M1 Kliniken AG

ANNUAL REPORT 2024

M1 KLINIKEN AG KEY FIGURES

Statement of comprehensive income according to IFRS (in kEUR)

	fiscal year 2024	fiscal year 2023
Sales	339,184	316,319
EBT	26,299	16,446
Net profit	17,792	11,667

Balance sheet according to IFRS (in kEUR)

	fiscal year 2024	fiscal year 2023
Short-term assets	83,555	110,588
Long-term assets	104,320	102,364
Total assets	**187,875**	**212,953**
Short-term liabilities	43,755	58,248
Long-term liabilities	9,900	11,481
Equity	134,220	143,224
Total liabilities and equity	**187,875**	**212,953**

Shares

Share class	Bearer shares
Number of shares	19,643,403
WKN / ISIN	A0STSQ / DE000A0STSQ8
Ticker symbol	M12
Trading places	Frankfurt, Xetra, Dusseldorf, Stuttgart, Berlin, Hanover, Hamburg, Munich, Tradegate, gettix, Quotrix
Market segment	Open Market at the Stock Exchange Frankfurt
Designated Sponsor, Listing Partner	mwb fairtrade
Coverage	Bankhaus Metzler, M.M. Warburg & Co., First Berlin, Hauck Aufhäuser Lampe Privatbank AG
Market capitalization	EUR 326.1 mn (as of 31.12.2023 – Xetra, previous year EUR 220.0 mn)

XETRA
Stock development
of the M1 Kliniken AG share

as of
31.12.2024
(Xetra)

EUR **16.60**

CONTENT

Dear Shareholders, Ladies and Gentlemen,

M1 Kliniken AG can look back on an extraordinarily successful financial year 2024: operating profit (EBIT) increased by more than 70% and earnings per share improved by 58%.

Group revenue increased by 7.2% to EUR 339.2 million (prev. year: EUR 316.3 million). EBITDA increased from 21.0 million EUR to 32.0 million, while the EBITDA margin rose to 9.4% (prev. year: 6.6%) - thanks to the successful continuation of efficiency measures. The operating result (EBIT) increased by 70.4% to EUR 26.8 million, while net profit for the year rose by 52.5% to EUR 17.8 million. Earnings per share increased by 58.2% to EUR 0.85.

In the core “Beauty“ segment sales increased by almost 30% to EUR 91.7 million (prev. year: EUR 70.8 million). The EBIT margin remained stable at around 22%. EBIT grew by almost 30% to EUR 20.0 million (prev. year: EUR 15.5 million).

The “Trading“ segment also developed positively: sales increased slightly to EUR 247.4 million (prev. year: EUR 245.5 million), while EBIT improved significantly to EUR 6.72 million (prev. year: EUR 0.25 million).

The equity ratio was a solid 71.4% as of 31 December 2024 (prev. year: 67.3%).

Operating cash flow amounted to EUR 30.5 million (prev. year: EUR 7.8 million), while free cash flow amounted to EUR 24.9 million (prev. year: EUR -1.5 million). Of this, EUR 13.6 million was used for share buybacks and EUR 9.3 million for dividend payments (prev. year: EUR 2.0 million).

Five new specialist centers were opened last year, and the clinic network included 63 locations in ten countries at the end of the year.

At the beginning of 2025, selected foreign locations were subjected to an economic review. As a result, the decision was made to close two locations in the UK and three in Australia in order to concentrate resources on economically strong locations and further expand brand awareness in a targeted manner.

On 1 April 2025, an ad hoc announcement regarding HAEMATO AG was published: The wholly owned subsidiary HAEMATO PHARM GmbH received a conditional binding offer for the sale of its trading segment. The Executive Board and Supervisory Board of HAEMATO AG are currently reviewing the offer. A possible sale would strengthen the strategic focus of M1 Kliniken AG on the beauty business. A decision is still pending.

Geopolitical developments such as US trade policy or the ongoing war in Ukraine have no impact on the business activities of the M1 Group, as there are neither relevant locations nor critical supply relationships.

The plan for the 2025 financial year is to continue profitable growth through national and international expansion. In the medium term annual sales of EUR 200 to EUR 300 million with an EBIT margin of at least 20% are targeted in the core "Beauty" segment.

Due to the positive development, the Management Board and Supervisory Board will propose a dividend of EUR 0.50 per share at the Annual General Meeting.

Finally, we would like to thank our employees for their extraordinary commitment. They have once again proven that they can successfully overcome challenges and achieve great things together.

