19 pandemic ended at the end of 2 April 2022 (expiry of the measures); on 1 October 2022, the rules were tightened again (law limited until 7 April 2023).

As a result of restructuring and internal process optimization, a more efficient and leaner business process was implemented. This has resulted in cost savings in almost all areas of the Group. For example, the personnel expense ratio fell from 2.6% in 2021 to 2.0% and the ratio of other operating expenses from 3.9% to 3.2%.

Whereas in previous years considerable restrictions had to be imposed with regard to contact restrictions, the organizational situation was much more relaxed in the year under review. As a result of the increasing number of vaccinations and the transformation of the virus strain, it was possible to gradually ease the situation, which also led to a return to normal business operations at HAEMATO. There were no delivery delays or failures to cope with.

The increased pressure on sales in previous years, combined with continuously rising expenses in the form of health insurance rebate contracts, led to some items in the product portfolio becoming uneconomical. As a result, the excess inventories were reduced and the contracts terminated or not renewed. The result of this portfolio adjustment already had the positive effect in 2021 that transactions and goods procurements leading to uneconomic margins were avoided. HAEMATO was thus able to stabilize its core business. With the aggregation of M1 Aesthetics GmbH, the expansion of business activities in the field of medical products was driven forward. In addition, there are the product areas of diagnostics and cosmetics, which mean that HAEMATO‘s business can be divided into two segments:

Specialty Pharma

HAEMATO‘s core business is the trade and production of drugs and preparations in the fields of HIV, oncology, rheumatology, neurology and cardiovascular diseases. HAEMATO acts here as a wholesaler and parallel importer. In addition to the above-mentioned areas, we are expanding our sales of narcotics, cannabis and biosimilars. Specialty pharma drugs include personalized medicines that are prepared taking into account important parameters such as blood values, body size and body weight. The complex development and production processes mean that prices are higher than for conventional drugs. However, individualisation is also associated with a higher and, above all, more targeted effectiveness.

In Europe, market researchers at IMS Health expect annual sales of specialty pharmaceuticals to grow by 10%, and in the USA, too, this type of medicine is developing from a niche product into a megatrend. According to the Drug Channels Institute (DCI), the share of specialty pharmaceuticals in total pharmaceutical sales is expected to increase from 27% to 44%.[11]

The Specialty Pharma segment accounted for EUR 205.7 million of total Group sales in 2022, or 82.9% of sales (previous year EUR 219.9 million, or 77.1%). Around EUR 10.1 million was contributed to gross profit (previous year EUR 8.8 million). This corresponds to a share of 46.9% (previous year 28.5%) of total gross profit. The gross margin was increased as a result of the ongoing portfolio optimization and amounts to 4.9% in this segment in the fiscal year 2022 (previous year 4.0%). Overall, the gross margin in the core business was lower than in the second segment mentioned below.

Lifestyle & Aesthetics

The Lifestyle & Aesthetics segment emerged from the original single-segment group with the acquisition of M1 Aesthetics GmbH. Until 2020, HAEMATO distributed, in addition to Specialty Pharma, medicines for aesthetic treatment and surgery. Botulinum toxin (Botox) is particularly worthy of mention in this context. As a specialist in the sale of aesthetic medicine and dermatological active ingredients, M1 Aesthetics GmbH has access to a network of treatment centers and clinics in which aesthetic treatments are performed, operating primarily in the self-pay market. In this context, the company sells hyaluronic acid and Botox as well as cosmetics. The segment is supplemented by the sales opportunities in the diagnostics area that arose in 2020. In addition to B2B trade, this area also includes the trade of cosmetic products to end customers (“B2C“), which are sold via an online store under the name “M1 Select“. This brand enables the HAEMATO Group to address a young, dynamic target group whose consumer behavior is mainly characterized by social media and web-based sales markets. This so-called “Generation Y“ is primarily addressed through the use of influencers and an increased advertising effort, which allows the reach and marketing of the products to grow rapidly. At the same time, this level of awareness and the distribution of M1 Select products in the treatment centers of the parent company M1 Kliniken AG enables customer loyalty and sales in the area of aesthetic treatments to grow more strongly.

The share of the Lifestyle & Aesthetics segment is characterized by a significantly more profitable gross margin. In the previous year, the gross margin was 33.7%, taking into account that this included a high proportion of the high-margin Corona test business. In fiscal 2022, this volume declined significantly, so that the gross margin in this segment fell slightly to 27.0%, although this is still a very good figure compared with the Speciality Pharma segment. The Group‘s share of sales in this segment amounts to EUR 42.5 million in 2022, which represents 17.1% of total Group sales (previous year EUR 65.1 million, equivalent to 22.9%). The segment contributed EUR 11.5 million to gross profit (previous year EUR 22.0 million), which corresponds to a share of 53.1%.

Other information

No companies were acquired or sold in the past financial year. In the course of the financial year 2022 , production activities including warehousing and shipping were outsourced to the newly founded “Dr. Holz Pharmaservice GmbH“ (DHP) based in Berlin-Bohnsdorf. HAEMATO AG holds a 100% stake in DHP via HAEMATO Pharm. At the end of 2022, an inspection by the competent authority (LaGeSo Berlin) took place for the new location, after which the manufacturing and wholesale permits were initially issued verbally and then in writing in January 2023. Production was gradually ramped up in January 2023. The written permits for the site in Schönefeld, which continues to operate in a reduced form, were also renewed in January 2023.

The number of employees (excluding trainees) has further decreased from 111 persons (95 of them full-time) on 31 December 2021 to 61 persons (47 of them full-time) on 31 December 2022.

At the end of 2022, production, warehousing and shipping were relocated to Berlin-Bohnsdorf with even better logistical links and state-of-the-art equipment. The space adapted to the new business strategy will lead to significant cost savings.

The Company‘s business operations are not subject to any particular seasonal influences. There were no special incidents of damage or misfortune in the past financial year.

On the financing side, around a further EUR 12.2 million in bank liabilities was repaid by the reporting date of 31 December 2022 (previous year EUR 3.6 million). Overall, current liabilities were reduced by EUR 10.5 million. Due to the move to the new production facility in Berlin-Bohnsdorf and the new long-term lease agreement, around EUR 2.4 million was recognized as a liability for long-term lease liabilities for the first time in accordance with IFRS.

The financial result for 2022 improved significantly due to non-cash write-ups on financial assets amounting to EUR 1.91 million (previous year EUR -1.86 million). Overall, the financial result for 2022 amounts to EUR 2.2 million (previous year EUR -1.8 million).

In the fiscal year 2022, net income of EUR 8.2 million was achieved (previous year EUR 6.5 million), which corresponds to an increase of 25.4%.

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

4.2.3 Business Situation

4.2.3.1 Earnings Situation of the HAEMATO Group (IFRS)

Group sales decreased compared to the previous year due to the reduction of the Corona testing business. Sales continue to be generated mainly from parallel imports and original pharmaceuticals, but the integration of M1 Aesthetics GmbH has added sales opportunities for further products in the “Lifestyle & Aesthetics“ segment. This means that drugs and medical products can be supplied not only to clinics, pharmacies and wholesalers, but also to treatment centers that are active in the self-pay market.

Trading with pharmaceuticals in the market for insurance-regulated customer groups continues to be characterized by sustained price pressure triggered by health insurers and manufacturers. We were able to limit this pressure by optimizing our product selection and have adapted our portfolio to the prevailing conditions. The Specialty Pharma segment generated sales of EUR 205.7 million in the year under review (previous year EUR 219.9 million). The gross margin in this segment is 4.9% in the financial year 2022 (previous year 4.0%).

The “Lifestyle & Aesthetics“ segment is more profitable due to the customer structure and the products. With sales of EUR 42.5 million (previous year EUR 65.1 million due to the special effects of the Corona test business), a gross margin of 27.0% was achieved (previous year 33.7%). In addition to products for use in aesthetic surgery and for treatments relating to the self-pay market, this figure also includes cosmetic products sold to aesthetic physicians and to private customers via the company‘s own web store.

Long-term order coverage and mandatory purchase or delivery quantities are not customary in the industry and do not exist.

From a Group perspective, the cost of materials as a percentage of sales increased from 89.2% in 2021 to 91.3% in the fiscal 2022. In 2022, the market for corona prevention and diagnostics was characterized by a sharp decline in demand and a large number of new competitors in the wake of the regulatory relaxations. This led to pricing pressure on the dispensing side and to declining sales and gross margins in the testing business. As of 31 December 2022, write-downs of around EUR 1.5 million also had to be taken on the inventory of Corona products. Compared to the financial year 2020 , the materials ratio improved by 1.3 percentage points.

Diversification and thus direct allocation of individual operating expenses to the two segments is not possible due to the Group structure. The employees, facilities and business units at HAEMATO AG are neither geographically nor task-based separated. The following information therefore relates to the entire Group.

The personnel cost ratio decreased significantly compared to the previous year and will be 2.0% (previous year 2.6%) in the financial year 2022. This represents a reduction of 0.6 percentage points compared to 2021 and 0.9 percentage points compared to 2020. In nominal terms, personnel costs decreased by EUR 2.6 million compared to the previous year. Our employment situation can be described as good.

Other operating expenses amounted to EUR 7.9 million (previous year EUR 11.1 million), a decrease of EUR 3.2 million compared to the previous year. The cost of goods sold for transport and logistics services decreased by 27% compared to the previous year due to the reduced volume in the small-scale corona business. Advertising and travel expenses were further reduced by 25% (previous year -12%) as part of the efficiency enhancement program.

EBIT in the financial year 2022 amounted to EUR 8.3 million (previous year EUR 11.2 million). We calculate EBIT on the basis of the annual net income before interest and taxes, whereby the investment income from financial assets is also considered as a fixed-interest component of the financial result. In terms of earnings 2022 was very pleasing. The opening-up of the product portfolio to a wider range of tradable pharmaceuticals and medical devices initiated in 2021 met with further success. The trade in pharmaceuticals is characterized by great price pressure, triggered by health insurers and manufacturers. However, thanks to the consistent implementation of product costing and portfolio optimization measures, HAEMATO has succeeded in stabilizing its core business and making it more profitable again.

4.2.3.2 Financial Situation of HAEMATO Group (IFRS)

Our financial position improved again compared to the previous year. Our financial management is geared to settling liabilities within the payment period and collecting receivables within the payment period.

Our capital structure is stable. Equity increased from EUR 144.73 million in 2021 to EUR 147.17 million, an increase of EUR 2.44 million. The equity ratio rose to 83.3% in 2022, compared to 79.5% in 2021. At the Annual General Meeting in July 2022, the proposal for a dividend payment of EUR 1.10 per dividend-bearing share was approved.

Due to scheduled repayments of around EUR 12 million, liabilities to banks now account for only 1.5% of total assets (previous year 8.0%). There were no changes to the structure of the credit lines in the financial year 2022. All liabilities to banks have short-term maturities. We use the credit lines granted by our banks to finance our sales transactions. We have higher credit lines at our disposal than we use on average.

Trade accounts payable amount to 8.3% of total assets (previous year 6.7%) and have increased by EUR 2.5 million. All liabilities can always be settled within the payment terms.

Due to the move to the new production and warehouse location in Berlin-Bohnsdorf and the necessary conversion work, our investment activities in property, plant and equipment increased from EUR 0.1 million in 2021 to EUR 0.6 million in the fiscal year 2022. In addition, investments will continue to be made in obtaining licenses. Investments in new business areas (e.g. own Botox approval) will be further pursued, and can be made from current cash flow.

Long-term investments are covered by our equity. The liquidity situation offers sufficient opportunities to make further investments.

In the fiscal year 2022, we were again able to generate a high operating cash flow of EUR 19.7 million (previous year EUR 14.1 million). This includes EUR 7.9 million from the reduction in inventories and advance payments made (previous year EUR 7.4 million).