Berlin, May 2025

Attila Strauss
(Management Board)

2 SUPERVISORY BOARD REPORT

Monitoring and cooperation with the Management Board

In the 2024 financial year, the Supervisory Board of M1 Kliniken AG performed the duties incumbent upon it in accordance with the law and the Articles of Association with great care. The Management Board was advised by the Supervisory Board in its activities. The Supervisory Board was directly and promptly involved by the Management Board in all decisions of fundamental importance to the company. The Management Board informed the Supervisory Board regularly, verbally, by telephone and in writing, promptly and comprehensively about the course of business, the economic situation of the company and the Group, significant business transactions, corporate planning including questions of business policy and risk management, the development of costs and earnings, liquidity and investment measures. The Supervisory Board was able to satisfy itself that the management of the company was in good order. No topic-related committees were formed within the Supervisory Board.

Meetings, consultations and resolutions

The Supervisory Board held five ordinary meetings in the 2024 financial year. All meetings were quorate. The meetings focused on the following topics, among others:

21.02.2024
- Stock market performance, research, organizational development, and staff reductions
- Takeover of mail-order pharmacy
- Quarterly figures as of 30.09.2023
- Scheduling of next dates and annual audit

07.05.2024
- Discussion of the audited annual financial statements 2023 and the other submissions pursuant to Section 170 AktG
- Resolution on the approval of the annual financial statements and consolidated financial statements for 2023
- Discussion and resolution of the proposal to the Annual General Meeting of M1 Kliniken AG on the appropriation of profits for the 2023 financial year
- Discussion of the Management Board's report on relationships with affiliated companies for the 2023 financial year and the auditor's report
- Discussion and adoption of the Supervisory Board's report to the Annual General Meeting for the 2023 financial year
- Resolution on the agenda of the Annual General Meeting on 17 July 2024 incl. proposal for the election of the auditor for the 2024 financial year

16.07.2024
- Preliminary discussion of the Annual General Meeting on 17 July 2024

30.10.2024
- Share price development and research
- Operational highlights and development of the M1 specialist centers, discussion of Management Board's report on the status of private equity companies' interest in acquiring the beauty business (submission of indicative offers by interested funds)
- Explanation of the half-year figures as of 30.06.2024 and key figures
- Development of the mail-order pharmacy
- Financial calendar update

18.12.2024
- Share price development and research
- Operational highlights, efficiency improvements and development of the M1 specialist centers
- Explanation of the figures for the third quarter of 2024
- Development of the mail-order pharmacy

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

Annual financial statements

The Supervisory Board satisfied itself of the correctness of the management. The annual financial statements prepared by the Management Board, the consolidated financial statements and the Group management report of M1 Kliniken AG for the financial year ending 31 December 2024, including the accounting, were audited by wetreu NTRG, Kiel, the auditor appointed by the Annual General Meeting, and issued with an unqualified audit opinion.

The prepared annual financial statements, the consolidated financial statements and the Group management report of M1 Kliniken AG, the proposal for the appropriation of the balance sheet profit and the auditor's reports were distributed to each member of the Supervisory Board in good time before the balance sheet meeting. At the balance sheet meeting on 7 May 2025, the auditor reported on the key findings of its audit and was available to answer questions from the Supervisory Board members. We audited the annual financial statements prepared by the Management Board and the consolidated financial statements. At the Supervisory Board meeting on 7 May 2025, we acknowledged and approved the annual financial statements and the consolidated financial statements prepared by the Management Board and, following our own review of the annual financial statements, the consolidated financial statements and the proposal for the appropriation of net retained profits, to which we have no objections.

We have also examined the Executive Board's proposal to pay a dividend of EUR 0.50 per dividend-bearing share from the net retained profits and to carry forward the remaining net retained profits to new account. We consider this proposal to be appropriate and therefore concur with it.

The Supervisory Board has approved the annual financial statements and consolidated financial statements prepared by the Management Board on the basis of its own examination. The annual financial statements are thus adopted.

Dependency report

M1 Kliniken AG prepared a dependent company report for its financial year ended 31 December 2024 in accordance with Section 312 AktG.

The dependent company report was audited by wetreu NTRG, Norddeutsche Treuhand- und Revisions-Gesellschaft mbH, Kiel, the auditor appointed by the Annual General Meeting, in accordance with Section 313 (1) AktG. The auditor issued a separate written report on the results of the audit. As there were no objections to the Executive Board's report, the audit certificate was issued on 7 May 2024 in accordance with Section 313 (3) AktG. At the balance sheet meeting on 7 May 2024, the auditor reported on the results of its audit and confirmed that the factual information in the dependent company report is correct, that the consideration paid by the company for the legal transactions listed in the report was not inappropriately high or that disadvantages were compensated and that there are no circumstances that indicate a materially different assessment of the measures listed in the report than that of the Executive Board.

The dependent company report was submitted to the Supervisory Board for review in good time before the balance sheet meeting in accordance with Section 314 AktG. At its meeting on 7 May 2025, the Supervisory Board comprehensively reviewed the dependent company report for completeness and accuracy. The Supervisory Board concluded that there were no objections to the declaration by the Executive Board at the end of the report on relationships with affiliated companies and approved the dependent company report.

Members of the Supervisory Board

In the period from 1 January to 31 December 2024, the Supervisory Board consisted of the Supervisory Board members Uwe Zimdars (Chairman), Prof. Dr. Dirk Hempel (Deputy Chairman) and Prof. Dr. Dr. Sabine Meck (Member).

Other

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

Berlin, 7 May 2025

Uwe Zimdars
(Chairman of the Supervisory Board)

3 GROUP MANAGEMENT REPORT

3.1 COMPANY PROFILE

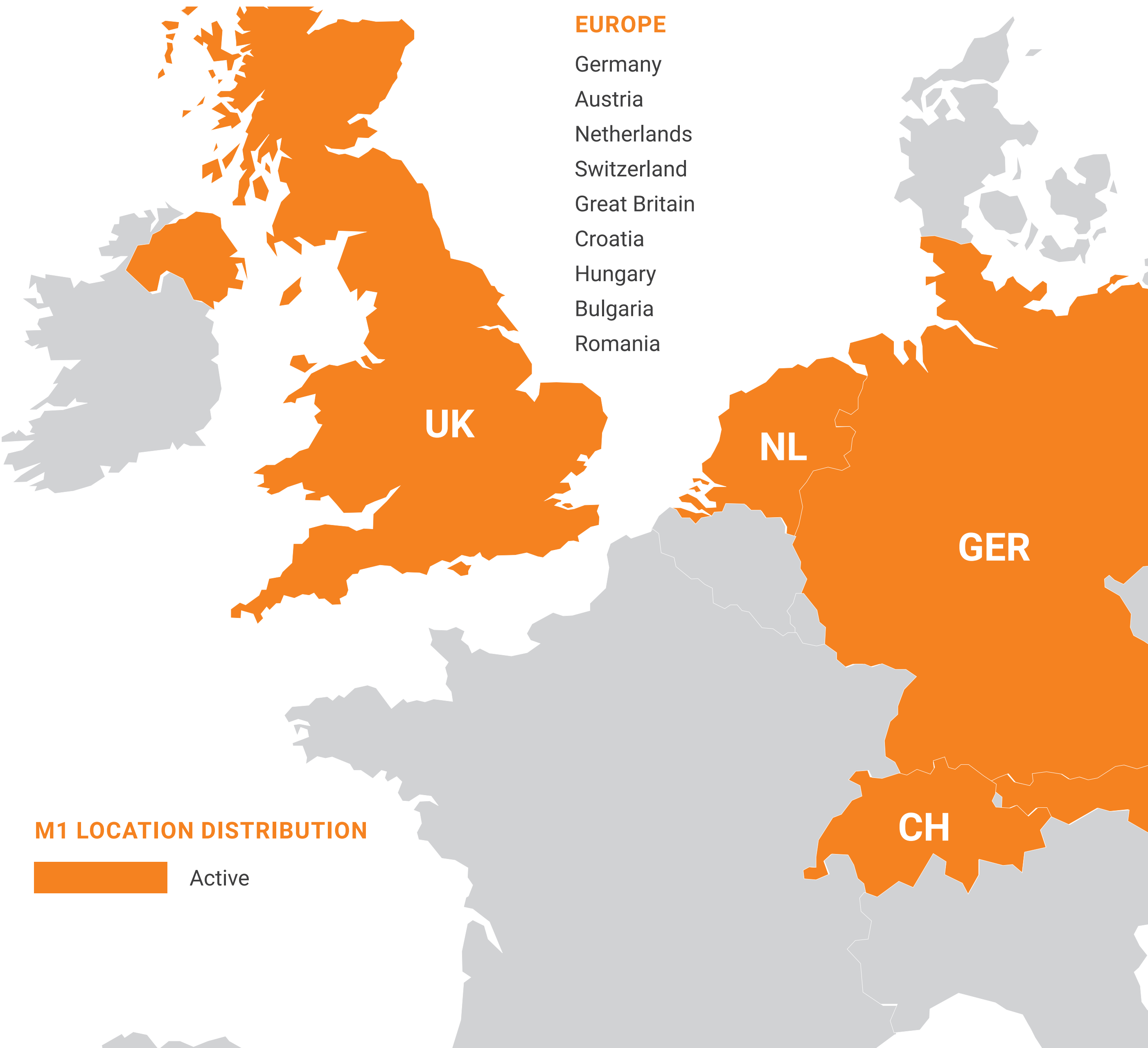
With our guiding principle of "cutting-edge medicine through specialization" and steady growth, we have developed into the leading provider of healthcare services in the field of beauty medicine and the distribution of pharmaceuticals and medical products in the areas of "Specialty Pharma" and "Aesthetic Medicine" in recent years.