Cash flow from financing activities amounts to EUR -18.9 million. This includes repayments of bank liabilities in the amount of EUR 12.2 million as well as additional distributions to shareholders in 2022 in accordance with the resolution of the Annual General Meeting in the amount of EUR 5.8 million (previous year EUR 2.8 million). The financial development of the HAEMATO Group in the reporting period is shown in the cash flow statement with indirect calculation of cash flows from operating activities as follows:

Cash flow from	2022 kEUR	2021 kEUR
Ongoing business activities	19,728.9	14,053.9
Investment activities	-2,608.4	-171.6
Financing activities	-18,915.3	7,158.0
Changes in the scope of consolidation	0	-2,977.8
Total cash flow	**-1,794.8**	**18,062.6**

4.2.3.3 Net Assets of the HAEMATO Group (IFRS)

With an equity ratio of 83.3%, the net assets of the HAEMATO Group continue to be very robust and have improved once again compared to the previous year (79.5%).

As of the reporting date, HAEMATO had liquid cash holdings of EUR 23.8 million compared to EUR 25.6 million in the previous year.

Inventories decreased to EUR 26.2 million compared to the previous year‘s reporting date (previous year EUR 34.0 million). The ratio of current to non-current assets remained unchanged in the reporting year. While 44.5% of total assets were covered by current assets in the previous year, the ratio was 39.2% in the financial year 2022.

Other non-current assets increased in particular as a result of the valuation of financial assets held as non-current assets at the reporting date and were recognized in profit or loss. As a result of this increase in value as well as investments in property, plant and equipment and capitalized rights of use in the new warehouse location in Berlin, non-current assets rose by a total of EUR 6.4 million to EUR 107.3 million. Our economic situation can be described as good.

4.2.3.4 Earnings Situation of HAEMATO AG (HGB)

HAEMATO AG generated net income of kEUR 5,921 in fiscal year 2022 (previous year net loss of kEUR 269). As a holding company, HAEMATO AG has no business operations. As in the previous year, no revenues were generated in the fiscal year 2022. Investment income from subsidiaries amounted to kEUR 6,506 in 2022 (previous year kEUR 532). In 2022, interest income from fixed-interest securities amounted to kEUR 586 (previous year kEUR 447). In the financial year 2022, there were no capital gains from the sale of these securities (previous year kEUR 120).

4.2.3.5 Financial Situation of HAEMATO AG (HGB)

HAEMATO AG is financed almost exclusively by equity in the amount of kEUR 127,801 (previous year kEUR 127,630). As in the previous year, the equity ratio is 99.9%.

As of 31 December 2022, HAEMATO AG has cash and cash equivalents of kEUR 7,782 (previous year kEUR 11,297).

HAEMATO AG‘s provisions totaled kEUR 44 as of 31 December 2022 (previous year kEUR 48).

4.2.3.6 Net Assets of HAEMATO AG (HGB)

The net assets position is mainly characterized by the incorporation of M1 Aesthetics GmbH (shares in affiliated companies) in the fiscal year 2021. Financial assets increased by kEUR 2,206 compared to 2021 due to strategic acquisitions from affiliated companies and exist in the amount of kEUR 118,188 as of 31 December 2022 (previous year kEUR 115,982).

4.2.4 Financial Performance Indicators of the HAEMATO Group (IFRS)

We use the key figures EBIT and EBITDA for our internal corporate management. EBIT amounts to kEUR 8,295 (previous year kEUR 11,161), EBITDA amounts to kEUR 9,961 (previous year kEUR 12,636), which corresponds to a reduction of 23.5%.

The HAEMATO Group continues to operate successfully and the overall economic situation can be described as good.

4.3 Forecast Report

4.3.1 General Economic Outlook

In 2022, Germany's gross domestic product is expected to have increased by 3.2%, after rising by 6.1% a year earlier due to the catch-up effects of the Corona pandemic. Economic output is expected to decline slightly in the winter half of 2022, but the overall picture for 2023 is somewhat firmer. The main reason is that consumer spending will be less depressed as a result of comparatively lower energy price rises. In addition to declining prices on the wholesale markets, the main factor here is the massive subsidization of gas and electricity consumption. According to the latest forecast by IfW Kiel, inflation in 2023 will be 5.4%, significantly lower than the 8.7% expected by the institute in its fall forecast. As a result, IfW Kiel now expects gross domestic product to increase slightly by 0.3% in 2023 (fall: -0.7%). In 2024, according to IFW Kiel, the gross domestic product is likely to increase somewhat more strongly again at 1.3% (fall: 1.7%). Despite the economic slowdown, the labor market is robust, partly because companies are still increasingly looking for skilled workers. As a result of the aid packages in response to the energy price increases, the government's net lending/borrowing is likely to deteriorate significantly in the coming year and show a deficit of around 4% of GDP. With the expiry of the aid packages, the deficit will be reduced again in 2024.[12]

Even according to the current forecasts of the German government, the German economy will not shrink in the current year, but grow. As recently as the fall of 2022, forecasts for economic development in 2023 were still pretty poor, with recession seemingly a certainty. In October, Federal Economics Minister Robert Habeck (Greens) spoke of "serious times". The annual economic report presented by Minister Habeck at the end of January forecasts growth of 0.2% for 2023. In its fall projection, the ministry had still assumed minus 0.4%. For 2024, the government is currently forecasting growth of 1.8%. The situation has become manageable, according to government sources. The government sees its own crisis management as the main reason for this. The truth is that the feared gas shortage has not materialized, not least thanks to mild winter weather. Nor have there been any popular uprisings - instead, price brakes are now protecting electricity and gas customers. This also has consequences for consumption. For a while, fear of incalculably high energy prices had also reduced consumer spending. But that is over for the time being, according to the Nuremberg-based market research company GfK. "Falling prices for energy, such as gasoline and heating oil, have ensured that consumer sentiment is less gloomy," says GfK consumer expert Rolf Bürkl. The GfK consumer barometer rose for the fourth time in a row. "Even though the level is still very low, pessimism has eased recently," says Bürkl. It is true that consumption is not yet the driving force behind the upswing. But at least the fear of a recession has dissipated for the time being. Instead, according to the Nuremberg market researchers, economic expectations are climbing back to the level they were at before the Russian attack on Ukraine.[13]

According to a recent study by IQVIA, the biggest driver of drug spending over the next five years is still expected to be global COVID-19 vaccines, but apart from the pandemic, global drug spending will continue to be driven by innovation and offset by the loss of exclusivity and the lower cost of generics and biosimilars. The COVID-19 pandemic continues to impact global pharmaceutical markets and will add an estimated $500 billion to the cumulative net drug market from 2020 to 2027. The largest volume growth is expected in Latin America, Asia and Africa, driven by a mix of population growth and expanded access. North America and Europe will see very low growth. Demand for innovative medicines will drive oncology spending to approximately USD 370 billion by 2027, almost double the current level. Biotechnology will account for 35% of global spending in 2027 and will include both breakthrough cell and gene therapies and a mature biosimilar segment. Global pharmaceutical spending - the amount spent on purchasing drugs from manufacturers, excluding discounts and rebates - is expected to reach $1.9 trillion by 2027, growing at 3-6% annually.[14]

According to the 2022 innovation report of the German Association of Research-Based Pharmaceutical Companies (vfa), pharmaceutical companies in Germany provided new treatment options for more than

60 diseases and created new prevention options for four diseases in the past year. The impressive figures and the broad medical spectrum show that the innovative strength of the industry is intact.[15] However, after excellent business with corona vaccines, the German pharmaceutical industry expects more difficult times ahead. While the special boom from the pandemic is fading, the industry is feeling cost pressure from politics and more expensive energy. In 2023, sales will fall by almost 5% and production by 1.8% compared to the previous year, according to a forecast by the vfa. Employment will stagnate at 118,000 after strong job growth in recent years, it said. The association warned against foreign competition and urged reforms in the healthcare system. "Chemical precursors have become 30% to 40% more expensive in the energy crisis," said vfa chief economist Claus Michelsen. In addition, he said, the corona vaccine business is cooling. The coup of the Mainz-based manufacturer Biontech, which launched the world's first approved corona vaccine from Germany, had given the pharmaceutical industry a new lease of life and given the sector a major boost. According to the vfa, sales rose by 6.5% and production by 3.6% last year. According to earlier statements by the association, the industry will continue to benefit from corona vaccines for years to come, although demand is falling as the pandemic subsides. The industry is also under pressure from regulation. Federal Health Minister Karl Lauterbach has increased the manufacturer rebates that companies must grant to health insurers for 2023. This is intended to limit spending in the healthcare system. The tightened discounts will cost the industry more than EUR 1.5 billion, reported the vfa, which represents 47 pharmaceutical manufacturers with 94,000 employees in Germany. "2023 will be a year of challenges for thepharmaceutical industry," vfa President Hans Steutel said. "On the one hand, the high prices for energy and precursors are weighing on the industry, and on the other hand, the framework conditions are deteriorating immensely due to new legislation." The industry generally has to shoulder the higher costs itself because of the extensive price regulation of pharmaceuticals. The GKV Financial Stabilization Act, which came into force at the turn of the year, will cause further burdens and damage to the industry's location. The lobbying association called for long-term stable conditions for the industry and demanded that manufacturer discounts should not be further tightened and that the expenditure of the health insurance funds should be put under the microscope.[16]

Under the SHI Financial Stabilization Act of 2022, the manufacturer's discount for reimbursable medicines will be raised from 7% to 12% by 31 December 2023, effective 1 January 2023. As the manufacturer discounts are included in the cost of materials for accounting purposes, 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.

4.3.2 Business Outlook

We continue to take a positive view of the company's likely development. The pharmaceutical industry offers great growth potential if service, price and quality are strictly aligned to customer requirements and potential within the value chain is consistently exploited. We currently regard the possible expansion of our market share in the parallel import business as our core business and the basis for the development of new business areas in which we can drive forward the growth of the HAEMATO Group. The "Lifestyle & Aesthetics" segment offers exciting opportunities and possibilities with high growth rates. In this segment, we would like to further expand our market share and optimize our margins. We are countering the risks of supply bottlenecks by diversifying our procurement activities for the majority of products. The implementation of Directive 2011/62/EU brings certainty in the area of procurement and forms a stable business basis for parallel imports. We assume that the core business in the Specialty Pharma area will provide little scope for higher margins due to the continuing price pressure from mandatory discounts. Thanks to our extensive experience and the efficient implementation of our purchasing controlling system, it will be possible to shape the product mix accordingly so that we can trade successfully in this segment. Our aim is to generate a constant and successful cash flow by increasing sales, also in the course of wholesaling original products.

We believe that both the Specialty Pharma and Lifestyle & Aesthetics divisions are not affected by the ongoing global supply bottlenecks and the ongoing crisis in Ukraine.Our suppliers and customers are not connected to the areas in which there is a current exceptional situation.

Against the backdrop of demographic changes, which are leading to an increasing demand for low-cost medicines and to health insurers' efforts to cut costs, the HAEMATO Group believes that its focus on generics, original EU medicines, low-cost specialty medicines and medicines for the rapidly growing market of aesthetic medicine provides a stable basis for future growth. The future focus of HAEMATO is to shift gradually from generics to specialty drugs ("Specialty Pharma"). In recent years, this area of pharmaceuticals has developed from a niche product to a megatrend and is growing disproportionately. The HAEMATO Group is already very well positioned in this segment. With our direct access to around 7,300 pharmacies in Germany and Austria, we can grow even further in this segment.

In the 2023 financial year, we will also press ahead with the approval of our own botulinum toxin for the European market, after a licensing and supply agreement was signed with our cooperation partner Huons BioPharma in Seoul, Korea, at the end of 2021. In October 2022, an audit of the production facility in Asia was successfully carried out by the responsible German authority and an EUGMP certificate was issued, which is a prerequisite for the European Botox approval procedure. This allowed the next steps for the clinical study to be initiated. The study application was submitted to the German Federal Institute for Drugs and Medical Devices (BfArM) at the end of January 2023. The import permit for goods for the clinical study was also applied for in January 2023. Doctors and clinical staff have already been trained in good clinical practice. Preparations for the selection of study participants are also currently underway.