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

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

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

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



EUROPE

Germany
Austria
Netherlands
Switzerland
Great Britain
Croatia
Hungary
Bulgaria
Romania

M1 LOCATION DISTRIBUTION

Active

3.2 ORGANISATION AND BUSINESS SEGMENTS

In the "Beauty" business segment, M1 manages a private clinic for plastic and aesthetic surgery (Schlossklinik in Berlin-Köpenick), the medical specialist centers for aesthetic and plastic medicine at locations throughout Germany and abroad as well as the product supply of these specialist centers. Under the "M1 Med Beauty" brand, the network of locations comprised a total of 63 specialist centers at the end of 2024 (prev. year 58), 42 of which are located in Germany (prev. year 38). The doctors working at these specialist centers offer a focused range of beauty treatments of the highest quality and at attractive prices. In Berlin, M1 operates a specialist surgical clinic (private clinic in accordance with Section 30 of the German Trade Regulation Act) - one of the largest and most modern facilities of its kind in Europe. The number of customers who appreciate this attractive range of services is constantly increasing.

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

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

AUSTRALIA

Melbourne

Sydney

(Brisbane – until the end of Jan. 2025)

(Perth– until the end of Jan. 2025)

(Gold Coast – until the end of Jan. 2025)

3.3 ECONOMIC REPORT

3.3.1 Economic and industry-specific conditions

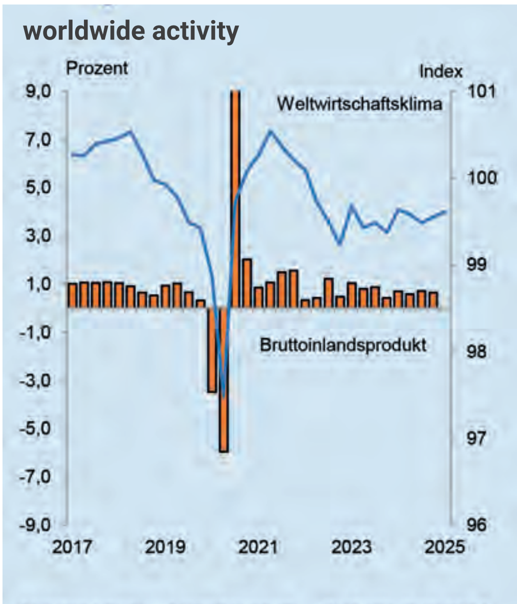
a) General economic conditions

The core market for business activities in the past fiscal year was Germany, although the international markets served will also become increasingly important in the coming years. In the past fiscal year, the opening of the M1 specialist center in Innsbruck (Austria) marked a further step in the company's expansion into other EU countries. However, the strategic focus is currently more on increasing capacity utilization at existing locations by hiring additional physicians, as this will lead to further reductions in fixed costs.

After global GDP (gross domestic product) rose by 3.2% in 2023, Statista GmbH also expects global production to grow by 3.2% in 2024.[1]

The **global economy** continued to expand with little momentum at the end of 2024. In the fourth quarter, global economic output grew at a largely unchanged pace (see Figure 1). While production growth slowed somewhat in advanced economies, the economy picked up in emerging markets, particularly as the previously weak economies in China and India recovered. Most recently, purchasing managers' indices for the global economy as a whole have deteriorated somewhat. This was due to a significant deterioration in the service sectors; by contrast, the indicator for the manufacturing sector actually rose noticeably, albeit from a low level. All in all, only moderate production growth is expected for the first quarter of 2025.[2]