For the financial year 2023, we expect a slight decline in sales in the range of EUR 230 to 250 million and a resulting EBIT of EUR 6 to 8 million. The ongoing price pressure on the duty side for parallel-imported pharmaceuticals via the manufacturers and health insurance funds is increasing due to the GKV Financial Stabilization Act ("GKV-Finanzstabilisierungsgesetz") for a limited period initially until 31 December 2023. Increased inflation, rising energy prices and the continuing uncertain situation in Ukraine do not allow any concrete earnings forecasts. Compared with previous years, we expect expenses for the procurement of goods and for transport services 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 the end of 2021. The "Lifestyle & Aesthetics" segment is to be further expanded and thus support the focus on sustained good EBIT margins.

The Specialty Pharma segment is the Group's core business in terms of sales. High margins are not achievable due to market regulations, and it is difficult to generate an increase. Nevertheless, the business is solid, generates income for the Group and provides the opportunity to leverage existing customer relationships to sell further new products. By focusing on target products and carefully selected treatment areas, HAEMATO will be able to increase sales in this segment in the medium term. The further expansion of process optimization will lead to savings, which will also have a positive impact on the operating result in this segment.

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

4.4 Risk Report

4.4.1 Industry-Specific Risks

The business activities of the HAEMATO Group offer a variety of opportunities and are at the same time subject to permanent risks. Opportunities refer to future developments or events that could lead to a positive deviation from targets for the company. Correspondingly, risks refer to future developments or events that could lead to a negative forecast or deviation from targets for the company. The use of opportunities and the early recognition and avoidance of risks are also important for the further development of HAEMATO due to the increased size of the Group. When taking advantage of opportunities, care must be taken to ensure that an acceptable risk profile is maintained.

Legal regulatory measures throughout the European Union, strong pressure on margins in the Specialty Pharma segment, 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 manufacturers are still attempting to allocate quotas to individual European markets or to use single-channel distributors in order to make exports more difficult. Furthermore, original manufacturers are attempting to make exports more difficult by obtaining high list prices and concluding subsequent discount agreements. There is also a fundamental risk that selling prices in the various EU countries will gradually converge or that export bans will be imposed in individual countries or for individual preparations.

Legal risks arise primarily from the distribution of our products and in particular from trademark and patent issues. As an importer, we are considered a pharmaceutical company under pharmaceutical law. We therefore bear the risk of market withdrawals.

Macroeconomic risks may arise, for example, from further increases in energy prices and from the continuation of the war in Ukraine.

Overall economic output in Germany will increase only moderately. According to the IfW, gross domestic product is expected to rise by 0.5% in the current year and by 1.4% in 2024. This means that the German economy is likely 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 significantly depressed the level of gross domestic product. Price inflation is likely to remain stubbornly high for some time. As in the winter, the IfW expects consumer prices to rise by 5.4% in the current year and by 2.1% in 2024. High inflation is reducing the disposable income of private households and leading to a decline in private consumer spending in the current year. [17]

Risks for the HAEMATO Group could not only affect the development of sales, but could also lead to impairments in production, the procurement market and the supply chain. However, the HAEMATO Group‘s economic links to the countries currently affected by the war are extremely small, so that only a very low risk is currently seen in this regard.

4.4.2 Profit-Oriented Risks

We expect to be able to maintain our market shares in the medium term due to our strong direct sales. Major investments are not expected due to the completed relocation of the warehouse and production units to the new location in Berlin. The HAEMATO Group could be negatively impacted by competitors with greater financial or organizational resources. If the aggressive pricing policy continues to increase after 31 December 2023, due to the awarding of discount agreements, this will have a negative impact on the earnings situation or lead to losses in market share.

4.4.3 Financial Risks

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

There are no significant currency risks that could affect the net assets, financial position and results of operations of the Company. Deliveries of goods from foreign currency countries are settled within short periods.

There are no long-term liabilities to banks. We make limited use of credit lines granted by a consortium of banks for the financing of working capital. The short-term credit lines made available are regularly not utilized in full. Thanks to a rolling corporate and financial planning system, we are in a position at all times to respond to changes in our financial requirements in the short term. In addition, we finance ourselves mainly through customer factoring. Due to the ongoing war in Ukraine, financial risks for the HAEMATO Group are hardly foreseeable. In this context, the long-term listed investments may, in the event of a temporary impairment, have a not insignificant impact on the financial result and thus also have a significant effect on the overall result of the Group.

The liquidity situation is satisfactory; no bottlenecks are expected.

4.4.4 Risk Management System

The HAEMATO Group uses a risk management system to systematically identify significant and existentially threatening risks in order to assess their impact and develop suitable measures.

The aim of the risk management system is essentially 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. Important mechanisms for early detection include monitoring liquidity and earnings development. The monitoring of operational development and the identification of timely deviations from plan is the task of Controlling. If necessary, the respective managers of the departments decide together with the Board of Management on the appropriate strategy and measures for managing risks.

4.4.5 Opportunities Report

The healthcare market is and will remain a growth market. Through our specialization in the therapeutic areas ofoncology, HIV and other chronic diseases, we will participate in this growth in the Specialty Pharma segment.

Growth-supporting effects can also be expected from the ongoing further development of the new business areas and continuous optimization of the product mix. This applies in particular to the Lifestyle & Aesthetics segment with its focus on products for cosmetic treatments. An increase in revenues in the Lifestyle & Aesthetics segment is also expected for the current financial year. Here, we expect to further expand the existing customer relationships with treatment centers and clinics for aesthetic treatments and thus to grow.

As already mentioned, an exclusive licensing and supply agreement for a botulinum toxin product was concluded with the Korean pharmaceutical company Huons Bio-Pharma Co. By distributing a botulinum toxin product under its own brand, HAEMATO is further expanding its “Lifestyle & Aesthetics“ business unit. This will also ensure the supply of the parent company M1 Kliniken AG, one of the leading providers of beauty treatments in Europe, with an attractively priced botulinum toxin product for the long term. In addition, the product is to be marketed in all European markets. The approval process, which includes clinical trials, is proceeding according to plan. The company expects to receive marketing authorization in 2025 if the clinical trials proceed normally.

On the procurement side, we have access to 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 as well as active supplier management.

We will continue to meet the competition in the market, especially due to the increasing competition of suppliers in our segment, with experience, innovations, reliability and a high level of quality. In the future, the HAEMATO Group will concentrate on higher-margin preparations with a focus on parallel and reimports, original drugs, and drugs and medical devices for aesthetic medicine.

4.4.6 General Statement

We continue to see risks to future development in the uncertainty regarding the further course of inflation and energy price increases, the war in Ukraine, a difficult competitive environment, rising purchasing prices and stagnating selling price levels. In addition, regulatory measures may pose risks to the future development. Against the background of our financial stability, however, we believe we are well equipped to deal with future risks.

4.5 Risk Reporting on the Use of Financial Instruments

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

The Company has a solvent customer base. Bad debts are the absolute exception. In addition, credit insurance exists for potential bad debt losses. Liabilities are paid within the agreed payment periods.

Little use was made of financing via credit lines from banks in the financial year 2022. In the short-term area, the company finances itself mainly by means of supplier credits.

The company pursues a conservative risk policy in the management of its financial positions.

To the extent that default and creditworthiness risks are identifiable for financial assets, appropriate valuation allowances are recognized. The Company has adequate debtor management in place to minimize default risks. In addition, trade credit insurance is in place. We always obtain information on the creditworthiness of our customers before entering into a new business relationship.

4.6 Report on Branches

The Company does not maintain any branches.

4.7 Final Declaration Pursuant to § 312 Paragraph 3 AktG

Pursuant to Section 312 of the German Stock Corporation Act (AktG), the Management Board has prepared a report on relations with affiliated companies, which contains the following concluding declaration: “According to the circumstances known to us at the time, our company and its subsidiaries received appropriate consideration for each legal transaction with the controlling company and other affiliated companies.

Schönefeld, 17 March 2023

HAEMATO AG Patrick Brenske (Management Board)	HAEMATO AG Attila Strauss (Management Board)

5. CONSOLIDATED FINANCIAL STATEMENTS

5.1 Consolidated Balance Sheet – Assets

According to IFRS

	Notes	31.12.2022 EUR	31.12.2021 EUR
Cash and cash equivalents	6.2.1	23,809,734	25,604,511
Trade accounts receivable	6.2.2	12,615,211	14,563,107
Inventories	6.2.3	26,147,168	34,013,842
Other short-term financial assets	6.2.4	3,702,478	6,130,666
Other short-term assets	6.2.5	2,962,990	631,847
Income tax receivables	6.2.6	30,506	125,716
Short-term assets		69,268,086	81,069,688
Intangible assets	6.2.7	91,246,341	91,240,769
Tangible assets	6.2.8	3,740,388	1,502,656
Other long-term financial assets	6.2.9	12,170,935	8,052,888
Other long-term assets	6.2.10	143,868	143,868
Long-term assets		107,301,532	100,940,181
Σ TOTAL ASSETS		176,569,617	182,009,869

5.2 Consolidated Balance Sheet – Liabilities

According to IFRS

	Notes	31.12.2022 EUR	31.12.2021 EUR
Short-term accruals	6.3.1	450,595	1,047,708
Income tax liabilities	6.3.2	2,281,666	1,916,205
Trade accounts payable	6.3.3	14,724,114	12,224,178
Short-term leasing liabilities	6.3.4	212,320	574,465
Short-term financial liabilities	6.3.5	2,682,167	14,587,571
Other short-term liabilities	6.3.6	1,081,714	1,211,871
Contractual and refund liabilities	6.3.7	5,339,949	5,526,662
Short-term liabilities		26,772,525	37,088,659
Long-term accruals	6.3.8	54,395	59,782
Long-term leasing liabilities	6.3.4	2,464,364	53,280
Deferred tax liabilities	6.3.9	110,156	82,195
Long-term liabilities		2,628,915	195,256
Subscribed capital	6.3.10	5,229,307	5,229,307
Own shares acquired	6.3.10	-1,719	-1,719
Capital reserve	6.3.10	112,582,519	112,582,519
Capital reserve for treasury stock	6.3.10	-101,253	-101,253
Retained earnings	6.3.10	29,459,323	27,017,100
Equity		147,168,177	144,725,954
Σ TOTAL EQUITY AND LIABILITIES		176,569,617	182,009,869

5.3 Consolidated Statement of Comprehensive Income

According to IFRS

Profit and loss statement	Notes	Jan. - Dec. 2022 EUR	Jan. - Dec. 2021 EUR
Revenues	6.4.1	248,141,832	285,042,565
Other operating income	6.4.2	932,511	457,738
Cost of materials	6.4.3	-226,534,338	-254,311,487
Personnel expenses	6.4.4	-4,941,721	-7,503,028
Other operating expenses	6.4.5	-7,937,729	-11,050,131
Result from ordinary business activities | EBITDA		9,660,555	12,635,657
Depreciation	6.4.6	-1,365,408	-1,474,350
Operating result | EBIT		8,295,147	11,161,307
Income from investments	6.4.7	5,710	1,148
Other interest and similar income	6.4.8	631,753	358,353
Interest and similar expenses	6.4.9	-358,514	-422,774
Write-ups from the valuation of financial assets	6.4.10	1,912,537	2,392
Depreciation from the valuation of financial assets	6.4.10	-2,376	-1,863,092
Income from the disposal of financial assets	6.4.11	0	119,561
Financial result		2,189,110	-1,804,411
Earnings before taxes | EBT		10,484,257	9,356,895
Taxes on income and earnings	6.4.12	-2,291,687	-2,823,028
Other taxes	6.4.12	0	0
Net profit/loss for the year		**8,192, 570**	**6,533,867**

5.4 Consolidated Statement of Changes in Equity

According to IFRS

Statement of changes in equity	1. Subscribed capital in EUR	2. Own shares acquired in EUR	3. Capital reserve in EUR	4. Capital reserve for treasury stock in EUR	5. Retained earnings in EUR	6. Equity capital in EUR
1 January 2021	4,753,916	-1,719	98,573,005	-101,253	22,255,964	125,479,913
Net profit for period	0	0	0	0	6,533,867	6,533,867
Capital increase	475,391	0	14,261,730	0	0	14,737,121
Transaction costs equity instruments	0	0	-252,216	0	0	-252,216
Dividends	0	0	0	0	-2,760,387	-2,760,387
Change in scope of consolidation	0	0	0	0	987,656	987,656
31 December 2021	5,229,307	-1,719	112,582,519	-101,253	27,017,100	144,725,954
1 January 2022	5,229,307	-1,719	112,582,519	-101,253	27,017,100	144,725,954
Net profit for period	0	0	0	0	8,192,570	8,192,570
Dividends	0	0	0	0	-5,750,347	-5,750,347
31 December 2022	5,229,307	-1,719	112,582,519	-101,253	29,459,323	147,168,177