In the advanced economies, momentum slowed overall. In the fourth quarter, gross domestic product in the group of advanced economies grew at a slower pace. The previously strong expansion in the United States slowed somewhat (to +0.6%). This was due in no small part to a reduction in inventories, while consumer spending actually picked up slightly. The rise in production in the Eurozone slowed noticeably, although this was partly due to special factors (particularly in France in connection with the Olympic Games) that had boosted gross domestic product in the third quarter. Overall, economic output in the United Kingdom picked up again after stagnating in the third quarter, albeit only slightly, as it was held back by a noticeable decline in manufacturing output. In Japan, gross domestic product has been on a clear upward trend since spring 2024, rising by 0.7% in the fourth quarter, not least thanks to strong growth in exports, which benefited from the sharp depreciation of the Japanese currency. Production also expanded briskly in the other advanced Asian economies, with the exception of South Korea, where political wrangling appears to have dampened domestic demand.[3]



Quartalsdaten; saisonbereinigt; Weltwirtschaftsklima berechnet auf Basis von Stimmungsindikatoren aus 42 Ländern; Bruttoinlands-produkt: preisbereinigt, Veränderung gegenüber dem Vorquartal, 46 Länder, gewichtet nach Kaufkraftparität.

Quelle: OECD, Main Economic Indicators; nationale

Figure 1

Economic policy uncertainty has risen sharply in the wake of the US presidential election. Initially, the new administration's trade policy was the main cause for concern. The corresponding “Policy Uncertainty Index” reached record levels. In the United States, there are serious concerns about the negative impact of higher tariffs on the economy; long-term interest rates have risen again and the stock market boom has come to an end for the time being. Changes in US foreign and security policy are also causing uncertainty about the economic impact worldwide. In Europe in particular, defence programs are now being pushed forward, which may stimulate the economy through additional government demand, but could also restrict fiscal policy leeway in other areas, particularly where fiscal sustainability is already in doubt and where significantly higher net borrowing could lead to investor caution and a noticeable increase in risk premiums. Additional tariffs have been decided but only partially implemented. The Trump administration sees tariffs as a multipurpose weapon that creates fair competitive conditions for a supposedly disadvantaged US industry, generates significant additional government revenue, but can also be used as a means of pressure to achieve other goals such as combating illegal migration and drug smuggling. The US government is acting erratically, especially where tariffs are used to achieve other goals. One of the first measures announced was a 25% tariff on imports from Canada and Mexico, which was initially suspended for one month (at the beginning of February). After being reintroduced at the beginning of March, they were quickly watered down, probably because the government realized that full implementation of the tariffs would have had a massive impact on the economy, not only in Canada and Mexico, but also in the United States, due to the highly intertwined production networks. The 25% tariffs now only apply to goods that are not covered by the US free trade agreement; according to the US government, these account for 62% and 50% of US imports from Canada and Mexico, respectively. In addition, lower tariffs apply to energy and potash imports. However, the additional tariffs on goods from China, which were introduced in February and March at a rate of 10% each, remain in force. The Chinese government has responded to these measures with additional tariffs on selected imports from the United States. The US tariffs on steel and aluminum of 25% have been reintroduced and exemptions eliminated.[4]

Further trade-restricting measures are to be expected. In recent weeks, a series of plans have been announced that suggest further trade measures are on the way. For example, a system of reciprocal tariffs is to be developed, whereby the United States would levy tariffs equal to those imposed by its trading partners. Many emerging economies in particular often have high tariffs compared to the United States. In addition, value added tax could also be considered a tariff, which would hit European countries particularly hard. The European Union has not yet been affected by special tariffs. However, a 25% tariff on cars, pharmaceutical products, and microchips from the EU is under discussion. Given the strong inclination toward tariffs communicated by the US administration, the IfW Kiel considers it likely that significant additional tariffs will be imposed in one form or another on countries not yet affected, and in particular on the EU. The IfW Kiel assumes that most countries will ultimately face additional tariffs of around 10%; for China, the current additional burden is expected to be 20%. Industrial production and trade in goods have picked up recently, which is also attributable to a sharp increase in imports by the United States in anticipation of tariff increases. After losing momentum last summer, global industrial production picked up at the end of 2024. The global purchasing managers' index (PMI) for the manufacturing sector rose sharply recently, clearly exceeding the expansion threshold of 50 in February. Global trade also picked up at the end of the year after showing only a slight upward trend in the summer months. On the import side, growth was particularly strong in the United States in December, while US exports declined. This trend is likely to have continued with greater intensity after the turn of the year, as indicated by the sharp deterioration in the US trade balance in January. In addition to the appreciation of the US dollar since September, stockpiling abroad is likely to play a role. This is being done to preempt tariff increases that are widely expected. This will naturally only boost global trade temporarily; a slowdown is therefore to be expected for the rest of the year, which is likely to be all the more pronounced the more severe the trade barriers imposed by the US government are.[5]