5.5 Consolidated Cash Flow Statement

According to IFRS

	Jan - Dec 2022 EUR	Jan - Dec 2021 EUR
Result for the period	**8,192,570**	**6,533,867**
Depreciation and amortisation of fixed assets	1,365,408	1,430,106
Increase / decrease in long-term provisions	-5,386	7,228
Increase / decrease in short-term provisions	-597,113	-512,307
Increase / decrease due to fair value measurement	-1,910,161	1,860,700
Increase / decrease in inventories	7,866,674	7,383,461
Increase / decrease in trade receivables and other assets	3,544,941	4,095,920
Increase / decrease in trade payables and other liabilities	932,465	-8,632,499
Increase / decrease from disposal of fixed assets	117,656	-18,172
Interest expenses / income	-261,060	251,932
Other investment income	-5,710	-1,148
Income tax expense / income	2,291,687	2,823,028
Income tax payments	-1,803,054	-1,168,181
Cash flow from operating activities	19,728,917	14,053,934
Payments for investments in intangible assets	-511,253	-230,732
Proceeds from disposals of fixed assets/ investment properties	64,651	33,230
Payments for investments in fixed assets/ investment properties	-577,620	-96,015
Proceeds from disposals of financial assets	0	38,750
Payments for investments in financial assets	-2,207,886	-88,806
Interest income	617,955	170,843
Income from investments	5,710	1,148
Cash flow from investing activities	-2,608,442	-171,581
Cash inflow from equity contributions	0	14,484,905
Change in liabilities to banks	-12,154,803	-3,566,398
Interest expenses	-320,075	-396,032
Payments to company owners and minority shareholders	-5,750,347	-2,760,387
Repayment of rights of use	-690,028	-604,042
Cash flow from financing activities	-18,915,252	7,158,046
Changes in cash and cash equivalents due to changes in the scope of consolidation	0	-2,977,830
Net cash flow	-1,794,777	18,062,570
Cash and cash equivalents at the beginning of the period	25,604,511	7,541,941
Liabilities due at any time at the beginning of the period	0	0
Cash and cash equivalents at the beginning of the period	25,604,511	7,541,941
Cash and cash equivalents at the end of the period	23,809,734	25,604,511
Liabilities due at any time at the end of the period	0	0
Cash and cash equivalents at the end of the period	23,809,734	25,604,511
Change in cash and cash equivalents	-1,794,777	18,062,570


24/7

6. NOTES

6.1 Basis of Preparation of the Financial Statements

6.1.1 Reporting Company

HAEMATO AG was founded on 10 May, 1993. The Company is entered in the Commercial Register of the Berlin-Charlottenburg Local Court under HRB 88633 and has its registered office in Berlin. Since the end of 2022, the business address has been located at Lilienthalstr. 3a, 12529 Schönefeld. Its parent company is M1 Kliniken AG. In July 2020, M1 Kliniken AG acquired the shares of HAEMATO AG from MPH Health Care AG, which in turn is the parent company of M1 Kliniken AG. The HAEMATO Group operates in the pharmaceutical sector with a focus on the growth markets of high-priced specialty pharmaceuticals in the indication areas of oncology and HIV as well as in the areas of rheumatism, neurology and cardiovascular diseases. The acquisition of the subsidiary M1 Aesthetics GmbH, which was fully consolidated for the first time in 2021, expanded the product portfolio to include pharmaceuticals and medical devices in the lifestyle sector. At the end of 2022, HAEMATO AG relocated its logistics and manufacturing operations to a newly occupied functional warehouse in Berlin. Since the relocation, these areas have been operated by the fully consolidated subsidiary Dr. Holz Pharmaservice GmbH.

6.1.2 Accounting Principles

The consolidated financial statements of HAEMATO AG for the period from 1 January to 31 December 2022 have been prepared voluntarily in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union. They were approved for publication by the Board of Management on 8 May 2023.

The consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared as of the reporting date of the parent company's financial statements, which is also the reporting date of all consolidated subsidiaries.

The balance sheet of the HAEMATO Group has been prepared on a current basis, with assets and liabilities expected to be realized or settled within twelve months of the balance sheet date being classified as current. Deferred tax assets and deferred tax liabilities are shown in full under non-current assets and non-current liabilities respectively.

The income statement is presented as part of the statement of comprehensive income using the nature of expense method.

6.1.3 Functional and Reporting Currency

These consolidated financial statements are presented in euros, the functional currency of the Company. All financial information presented in euros has been rounded to the nearest euro unless otherwise stated.

6.1.4. Changes in Significant Accounting Policies

The new standards adopted by the IASB were observed from the date of entry into force.

The following standards and interpretations and amendments to existing standards are mandatory for reporting periods beginning on or after 1 January 2022:

- COVID-19-related tenant relief after 30 June 2021 (amendments to IFRS 16) - effective 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

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) - pending

6.1.5 Consolidation Scope

The consolidated financial statements include the financial statements of the parent company and its subsidiaries. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidations that have taken place are as follows:

- HAEMATO PHARM GmbH (from 1 April 2013, date of initial consolidation)
- HAEMATO MED GmbH (from 22 May 2013, date of initial consolidation)
- Dr. Holz Pharmaservice GmbH [formerly Sanate GmbH] (from 24 September 2013, effective date of initial consolidation)
- M1 Aesthetics GmbH (from 01.01.2021, effective date of initial consolidation)

In connection with a capital increase carried out at HAEMATO AG, HAEMATO AG acquired all shares in the former HAEMATO PHARM AG, which now trades as HAEMATO PHARM GmbH. HAEMATO PHARM GmbH was acquired by the parent company and operates in the pharmaceutical sector. The share capital of HAEMATO PHARM GmbH amounts to EUR 500,000. HAEMATO PHARM GmbH has its own business operations within the meaning of IFRS 3. After deduction of the identifiable net assets (assets less liabilities), a goodwill of kEUR 34,584 arose. The consideration transferred includes benefits from expected synergies, sales growth and future market developments. These benefits, which cannot be recognized separately from goodwill, add up to the goodwill mentioned above.

HAEMATO MED GmbH was founded by HAEMATO AG on 22 May 2013. No differences arose in the course of the initial consolidations. The share capital amounts to EUR 25,000.

HAEMATO PHARM GmbH founded Sanate GmbH on 24 September 2013. This company has been operating under the name Dr. Holz Pharmaservice GmbH since 20 June 2022. The initial consolidation did not result in any difference. The share capital amounts to EUR 25,000.

In connection with a capital increase in 2020, which was fully subscribed by M1 Kliniken AG, all shares in M1 Aesthetics GmbH were contributed to HAEMATO AG by way of a contribution in kind. The share capital of M1 Aesthetics GmbH amounts to EUR 25,000. M1 Aesthetics GmbH has a business operation within the meaning of IFRS 3. After deduction of the identified net assets, goodwill amounted to kEUR 53,643. The consideration transferred includes, among other things, benefits from expected synergies, revenue and earnings growth, and future market developments. These benefits, which cannot be recognized separately from goodwill, add up to the above-mentioned goodwill.

For HAEMATO PHARM GmbH and M1 Aesthetics GmbH, use was made of the exemption provisions of Section 264 (3) HGB as of 31 December 2022. Both subsidiaries have published the resolutions of their shareholders' meetings in the Federal Gazette.

The shareholdings of HAEMATO AG in its subsidiaries as of 31 December 2022 are as follows:

Name and registered office of the company	Share in %
HAEMATO PHARM GmbH*, Schönefeld	100,00
HAEMATO MED GmbH*, Schönefeld	100,00
Dr. Holz Pharmaservice GmbH**, Berlin	100,00
M1 Aesthetics GmbH*, Schönefeld	100,00

* HAEMATO AG holds all shares in the company
** HAEMATO PHARM GmbH holds all shares in Sanate GmbH

6.1.6 Principles of Consolidation

The annual financial statements of all Group companies have been prepared on the basis of uniform accounting policies as of the reporting date of HAEMATO AG (parent company).

The acquisition of businesses is accounted for using the purchase method of accounting when the Group has obtained control. The consideration transferred in a business combination and the identifiable net assets acquired in a business combination are generally measured at fair value and costs associated with the business combination are expensed as incurred. The identifiable assets and liabilities acquired - with the exception of deferred tax assets and liabilities - were measured at their fair values. Goodwill represents the excess of the aggregate of the consideration transferred and the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed.

When the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any retained interest in the former subsidiary is measured at fair value at the date when control is lost.

All intercompany assets, liabilities, equity, income, expenses and cash flows relating to transactions between Group companies are eliminated in full on consolidation.

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.

6.1.7 Estimates and Assumptions

The preparation of the consolidated financial statements requires estimates and judgments that can affect the amounts of assets, liabilities and financial obligations at the balance sheet date, as well as income and expenses in the reporting year. The actual amounts may differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The Management Board exercises judgment in the application of accounting policies. In addition, the acquisition of the shares in HAEMATO PHARM GmbH and M1 AestheticsGmbH required a test of the recoverability of the acquired goodwill as of the balance sheet date. For the goodwill impairment test, it is necessary to determine the value in use of the cash-generating unit to which the goodwill has been allocated. The calculation of the value in use requires an estimate of future cash flows from the cash-generating unit and an appropriate discount rate for the present value calculation.

A number of the Group‘s accounting policies and disclosures require the determination of fair values for financial and non-financial assets and liabilities. In determining the fair value of an asset or liability, the Group uses observable market data to the extent possible. Based on the inputs used in the valuation techniques, the fair values are categorized into different levels in the fair value hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities

Level 2: Valuation parameters other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Valuation parameters for assets or liabilities that are not based on observable market data are as follows

If the inputs used to determine the fair value of an asset or liability can be categorized into different levels of the fair value hierarchy, the fair value measurement is assigned in its entirety to the level of the fair value hierarchy that corresponds to the lowest input level that is significant to the measurement as a whole.

The Group recognizes reclassifications between levels of the fair value hierarchy at the end of the reporting period in which the change occurs. The bases used by management to assess the adequacy of the allowance for doubtful accounts are the maturity structure of receivable balances, the creditworthiness of customers and changes in payment terms. In the event of a deterioration in the financial position of customers, the amount of actual write-offs may exceed the amount of expected write-offs.

The expected actual 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. If temporary differences exist, these differences generally lead to the recognition of deferred tax assets and liabilities in the consolidated financial statements. Management must make judgments in calculating 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 scope of the respective tax type. In assessing the likelihood that deferred tax assets will be utilized in the future, various factors must be considered, such as past results of operations, operational plans and tax planning strategies. If actual results differ from these estimates, or if these estimates need 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.

6.2 Notes to the Consolidated Balance Sheet – Assets

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 using the exchange rates prevailing at the date of the fair value measurement.

6.2.1 Cash and Cash Equivalents

Cash and cash equivalents are measured at cost. They comprise cash and other current highly liquid financial assets with a maturity of three months or less at the time of acquisition.

6.2.2 Trade Account Receivables

Trade receivables, which total kEUR 12,615 (previous year kEUR 14,563), are measured at the transaction price in accordance with IFRS 15. Our trade receivables do not contain any significant financing component. Impairment losses are recognized if, as a result of one or more events that occurred after the initial recognition of the asset, there is objective evidence that there has been a negative change in the expected future cash flows. The criteria for recognizing an impairment loss on trade receivables are based on the probability of default of the receivable and the expected creditworthiness of the customer.