Economic momentum in Germany will remain weak for the time being. Signs of a noticeable economic upturn are few and far between. In any case, the German economy appears to be suffering primarily from structural problems that are unlikely to ease in the short term. If the US administration increases tariffs on German imports, as assumed in this forecast, this will further dampen economic output. The uncertainty caused by the erratic US trade policy alone is likely to have a negative impact. The German export industry has already lost considerable competitiveness and market share in recent years. The downward trend that has been evident for three years has continued until recently. In the final quarter of 2024, economic output declined by 0.2%, and the decline for the year as a whole was also 0.2% (Figure 2). In the past six months, the weak performance was mainly due to the significant decline in export business. While the private components of domestic absorption stagnated on the whole, the government significantly expanded its consumption and investment activities. The outlook for the current year is generally lackluster. However, the downward trend is likely to have bottomed out and will initially give way to a tentative upturn. In terms of foreign trade, the trade policy turmoil originating in the United States is causing headwinds. However, the outlook for the fiscal policy environment in Germany has changed significantly in the meantime. The IfW Kiel bases its forecast on the assumption that the decisions on fiscal policy agreed in the exploratory talks between the CDU/CSU and SPD will come into force. According to these decisions, defense spending of more than one percent of economic output would be exempt from the debt brake. In addition, a special fund of EUR 500 billion would be available for credit-financed infrastructure spending for a period of ten years. Contrary to the consolidation that would otherwise be necessary, the government is thus shifting to an expansionary fiscal policy course. This is likely to stimulate economic output to a greater extent in the coming year, with public consumption rising significantly alongside public investment.[6]

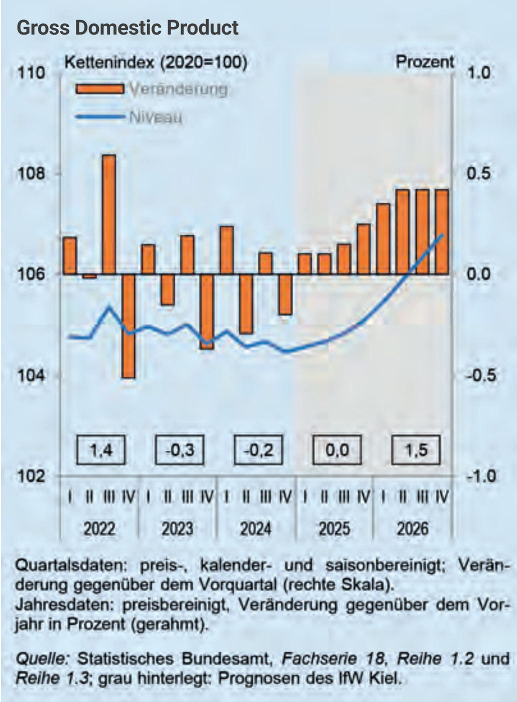


Figure 2

b) Industry-specific conditions

"Beauty" segment

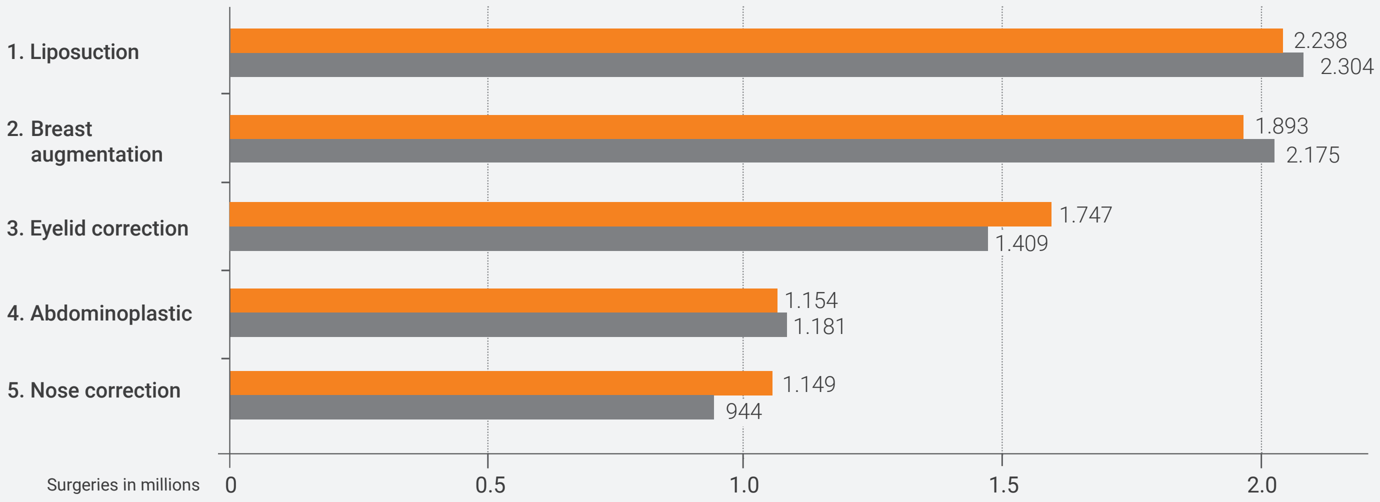
The global cosmetic market remained a growth market in 2023 (more recent data is not available), both for surgical and outpatient procedures.