6.2.3 Inventories

Inventories are stated at the lower of historical cost and net realizable value. Net realizable value is the estimated selling price less costs to sell. The cost of inventories is generally determined using the specific allocation method and includes the costs of purchase and the costs incurred in bringing the inventories to their present location and condition. In the case of inventories of the same type that are available in large quantities and are interchangeable, the cost is allocated using the average cost method. In the case of internally produced work in progress and finished goods, production costs also include production-related overheads based on normal capacity utilization.

in EUR	31.12.2022	31.12.2021
Raw, auxiliary and operating materials	555,340	687,609
Finished products and goods	24,254,075	32,082,061
Claims for return of goods	661,318	834,028
Advance payments on inventories	676,434	410,144
Inventories	26,147,168	34,013,842

6.2.4 Other short-term Financial Assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized when HAEMATO becomes a party to the contractual provisions of the financial instrument. For regular way purchases or sales of financial assets, HAEMATO chooses the trade date for both initial recognition and derecognition. Financial instruments are initially recognized at fair value. For subsequent measurement, the financial instruments are assigned to one of the measurement categories listed in IFRS 9 Financial Instruments (financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss). Transaction costs directly attributable to the acquisition or issue are taken into account when determining the carrying amount if the financial instruments are not measured at fair value through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, include only principal and interest, and are measured at amortized cost.

6.2.5 Other short-term Assets

Other current assets include receivables from sales tax credits, receivables from personnel, prepaid expenses and creditors with debit balances.

6.2.6 Income Tax Receivables

Income tax receivables include adjustment amounts for possible income tax refunds for years not yet finally assessed, but excluding interest refunds. The amountis determined on the basis of the best possible estimate of the expected tax payment (expected value or most probable value of the tax uncertainty). Tax receivables arising from uncertain tax positions are recognized if it is more likely than not, and therefore more likely than not, that they will be realized.

6.2.7 Intangible Assets

Intangible assets are measured at cost less accumulated amortization. Where necessary, accumulated impairment losses are recognized.

Intangible assets with indefinite useful lives are reviewed annually to determine whether the indefinite useful life assessment is supportable. A change from an indefinite to a finite useful life is made prospectively. Intangible assets with finite useful lives are generally amortized on a straight-line basis over their useful lives (three to thirteen years). The amortization period for intangible assets with finite useful lives is reviewed at least at the end of each fiscal year. Changes in the expected useful life are treated as changes in accounting estimates. Amortization of intangible assets with finite useful lives is included in functional costs.

in EUR	Concessions, industrial property rights and similar rights and assets and licenses	Goodwill	Aquired intangible assets	Advance payments on intangible assets	Σ Intangible assets
Acquisition and production costs					
1 January 2021	7,843,491	34,583,689	9,912,944	1,301,145	53,641,268
Additions	173,011	0	0	57,720	230,732
Disposals	0	0	0	-110	-110
Transfers	761,963	0	0	-761,96	0
Changes in the scope of consolidation	9,451	53,624,738	0	0	53,652,189
31 December 2021	8,787,916	88,226,426	9,912,944	596,793	107,524,079
1 January 2022	8,787,916	88,226,426	9,912,944	596,793	107,524,079
Additions	145,200	0	0	366,052	511,253
31 December 2022	8,933,117	88,226,426	9,912,944	962,845	108,035,332
Depreciation / write-ups					
1 January 2021	-5,991,182	0	-9,670,951	0	-15,662,133
Depreciation	-604,856	0	-7,998	0	-612,854
Changes in the scope of consolidation	-8,323	0	0	0	-8,323
31 December 2021	-6,604,362	-0	-9,678,949	0	-16,283,310
1 January 2022	-6,604,362	0	-9,678,949	0	-16,283,310
Depreciation	-497,682	0	-7,998	0	-505,680
31 December 2022	-7,102,044	0	-9,686,947	0	-16,788,991
Book values					
31 December 2021	2,183,555	88,226,426	233,995	596,793	91,240,769
31 December 2022	1,831,073	88,226,426	225,997	962,845	91,246,341

6.2.8 Tangible Assets

Property, plant and equipment are stated at cost less accumulated depreciation and, where necessary, accumulated impairment losses. Where relevant, the cost of acquisition or construction includes the estimated costs of dismantling and removing the asset and restoring the site.

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 useful lives (three to 15 years).

If the carrying amount exceeds the expected recoverable amount, an impairment loss is recognized. 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.

Acquisition and production costs in EUR	1. Land, lease-hold and buildings, including buildings on third-party land	2. Technical equipment and machinery	3. Other equipment, factory and office equipment
1 January 2021	47,359	753,136	2,096,298
Additions	0	24,087	71,928
Disposals	0	0	-73,926
31 December 2021	47,359	782,446	2,144,403
1 January 2022	47,359	782,446	2,144,403
Additions	0	69,007	111,344
Disposals	-43,959	-202,409	-578,651
Transfers	0	140,980	256,289
31 December 2022	3,400	790,024	1,933,385
Depreciation / write-ups			
1 January 2021	-40,430	-332,935	-1.484,148
Depreciation	-565	-79,616	-163,482
Write-ups	0	0	0
Disposals	0	0	59,097
31 December 2021	-40,995	-417,248	-1,628,184
1 January 2022	-40,995	-417,248	-1,628,184
Depreciation	-565	-79,691	-128,448
Write-ups	0	0	0
Disposals	38,161	128,187	476,363
31 December 2022	-3,399	-368,752	-1,280,269
Book values			
31 December 2021	6,364	365,198	612,150
31 December 2022	1	421,272	653,116

Acquisition and production costs in EUR	4. Rights of use	5. Advance payments and assets under construction	∑ Property, plant and equipment
1 January 2021	2,074,904	0	4,971,697
Additions	130,157	0	226,172
Disposals	-49,807	0	-123,734
31 December 2021	2,165,718	0	5,139,926
1 January 2022	2,165,718	0	5,139,926
Additions	2,702,146	397,269	3,279,766
Disposals	-1,947,583	0	-2,772,602
Transfers	0	-397,269	0
31 December 2022	2,920,281	0	5,647,090
Depreciation / write-ups			
1 January 2021	-1,011,004	0	-2,868,518
Depreciation	-573,589	0	-817,252
Write-ups	42,123	0	42,123
Disposals	0	0	59,097
31 December 2021	-1,550,843	0	-3,637,270
1 January 2022	-1,550,843	0	-3,637,270
Depreciation	-651,023	0	-859,727
Write-ups	1,947,583	0	1,947,583
Disposals	0	0	642,712
31 December 2022	-254,283	0	-1,906,703
Book values			
31 December 2021	614,875	0	1,502,656
31 December 2022	2,665,999	0	3,740,388


OH
NH2
(R)
HO
OH
OH
HN
H3CO
H3CO
OCH3
N

6.2.9 Other long-term Financial Assets

Equity instruments of listed companies are recognized under other non-current financial assets. The shares were allocated to the category “at fair value through profit or loss“. Subsequent measurement of the equity instruments is at the market value on the respective reporting date.

Acquisition and production costs in EUR	Financial assets
1 January 2021	6,882,048
Additions	88,806
Disposals	-11,131
31 December 2021	6,959,723
1 January 2022	6,959,723
Additions	2,207,886
Disposals	0
31 December 2022	9,167,609
Depreciation / write-ups	
1 January 2021	2,981,604
Depreciation	-1,863,092
Write-ups	2,392
Disposals	-27,739
31 December 2021	1,093,165
1 January 2022	1,093,165
Depreciation	-2,376
Write-ups	1,912,537
31 December 2022	3,003,326
Book values	
31 December 2021	8,052,888
31 December 2022	12,170,935

6.2.10 Other long-term assets

Other non-current assets relate to security deposits, which are measured at the nominal value of the amounts deposited.

6.3 Notes to the Consolidated Balance Sheet – Liabilities

6.3.1 Short-term Accruals

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, 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.

The provisions recognized are the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The risks and uncertainties inherent in the obligation must be taken into account. If a provision is measured on the basis of the cash flows estimated to settle the obligation, these cash flows are discounted if the interest effect is material.

Non-current provisions relate to provisions for retention obligations with a remaining term of more than one year.

Accruals in kEUR	01.01.2022	Usage	Liquidation	Supply	31.12.2022
Audit and annual financial statement costs	66	62	2	67	69
Personnel / vacation entitlements	106	90	5	118	129
Remunerations to the Supervisory Board	20	20	0	20	20
Other	915	858	44	274	287
(thereof long-term)	(60)		(5)		(54)
	1,107				505

6.3.2 Income Tax Liabilities

Actual income taxes are calculated based on the respective national tax results and regulations for the year. In addition, the actual taxes reported in the financial year also include adjustment amounts for any tax payments due for years not yet finally assessed, but excluding interest payments and penalties on tax arrears. In the event that amounts recognized in the tax returns are unlikely to be realized (uncertain tax positions), tax accruals are recognized. The amount is determined from the best possible estimate of the expected tax payment (expected value or most probable value of the tax uncertainty).

in kEUR	01.01.2022	Usage	Liquidation	Supply	31.12.2022
Income tax liabilities	1,916	541	2	908	2,282

As a result of an ongoing tax audit for the years 2001 to 2005, the tax authorities intended to disallow the tax loss carryforwards that had arisen up to 2 August 2005 due to a loss of economic identity at that time in accordance with Sec. 8 (4) KStG / Sec. 10a GewStG. We do not share the legal opinion communicated to us by the tax authorities, and the Federal Fiscal Court also ruled otherwise in a similar case. For this reason, we have not recognized any tax provisions for the fiscal years concerned. The legal action has been resolved in our favor. However, the tax office is now attempting to disallow the loss carryforwards for the 2003 assessment year. We are currently involved in legal proceedings in this regard; if necessary, we would exhaust all legal remedies. As a result of a change in case law, the tax office took into account some of the previously non-recognized losses in March 2009. The maximum risk now amounts to kEUR 154.

6.3.3 Trade Account Payables

Trade accounts payable are recognized at amortized cost using the effective interest method. It is assumed that the fair values correspond to the carrying amounts of these financial instruments due to the short maturities.

6.3.4 Leasing Liabilities

In accordance with IFRS 16, the HAEMATO Group capitalizes leases from operating leases as rights of use and depreciates them over the term of the leases. The lease payments give rise to liabilities which, depending on the term, are classified as current or non-current and discounted.

The rights of use are reported under property, plant and equipment less accumulated depreciation. The present value of all lease payments is taken as the cost of acquisition. Lease assets of low value and short-term duration are not recognized due to the application of IFRS 16.

in EUR	31.12.2022	31.12.2021
Right of use	2,665,998	614,875
Deposit	-6,000	-6,000
Deferred expenses	296	296
∑ Assets	**2,660,294**	**609,171**
Liabilities	2,712,194	627,989
Short-term leasing liabilities	212,320	574,464
Long-term leasing liabilities	2,499,874	53,525
Accrued expenses	-35,511	-245
∑ Liabilities	**2,676,683**	**627,744**
Depreciation	-651,022	-573,589
Interest expenses	-36,820	-26,743
∑ Profit and loss account	**-687,843**	**-600,332**
Leasing expenses	690,028	599,542
∑ Correction of leasing expenses	**690,028**	**599,542**

6.3.5 Other short-term Financial Liabilities

Current financial liabilities to banks and other financial liabilities are recognized at amortized cost using the effective interest method. Other financial liabilities mainly relate to current liabilities to banks from loans and overdrafts, loans received and debtors with credit balances. The liabilities to banks consist exclusively of short-term special financing arrangements with the factor for customer receivables.

6.3.6 Short-term Liabilities

Other current liabilities are recognized at amortized cost using the effective interest method. These are mainly liabilities for payroll and sales taxes as well as social security liabilities.

6.3.7 Contractual and Refund Liabilities

Reimbursement liabilities include obligations from sales transactions that represent financial instruments. A refund liability arises when HAEMATO receives consideration from a customer and expects that the customer will be refunded all or part of that consideration. A refund 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 refund liability is recognized for sales with a right of return.

in EUR	31.12.2022	31.12.2021
Rights of return	703,720	920,866
Discount contracts / manufacturer discounts	4,636,229	4,605,797
Contractual and refund liabilities	**5,339, 949**	**5,526,662**

6.3.8 Long-term Accurals

Long-term accruals relate to retention obligations with a remaining term of more than one year.

6.3.9 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, including differences arising on consolidation, and for unused tax loss carryforwards and tax credits. The measurement is based on the tax rates expected to apply to the period when the asset is realized or the liability is settled. The tax rates and tax regulations used are those that are enacted or substantively enacted at the balance sheet date. HAEMATO recognizes a valuation allowance for 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 utilized.

In the case of tax-deductible temporary differences associated with investments in subsidiaries, a deferred tax asset is recognized 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 temporary difference can be utilized.

Deferred tax assets and liabilities are only offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

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

A deferred tax liability is recognized for all taxable temporary differences, except where the deferred tax liability arises from

- goodwill for which amortization 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, a deferred tax liability is recognized for taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference cannot be controlled by the Company and it is probable that this will not occur in the foreseeable future. The deferred taxes as of 31 December 2022 relate to the following items:

Temporary differences in kEUR	31.12.2021	recognized in income	recognized directly in equity	31.12.2022
Valuation of intangible assets	57	47	0	104
Fair value valuation of financial instruments	0	3	0	3
Fair value measurement of financial assets	0	0	0	0
Other valuation differences	25	-22	0	3
Deferred tax liabilities	82			110

In connection with the fair value measurement of existing financial instruments, it was necessary to recognize deferred taxes as liabilities. The amount by which the IFRS values measured at fair value exceeding the tax balance sheet values is kEUR 4 (previous year kEUR 273). Applying the effective tax rate of 24.225% and other components, the deferred tax liability to be recognized amounts to kEUR 1 (previous year kEUR 66).

The different statutory valuation methods under tax law and commercial law, as well as the IFRS approach, lead to deviations in the calculation of provisions, which result in different valuations on the reporting date and the associated deferred tax liabilities of kEUR 3 (previous year kEUR 25).

The remaining deferred taxes (effective tax rate of 24.225%), which amounted to kEUR 104 (previous year kEUR 57) as of the reporting date, result on the one hand from the initial consolidation of a subsidiary acquired in 2009 and 2013. The initial consolidation resulted in the disclosure of intangible assets with a carrying amount of kEUR 226 as of 31 December 2022 (previous year kEUR 234). On the other hand, deferred tax liabilities arise from the different useful lives of intangible assets under tax law and commercial law. Under commercial law, licenses for parallel imports were amortized over 5 years until 2022 , while under tax law a useful life of 13 years was assumed for the acquisition years 2014 - 2021.

6.3.10 Equity

For the development and composition, please refer to the statement of changes in equity.

Subscribed Capital

The Company's share capital of EUR 5,229,307 is divided into 5,229,307 no-par value shares with a notional value of EUR 1.00 each.

In 2005, a capital increase of EUR 6.75 million was carried out by converting reserves, of which EUR 2.0 million came from contributions by shareholders (withdrawal from the capital reserve) and EUR 4.75 million from already taxed profits of the Company. In the first quarter of 2007, 235,066 new shares were issued; reference is made to the resolution of the Annual General Meeting of 18 July 2005, in which the Management Board was authorized to increase the share capital with the approval of the Supervisory Board. The subscription price (for existing shareholders) and the issue price amounted to EUR 6.00 per share. The difference between the subscription and issue price and the nominal value of EUR 5.00 per share was transferred to the capital reserve. In 2011, a further capital increase of EUR 4.6 million was carried out by converting reserves, EUR 1.1 million of which came from contributions by shareholders (withdrawal from capital reserves) and EUR 3.5 million from already taxed profits of the Company (withdrawal from retained earnings). In the first quarter of 2013, the Management Board of the Company, using the Authorized Capital 2012 and with regard to Section 4 (6) of the Articles of Association, adopted the resolution to increase the share capital of the Company against contribution in kind from EUR 13,852,599 by EUR 6,926,299 to EUR 20,778,898 by issuing 6,926,299 new ordinary bearer shares as no-par value shares.

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

With publication in the Federal Gazette on 26 September 2017, HAEMATO AG terminated all profit participation certificates issued by the Company (ISIN: DE000A0EQVT2/WKN: A0EQVT) as of 31 December 2017, in accordance with section 3 (1) of the terms and conditions for profit participation certificates as amended by the resolution of the creditors' meeting on 21 December 2009. In accordance with section 3 (2) of the terms and conditions of the profit participation certificates, the Company exercised its option to grant the holders of the profit participation certificates shares in HAEMATO AG instead of the repayment amount. For this purpose, subscription shares with a nominal value of EUR 887,154 were issued in the fiscal year 2018 as part of a conditional capital increase dated 9 June 2016 (Conditional Capital 2016/I). The share capital then amounted to EUR 22,867,154.

According to the resolution of the Annual General Meeting on 21 July 2020, the share capital was reduced in a ratio of 10:1. The share capital of the Company thereafter amounted to EUR 2,286,715 and is divided into 2,286,715 no-par value shares.

In accordance with the resolution of the Supervisory Board of 15 December 2020, the share capital of HAEMATO AG was increased by EUR 2,467,201 to EUR 4,753,916. For this purpose, 2,467,201 new no-par value bearer shares with a nominal value of EUR 1.00 were issued. The increase in share capital was carried out by means of a capital increase through contributions in kind. For this purpose 100% of the shares in M1 Aesthetics GmbH were transferred effective 1 January 2021, in accordance with a notarized share contribution and transfer agreement. In return, M1 Kliniken AG subscribed to the shares issued for the purpose of the acquisition.

By resolution of the Management Board dated 24 March 2021, the share capital of HAEMATO was increased by EUR 475,391 through a cash capital increase in the amount of 475,391 new no-par value bearer shares. The new shares were issued at an issue price of EUR 31.00 per new share and thus at a total issue price of EUR 14,737.121.

Authorized Capital

In accordance with the resolution of the Annual General Meeting on 4 July 2018, the Board of Management was authorized, with the approval of the Supervisory Board, to increase the share capital of the Company on one or more occasions until 3 July 2023 by issuing a total of up to 8,047,408 new no-par value bearer shares against cash or non-cash contributions, but by no more than a total of EUR 8,047,408 (Authorized Capital 2018/I).

Conditional Capital

By resolution of the Annual General Meeting on 13 July 2021, the share capital of the Company is conditionally increased by up to EUR 2,614,653 by issuing a total of up to 2,614,653 new no-par value bearer shares (Conditional Capital 2021).

Reacquired treasury stock

At the time of repayment in 2018, the Company held 1,030 of the terminated profit participation certificates. 17,201 treasury shares were received by HAEMATO AG through repayment in the form of shares. The premium of kEUR 85.8 from the conversion of the profit participation certificates was transferred to the capital reserve for treasury shares.

After the capital measure from July 2020, the acquired treasury shares amount to 1,719. In the same step, the capital reserve for treasury shares increases to kEUR 101.3.

Retained Earnings

Retained earnings include the earnings generated in the past by the companies included in the consolidated financial statements, to the extent that they were not distributed, as well as income from the sale of treasury shares in the years 2006 to 2007 and 2013, respectively, which were not recognized in the consolidated income statement but directly in equity.

Under the partial appropriation of retained earnings, shares in controlling companies are converted into a revenue reserve in accordance with Section 272 (4) HGB. This “re-investment“ is made in the amount of the valuation of the shareholding. HAEMATO AG holds shares in the controlling company M1 Kliniken AG. As of 31 December 2022, this investment reduces the unappropriated surplus for the first time in the amount of kEUR 11,782 and is recognized in equity under retained earnings without affecting equity.

6.3.11 Contingent Liabilities

There are no contingent liabilities at the reporting date of 31 December 2022.

The other financial obligations are within the scope of normal business transactions.

6.4 Notes to the Statement of Comprehensive Income

Principles of Revenue Recognition

Revenue from the sale of pharmaceuticals is recognized when the customer obtains control of the products. This is generally the case when the customer obtains possession of the products and generally occurs when the goods are transferred to the shipping company.

In principle, payment from the sale of pharmaceuticals is made by the customer when the customer obtains power of disposal over them.

Segment Reporting According to IFRS 8

IFRS 8 requires entities to report financial and descriptive information relating to its reportable segments. Reportable segments are operating segments that meet certain criteria. Operating segments are components of an entity for which separate financial information is available. Segment reporting must therefore be based on the company‘s internal reporting system (management approach). The internal management of the company thus represents the basis for segment reporting.

Following the acquisition of M1 Aesthetics GmbH in 2021, the HAEMATO Group operates since then in two business segments and mainly in one regional segment (Germany). The operating segments are essentially divided into the Specialty Pharma and Lifestyle/Aesthetics segments. The following table contains the consolidated sales and margins.

	Lifestyle & Aesthetics		Specialty Pharma	
in kEUR	2021	2022	2021	2022
Revenues	65,148	42,480	219,895	205,662
Gross profit	21,960	11,483	8,771	10,125
Gross margin	33.7%	27.0%	4.0%	4.9%

Products and services

All medicines that are not subject to the self-pay market and are invoiced via the health insurance funds have been allocated to the Specialty Pharma business unit. These are prescription drugs and active ingredients that are sold wholesale and as parallel imports. In addition to products relevant to the self-pay market for use in beauty treatments, the Lifestyle & Aesthetics business unit also includes diagnostic and cosmetic products and services. The high-margin diagnostics product area, which led to positive non-recurring effects and a comparatively high gross margin in connection with the corona pandemic in the financial year 2021, normalized in the financial year 2022. Products used in aesthetic medicine and billed via health insurance funds were also allocated to this segment. All apportionable costs presented in the income statement can be allocated to both segments and cannot be separated from each other due to the complexity and intermingling of the areas of activity within the Group. A segmentation in the cost area is not economically meaningful.

Geographical Information

The HAEMATO Group mainly operates in the geographical segment Germany.

Major Customers

No single external customer contributed 10% or more to Group sales in the financial year 2022. With regard to the Lifestyle & Aesthetics segment, sales of kEUR 7,280 were generated with one customer. This corresponds to 17.1% of segment sales.

Profit and Loss Statement

Expenses and income for the financial year are recognized (irrespective of the date of payment) when they are realized. Revenue from the sale of assets and revenue from the rendering of services is recognized when the significant risks and rewards of ownership have been transferred and the amount of the expected consideration can be reliably estimated.

6.4.1 Sales Revenues

Sales mainly comprise revenues from the sale of pharmaceuticals and medical devices. Sales include sales deductions resulting from manufacturer rebates and contractual discounts with health insurance funds. These sales deductions are recognized as provisions on the basis of a reasonable commercial estimate. In 2022, expenses from previous reporting periods amounting to kEUR 522 are included, which were not taken into account in provisions from previous years.

6.4.2 Other Operating Income

Other operating income totaled kEUR 933 (previous year kEUR 458). It mainly comprises income from currency translation, reversal of provisions, insurance compensation and indemnification payments, as well as income relating to other periods and employee benefits in kind.

6.4.3 Cost of Materials

The cost of materials item includes all expenses incurred in connection with the purchase of pharmaceuticals, products for use in beauty treatments and diagnostics, and cosmetic products.

6.4.4 Personnel Expenses

The personnel expenses included in the income statement for 2022 amount to kEUR 4,942 (previous year kEUR 7,503) and are associated with the implementation of efficiency improvements in the areas of process optimization and digitization.

in EUR	2022	2021
Wages and salaries	-4,282,511	-6,435,610
Social security contributions and expenses for pensions and for support	-659,210	-1,067,418
Personnel expenses	**-4,941,721**	**-7,503,028**

6.4.5 Other Operating Expenses

Other operating expenses, which totaled kEUR 7,938 (previous year kEUR 11,050), include a large number of individual items. These include, in particular, occupancy costs, insurance and contributions, repairs and maintenance, advertising and travel expenses, legal and consulting costs, and other miscellaneous operating expenses. The decrease confirms the continued cost reduction measures in all areas of the Group.