Based on figures from the global industry association of plastic surgeons ISAPS for 2023, the number of total aesthetic surgical procedures rose by 5.5% compared to 2022 to 15.81 million (prev. year +16.7%) and the number of non-surgical aesthetic cosmetic procedures by 1.7% (prev. year +7.2%). According to ISAPS, surgical procedures increased by 39.2% over the last four years and the number of non-surgical interventions by 40.9%.[7]

In the surgical sector, the two most popular procedures, liposuction and breast augmentation, declined by -2.9% (previous year: +21.1%) and -13.0% (previous year: +29.0%), respectively. Upper eyelid lifts and abdominoplasty ranked third and fourth among the most popular aesthetic surgeries.[8]

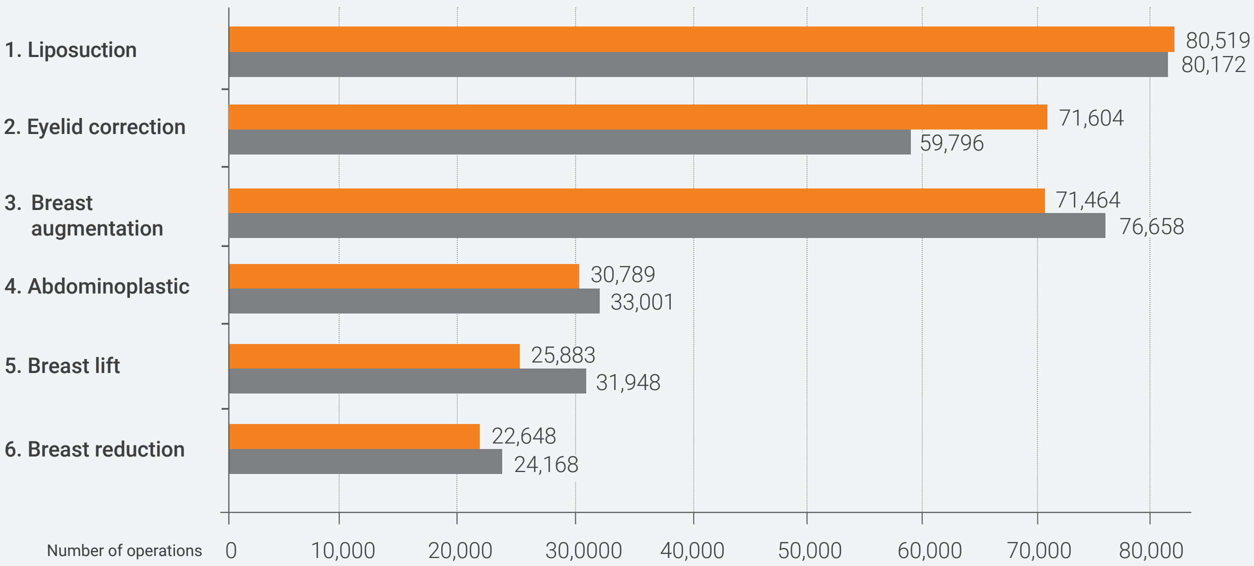
In terms of non-surgical procedures the most popular treatment "botulinum toxin injections" declined slightly by -3.7% (prev. year +26.1%), while the second most popular treatment "hyaluronic acid injections" rose sharply by +29.1%. A look at the last 4-year period shows an increase of +28.9% for hyaluronic acid and +41.6% for botulinum toxin.[9]