6.4.6 Depreciation

Depreciation and amortization includes scheduled depreciation of property, plant and equipment and amortization of intangible assets amounting to kEUR 1,365 (previous year kEUR 1,474). Property, plant and equipment and intangible assets are depreciated on a straight-line basis over various useful lives (three to 15 years).

6.4.7 Income from Investments

Income from investments mainly relates to dividends received.

Income from other financial assets in kEUR	2022	2021
Dividend income received	5	1

6.4.8 Other Interest and Similar Income

Interest results from the granting of loans or from interest income from fixed-interest securities.

in kEUR	Interest income 2022	Interest income 2021
Income from loans and receivables granted	46	0
Income from interest on fixed-interest bearer shares	586	385
Total	**632**	**385**

6.4.9 Interest and Similar Expenses

Interest relates to expenses for interest on loans taken out and for discounting the rights of use of lease liabilities. Of the total expenses, which amount to kEUR 359 (previous year kEUR 423), kEUR 37 (previous year kEUR 27) relate to the discounting of lease liabilities.

in kEUR	2022	2021
Interest from rights of use	-37	-27
Financial liabilities recognized at amortized cost	- 322	- 396
Net result	**- 359**	**- 423**

6.4.10 Valuation of Financial Assets

The financial investments held in the financial assets are valued “at fair valuethrough profit or loss“ as of the reporting date. Compared to the previous year, these investments were valued higher by kEUR 1,910. This relates to the unrealized gains / losses from the fair value measurement of the investments as of the reporting date.

6.4.11 Income from the Disposal of Financial Assets

Income from the disposal of financial assets relates to realized gains from the sale of fixed-income securities.

6.4.12 Taxes on Income and Earnings

Income taxes comprise both current taxes on income and deferred taxes. Current income taxes are calculated on the basis of the respective national tax results and regulations for the year. Deferred tax assets and liabilities are recognized for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, including differences arising on consolidation, and for unused tax loss carryforwards and tax credits.

The position can be broken down as follows:

in kEUR	2022	2021
Tax expense of the current period	-2,259	-2,416
Tax expense of the previous period	-5	-304
Deferred tax expense from valuation differences	-27	-103
Deferred tax income from valuation differences	0	0
Total	**-2,292**	**-2,823**

Deferred taxes are calculated on a company-by-company basis using the applicable effective tax rate of currently 24.225%.

The reported effective tax rate includes corporation tax and the solidarity surcharge (effective rate: 15.825%) as well as trade tax (effective rate: 8.400%) using the currently applicable trade tax assessment rate for the municipality of Schönefeld.

6.4.13 Earnings per Share

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

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

Period	Number of ordinary shares	Weighting	Weighted share
1 January – 13 April 2021	4,753,916	103/365	1,341,516
14 April – 31 December 2021	5,229,307	262/365	3,753,640
1 January – 31 December 2022	5,229,307	365/365	5,229,307

in EUR	2022	2021
Equity profit attributable to equity holders of the parent company of net income for period	8,192,570	6,533,867
Number of shares (weighted average)	5,229,307	5,095,156
Earnings per share	1.57	1.28

6.5 Notes to the Consolidated Cash Flow Statement

The cash flow statement shows how the cash and cash equivalents of the HAEMATO Group have changed in the course of the reporting year 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.

Cash and cash equivalents include cash and cash equivalents of kEUR 23,810 available at short notice (previous year kEUR 25,605).

6.6 Other Information

6.6.1 Information on Members of the Corporate Bodies

Management Board

Last name	First name	Power of representation	Profession	Remarks
Brenske	Patrick	Solely authorized to represent	Merchant	
Strauss	Attila	Solely authorized to represent	WIrtschaftsinformatiker	since 04. 2022

Supervisory Board

Last name	First name	Function	Profession	Remarks
Grosse	Andrea	Chairwoman	Lawyer	
Zimdars	Uwe	Deputy chairman	Business consultant	
Prof. Dr. Dr. Meck	Sabine	Member	University lecturer and science journalist	

The total remuneration of the Supervisory Board in the 2022 financial year amounted to kEUR 49 (previous year kEUR 50)

6.6.2 Number of Employees

The HAEMATO Group employed an average of 78 people in the reporting period (previous year 150).

Industrial employees	Salaried employees	of which are Senior Executives	Total
31	47	9	78

6.6.3 Financial Instruments

The carrying amounts correspond to the fair values of financial instruments for the respective classes of the Group's financial instruments as of 31 December 2022 in accordance with IFRS 9.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In view of varying influencing factors, the fair values presented can only be regarded as indicators of values that can actually be realized on the market.

The fair values of the financial instruments were determined on the basis of market information available at the balance sheet date. The following methods and premises were applied.

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

Other current financial assets are measured at amortized cost. Due to the predominantly short maturities of these financial instruments, it is assumed that the fair values correspond to the carrying amounts. The fair values of other non-current financial assets are determined on the basis of quoted, unadjusted prices in active markets for these or identical assets.

Other financial liabilities are measured at amortized cost. Due to the predominantly short maturities of these financial instruments, it is also assumed that the fair values to be applied correspond to the carrying amounts.

in EUR	31.12.2022	31.12.2022
Financial instruments	Book value	Measured at fair value
Financial assets	52,298,357	52,298,357
Cash and cash equivalents	23,809,734	23,809,734
Trade accout receivables	12,615,211	12,615,211
Other short-term financial assets	3,702,478	3,702,478
Short-term financial assets measured at amortized cost	3,697,998	3,697,998
Other long-term financial assets	12,170,935	12,170,935
Financial liabilities	-17,406,281	-17,406,281
Trade account payables	-14,724,114	-14,724,114
Other short-term financial liabilities	-2,682,167	-2,682,167

in EUR	31.12.2021	31.12.2021
Financial liabilities	Book value	Measured at fair value
Financial assets	54,194,772	54,194,772
Cash and cash equivalents	25,604,511	25,604,511
Trade account receivables	14,563,107	14,563,107
Other short-term financial assets	6,130,666	6,130,666
Short-term financial assets measured at amortized cost	4,058,914	4,058,914
Other long-term financial assets	8,052,888	8,052,888
Financial liabilities	-26,811,748	-26,811,748
Trade account payables	-12,224,178	-12,224,178
Other short-term financial liabilities	-14,587,571	-14,587,571

The following is an analysis of net income / net loss from financial investments in financial assets broken down by measurement category:

Income category in kEUR	2022	2021
Financial assets measured at amortized cost	637	479
Financial assets at fair value through profit or loss (netted)	1,910	-1,861
Financial liabilities measured at amortized cost	- 359	- 423

Income from financial assets measured at amortized cost mainly relates to interest received and income realized on disposals.

The net gains and losses on equity and debt instruments measured at fair value through profit or loss mainly comprise income and losses from the measurement of these instruments.

The income (write-ups) from the measurement of financial assets amounting to kEUR 1,910 (previous year kEUR -1,861) mainly results from the measurement of the shares in M1 Kliniken AG held by HAEMATO AG as of the reporting date. The M1 shares were transferred to HAEMATO AG prior to the IPO of M1 Kliniken AG in 2015 and relate to compensation for the expenses incurred in the formation of M1 and the entrepreneurial value generated.

Expenses from liabilities measured at amortized cost relate to interest expenses for current and non-current working capital loans.

6.6.4 Management of Financial Risks

The HAEMATO Group is exposed to general risks arising from changes in the framework conditions due to legislation or other regulations. As the business activities of the HAEMATO Group are mainly limited to Germany and such changes do not occur suddenly and unexpectedly in most cases, there is usually sufficient time to react to changes. In addition, the HAEMATO Group is exposed to market price risks due to changes in exchange rates and interest rates. Furthermore, risks arise from investments in financial assets; here, fluctuations may occur depending on the stock market prices prevailing on the reporting date. The Group is also exposed to credit risks, mainly from its operating business(trade receivables). Liquidity risks also exist in connection with credit and market price risks or in connection with a deterioration of the operating business. If these financial risks materialize, the Group‘s results of operations, financial position and net assets will be adversely affected.

The guidelines underlying the risk management processes for the Group‘s financial risks are designed to ensure that risks are identified and analyzed throughout the Group. They also aim to limit and control risks appropriately and to monitor them using reliable and modern management and information systems. The guidelines and systems are regularly reviewed and adapted to current market and product developments. The main system is an early warning system based on the monitoring of liquidity and earnings development.

Credit Risk

Credit risk is the risk of economic loss resulting from a counterparty‘s failure to meet its contractual payment obligations. Credit risk includes both the direct risk of default and the risk of deterioration in creditworthiness, as well as concentration risks.

The maximum risk positions from financial assets that are generally subject to credit risk correspond to their carrying amounts (without taking into account any existing credit collateral).The maximum risk position in these cases corresponds to the expected future cash outflows.

Cash and Cash Equivalents

The Group‘s cash and cash equivalents comprise cash and cash equivalents. Cash and cash equivalents are mainly held at financial institutions with high credit ratings within Germany. The limits and their utilization are reviewed on an ongoing basis. Therefore, cash and cash equivalents are not exposed to any significant credit risk.

Trade Account Receivables

Trade receivables result mainly from the sales activities of pharmaceuticals and products for aesthetic treatments and diagnostics. Credit risk includes the risk of default by customers, which include pharmaceutical wholesalers, manufacturers, pharmacies,clinic pharmacies and clinics, and treatment centers. In order to identify credit risks, HAEMATO checks the creditworthiness of customers. In addition, trade credit insurance

has been taken out to protect against bad debts. A large proportion of trade receivables are secured by various forms of collateral. These include, for example, retention of title and customer prepayments. The maximum default risk of the financial assets is limited by the carrying amounts.

Liquidity Risk

Liquidity risk is the risk that an entity will be unable to meet its financial obligations to an adequate extent.

The Group manages liquidity risk by constantly monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities, as well as by maintaining sufficient cash and cash equivalents and credit lines with banks.

The following tables show the expected future cash flows of the financial liabilities (undiscounted principal payments) as of 31 December 2022 and 31 December 2021. The interest payments have not been taken into account.

Financial liabilities measured at amortized cost	Book value 31.12.2022 kEUR	Cash flow up to 1 year kEUR	Cash flow > 1 year to 5 years kEUR	Cash flow > 5 years kEUR
Interest-bearing financial liabilities	2,379	2,379	0	0
Non-interest-bearing financial liabilities	15,028	15,028	0	0
Financial liabilities measured at amortized costs	**Book value 31.12.2021 kEUR**	**Cash flow up to 1 year kEUR**	**Cash flow > 1 year to 5 years kEUR**	**Cash flow > 5 years kEUR**
Interest-bearing financial liabilities	14,533	14,533	0	0
Non-interest-bearing financial liabilities	12,278	12,278	0	0

The non-interest-bearing financial liabilities include kEUR 14,724 (previous year kEUR 12,224) in trade payables and kEUR 304 (previous year kEUR 54) in other current financial liabilities.

In the financial year 2022, the interest-bearing financial liabilities include the special financing facilities used for factoring.

Interest Change Risk

The Group has raised debt capital for the operational implementation of its business model. As of 31 December 2022, the HAEMATO Group‘s liabilities to banks totaled kEUR 2,379 (previous year kEUR 14,533). Due to the low interest rate level, there are currently only limited interest rate risks.

The current liabilities to banks are loans that were concluded at the following conditions:

	Utilization in kEUR	Conditions
Loan of kEUR 4,000	2,379	3-month EURIBOR plus 1.00% p.a.
Loan of kEUR 5,000	0	2.90% p.a. on EONIA
Loan of kEUR 9,000	0	On agreement currently 2.25% p.a. EURIBOR

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 subject to any interest rate risk, as the conditions are fixed until the end of the term.

Exchange Rate Risk

Exchange rate risks arise from financial instruments denominated in foreign currencies, i.e. in a currency other than the functional currency (EUR). Certain business transactions (purchase of goods) in the Group are denominated in foreign currencies, therefore risks arise from exchange rate fluctuations. The carrying amounts of the Group‘s monetary assets and liabilities denominated in foreign currencies at the reporting date are presented in the following table.

	Assets		Liabilities	
Local currency in kEUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Hongkong/China (USD)	0,1	0,0	19,1	12,501.7
Norway (NOK)	0,0	0,0	0,0	0,0
Great Britain (GBP)	3,6	1,8	0,0	0,0
Czech Republic (CZK)	8,3	0,0	0,0	0,0
Poland (PLN)	0,0	0,0	0,0	0,0
Romania (RON)	0,0	0,0	0,0	0,0
Denmark (DKK)	1,8	0,1	0,0	0,0

Other Price Risks

Exchange rate risks arise from financial instruments denominated in foreign currencies, i.e. in a currency other than the functional currency (EUR). Certain business transactions (purchase of goods) in the Group are denominated in foreign currencies, therefore risks arise from exchange rate fluctuations. The carrying amounts of the Group‘s monetary assets and liabilities denominated in foreign currencies at the reporting date are presented in the following table.

6.6.5 Auditor’s Fees

The shareholders of HAEMATO AG elected the auditor Harry Haseloff as auditor at the Annual General Meeting on 12 July 2022.

The audit services relate to the audit of the consolidated financial statements and the annual financial statements, as well as all services required for the audit of the financial statements, the audit of the accounting-related internal control system, and the accounting-related IT and process audits accompanying the projects.

The auditor did not provide any tax consulting services.

Provisions totaling kEUR 65 have been recognized for the anticipated fee of the auditor Harry Haseloff for audits relating to the 2022 financial year and the Group.

6.6.6 Related Persons and Companies

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, subsidiaries that are not fully consolidated, and all companies that belong to the investment group of MPH Health Care AG. For information on the Management Board and Supervisory Board, please refer to section 6.6.1. These related parties were not involved in any transactions with companies of the HAEMATO Group that were unusual in terms of their nature or procurement. All transactions between the related companies were concluded at arm‘s length conditions, as between third parties.

If assets or liabilities result from transactions with these companies, they are reported under other assets and other liabilities.

The following transactions were conducted with related parties:

Receivables / liabilities to / from related companies and persons in kEUR	31.12.2022	31.12.2021
Payables to related parties	3,393	1,875
Liabilities to related legal entities	100	165

Transactions with related companies and persons in kEUR	31.12.2022	31.12.2021
Goods and services rendered	25,621	2,500
Goods and services received	11,758	1,324
Other operating expenses	256	0

6.6.7 Events after the Balance Sheet Reporting Date

There were no significant events after the balance sheet date.

Schönefeld, 5 April 2023

Patrick Brenske
(Management Board)

Attila Strauss
(Management Board)

6.7 Auditor’s Report

Following the final results of his audit, the auditor Harry Haseloff issued the following unqualified audit opinion on the annual financial statements as of 31 December 2022 and the management report 2022 of HAEMATO AG dated 8 May 2023:

“Auditor‘s Report of the Independent Auditor

To HAEMATO AG, Schönefeld, Germany

Audit Opinions

I have audited the consolidated financial statements of HAEMATO AG prepared in accordance with IFRS, comprising the consolidated balance sheet as of 31 December 2022, the consolidated statement of comprehensive income for the period from 1 January 2022 to 31 December 2022, the consolidated cash flow statement for the period from 1 January 2022 to 31 December 2022, the consolidated statement of changes in equity for the period from 1 January 2022 to 31 December 2022, the notes to the consolidated financial statements for the period from 31 December 2022 to 31 December 2022, and the notes to the consolidated financial statements for the period from 31 December 2022 to 31 December 2022. We have audited the consolidated financial statements, comprising the consolidated statement of comprehensive income for the period from 1 January 2022 to 31 December 2022, the consolidated statement of changes in equity for the period from 1 January 2022 to 31 December 2022, the notes to the consolidated financial statements for the period from 1 January 2022 to 31 December 2022, and the group management report.

In my opinion, based on the findings of the audit

- The accompanying consolidated financial statements comply in all material respects with IFRS and the provisions of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Group as of 31 December 2022 and of its results of operations for the fiscal year from 1 January 2022 to 31 December 2022 in accordance with German principles of proper accounting.
- In all material respects, this Group management report is consistent with the consolidated financial statements, complies with IFRS and German legal requirements, and suitably presents the opportunities and risks of future development.
- In accordance with Section 322 (3) sentence 1 of the German Commercial Code (HGB), I declare that my audit has not led to any reservations concerning the propriety of the consolidated financial statements and the Group management report.

Basis for the Audit Opinions

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

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

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

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the company’s ability to continue as a going concern. They are also responsible for disclosing, where relevant, matters relating to the continuation of the company’s activities. In addition, they are responsible for accounting for the continuation of the company’s activities on the basis of the accounting principle, unless there are actual or legal circumstances to the contrary.

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

Responsibility of the Auditor for the Audit of the Annual Financial Statements and the Management Report

My objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether intended or not, and whether the Group management report as a whole provides a suitable view of the Group’s position and suitably presents my audit opinion on the consolidated financial statements and the Group management report in all material respects, is in accordance with German law and suitably presents the opportunities and risks of future development.

Adequate assurance is a high degree of certainty, but no guarantee that an audit conducted in accordance with § 317 HGB and taking into account the generally accepted standards for the audit of financial statements promulgated by the “Institut der Wirtschaftsprüfer“ (IDW) will always reveal a material misstatement.

Misstatements may result from infringements or inaccuracies and are considered material if it could reasonably be expected that they will influence the economic decisions of addressees made individually or collectively on the basis of these consolidated financial statements and the group management report.

During the examination I exercise due discretion and maintain my critical attitude.

Beyond that:

- I identify and assess the risks of material misstatements, whether intentional or not, in the consolidated financial statements and management report, plan and perform audit procedures in response to these risks, and obtain audit evidence sufficient and appropriate to support my audit opinion. The risk that material misrepresentations are not detected is higher in the case of violations than in the case of inaccuracies, since violations may involve fraudulent interaction, forgery, intentional incompleteness, misleading representations or the repeal of internal controls.
- I gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the arrangements and measures relevant to the audit of the Group management report that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's systems.
- I assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives.
- I draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the evidence obtained, whether there is a material uncertainty in connection with events or circumstances that may raise significant doubts about the ability of the company to continue the business. If I come to the conclusion that there is material uncertainty, I am obliged to draw attention to the related information in the consolidated annual financial statements and in the consolidated management report in the audit report or, if this information is inappropriate, to modify my respective audit opinion. I draw my conclusions on the basis of the audit evidence obtained by the date of my audit opinion. However, future events or circumstances may prevent the company from continuing its business activities.
- I assess the overall presentation, structure and content of the consolidated financial statements including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a way that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS and German principles of proper accounting.
- I assess the consistency of the Group management report with the consolidated financial statements, its discussion of the law and the picture it conveys of the Group's position.
- I perform audit procedures on the forward-looking statements made by the legal representatives in the group management report. On the basis of sufficient suitable audit evidence, I particularly verify the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the appropriate derivation of the future-oriented statements from these assumptions. I do not express an independent opinion on these forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

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

Berlin 8 May 2023

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

Dipl.-Kfm. Harry Haseloff
Wirtschaftsprüfer

7. FURTHER INFORMATION

7.1 The Share

KEY FIGURES OF THE SHARE	as of 31.12.2022
Class of shares	Bearer shares o.N.*
Stock capital	EUR 5,229,307
Number of shares	5,229,307
WKN / ISIN	A289VV / DE000A289VV1
Symbol	HAEK
Trading places	Xetra, Tradegate, Frankfurt, Stuttgart, Hamburg, Berlin, Dusseldorf, Munich
Listing	Frankfurt Stock Exchange
First trading day	05.12.2005
Market segment	Entry Standard (Open Market)
Designated Sponsor, Listing Partner	ICF Kursmakler AG
Specialist	ODDO BHF
Coverage	GBC AG, First Berlin Equity Research GmbH, Warburg Research
Market capitalisation	EUR 89.9 mn (as of 31.12.2022 - Xetra)

* Without (nominal) par value

7.2 Financial Calendar

13 April 2023	Preliminary Results 2022
17 Mai 2023	Annual Report 2022
31 Mai 2023	Q1 - Results 2023
18 Juli 2023	Annual General Meeting
31 August 2023	Interim Report 2023
16 November 2023	Q3 - Results 2023

7.3 Glossary

AMNOG
German law on the new regulation of the pharmaceutical market, which entered into force on 01/01/2011

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

Biosimilars
A follow-up product highly similar to a formely patented biopharmaceutical

BtM
Abbreviation for "Betäubungsmittel" (narcotic drugs)

Cashflow
An economic measure that says something about a company's liquidity; represents the inflow of liquid funds during a period

D
Abbreviation for Germany

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

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

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

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

SHI
Abbreviation for statutory health insurance

GSAV
abbreviation for Gesetz für mehr Sicherheit in der Arzneimittelversorgung (Act for More Safety in the Supply of Pharmaceuticals)

IfW Kiel
Kiel Institute for the World Economy (D)

GfK
Formerly Gesellschaft für Konsumforschung, Germany's largest market research institute, Nuremberg

ifo Institut
Leibniz Institute for Economic Research at the University of Munich e. V. is a Munich-based research institution that focuses on the analysis of economic policy

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

Oncology
Science that deals with cancer

Orphan Diseases
A group of diseases that are life-threatening or chronically debilitating and whose low prevalence in the population makes it a severe challenge for patients and healthcare authorities

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

7.4 Sources

1 Cf. https://de.statista.com/themen/1181/weltwirtschaft/#topicOverview

2 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Winter 2022 (Nr. 97) vom 21.12.2022, S. 2

3 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Winter 2022 (Nr. 97) vom 21.12.2022, S. 3

4 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Winter 2022 (Nr. 97) vom 21.12.2022, S. 4

5 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Winter 2022 (Nr. 97) vom 21.12.2022, S. 5

6 Cf. Pressemitteilung BMWK vom 13.01.2023 „Die wirtschaftliche Lage in Deutschland im Januar 2023“

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. 0 IQVIA Marktbericht Classic: Entwicklung des deutschen Pharmamarktes im Jahr 2022, S. 4-19

10 Cf. IQVIA Marktbericht Classic: Entwicklung des deutschen Pharmamarktes im Jahr 2022, S. 28-31

11 Cf. www.boerse-online.de/nachrichten/meinungen/specialty-pharma-vom-nischenprodukt-zum-megatrend-1002139412

12 Cf. Kieler Konjunkturberichte Nr. 98: Deutsche Wirtschaft im Winter 2022 vom 14.12.2022, S. 2

13 Cf. www.sueddeutsche.de/wirtschaft/wachstum-habeck-lindner-prognose-jahreswirtschaftsbericht-1.5738213

14 Cf. https://www.iqvia.com/insights/the-iqvia-institute/reports/the-global-use-of-medicines-

15 Cf. www.vfa.de/de/arzneimittel-forschung/woran-wir-forschen/neue-medikamente-und-anwendungsgebiete-2022

16 Cf. www.aerzteblatt.de/nachrichten/140096/Pharmabranche-erwartet-Umsatzrueckgang

17 Cf. Kieler Konjunkturberichte Nr. 101 (2023-Q1), „Deutsche Wirtschaft im Frühjahr 2023“, S. 3

7.5 Imprint & Contact

HAEMATO AG
Lilienthalstraße 3a, 12529 Schönefeld
Tel.: +49 (0) 30 897 30 86 - 70
info@haemato.ag
www.haemato.ag

Investor Relations contact
ir@haemato.ag

Management Board
Patrick Brenske
Attila Strauss

Supervisory Board
Chairwoman: Andrea Grosse
Deputy Chairwoman: Prof. Dr. Dr. Sabine Meck
Member: Uwe Zimdars

Court Registy
Berlin, Amtsgericht Charlottenburg, HRB 88633 B

Concept, design and realisation
HAEMATO AG

Photos
HAEMATO AG, Adobe Stock, Getty, iStockphoto

HAEMATO has been operating successfully as a pharmaceutical manufacturer and wholesaler since 2005, making an active contribution to reducing costs in the healthcare market so that every patient can continue to benefit from the latest therapies and treatment concepts in the future.

WWW.HAEMATO.AG