Most frequent cosmetic surgeries worldwide in 2023 vs. 2022 (ISAPS 2024)



In Germany, liposuction was once again the frontrunner in 2023 with an almost unchanged number of procedures (around 80,500). Eyelid correction is now back in second place among the most popular operations with around 71,600 procedures (prev. year in third place with around 59,800 procedures), closely followed by breast augmentation with around 71,500 procedures (prev. year 76,650 procedures).[10]

Most frequent cosmetic surgeries in Germany in 2022 vs. 2023 (ISAPS 2024)



The number of non-surgical "injectables" (minimally invasive injections with botulinum toxin, hyaluronic acid and calcium hydroxyapatite) in Germany has risen sharply from 496,785 treatments in 2022 to 721,587 treatments in 2023, which corresponds to over 45%.[11]

“Trading“ segment

Four sectors dominate the industry in Germany: automotive (sales 2023: EUR 564 billion), mechanical engineering (sales 2023: EUR 263 billion), electrical engineering and electrical industry sales 2023: EUR 238 billion) and the chemical and pharmaceutical industry (turnover 2023: EUR 225 billion). The pharmaceutical industry is an important part of the chemical industry. Pharmaceutical products account for just under 24% of total chemical production. The industry is one of the most productive and research-intensive economic sectors in Germany.[12]

In the calendar year 2024, sales of pharmaceuticals in the overall pharmaceutical market (pharmacy and clinic) rose by 7.8% (prev. year: 5.7%) to EUR 64.5 billion (prev. year: EUR 59.8 billion). Growth in the pharmacy market sub-segment (volume EUR 55.4 billion) amounted to 7.8% (prev. year 5.0%) and in the clinic market sub-segment (volume EUR 9.1 billion) 7.5% (prev. year 10.4%). After sales fell by a total of 2.0% in the previous year 2023, sales (counting units such as capsules, sachets, sachets etc.) increased again by a total of 1.7% in 2024. While the (smaller) clinic market (which only accounts for around 8% of the total volume) an increase of 1.8% was recorded, the sales volume in the (significantly larger) pharmacy market rose by 1.7%.[13]

The pharmacy market recorded a sales growth of almost 8% in the 2024 calendar year (prev. year: 2.0%). The reduced manufacturer discount for patent-protected preparations and patent-free drugs without generic competition played a role here. In 2023, the discount was 12%, falling back to 7% on 1 January 2024. Just under 1.8 billion packages (+1.4%, prev. year: -4%) worth EUR 55.4 billion (at the pharmaceutical company's selling price, including vaccines and diagnostic tests) were dispensed to patients. The market segment for prescription drugs grew by 8.3% in terms of sales in 2023 as a whole (prev. year: 2.6%), corresponding to a monetary value of EUR 48.7 billion (approx. 810 million packages). Sales of over-the-counter drugs dispensed through pharmacies and mail order increased slightly by 0.5% to around 910 million packages (prev. year: 903 million packages). The 5% increase in sales corresponds to a cumulative volume of EUR 6.7 billion. Sales of over-the-counter medicines and health products sold on green prescriptions showed a clearly positive trend in 2024, with a growth rate of over +22% compared to the previous year. Self-medication, which accounts for the lion's share in this analysis, is in the same range as prescriptions under statutory and private health insurance, with a positive change of +7%.[14]

SHI pharmaceutical expenditure less discounts from manufacturers (Section 130a (1) SGB V) and pharmacies (excluding savings from discount agreements) will amount to EUR 57.2 billion in 2024. This figure is +9.5% higher than the previous year. Sales in the same segment and period amount to around 748 million dispensed packs and are therefore +1.5% above the previous year's level. Savings for statutory health insurers due to mandatory manufacturer discounts and rebates from reimbursements amount to EUR 9.67 billion (-3%) in 2024. For private health insurance companies, the savings from mandatory manufacturer discounts and rebates from reimbursement amounts have also increased by 1%. This calculated volume remains unchanged at EUR 1.4 billion. In the hospital segment, the mandatory manufacturer discounts and rebates fell by -38% to a volume of EUR 278 million.[15]

3.3.2 Business performance

The M1 Group is active in the growing market for aesthetic medicine and plastic surgery and carries out aesthetic medical treatments in the self-payer segment ("Beauty" segment).

As a pharmaceutical manufacturer, the Group sells European medicines, imported medicines and medical devices in the "Distribution" segment. Medicinal products from other manufacturers approved in Germany are also offered within the scope of the wholesale license.

Sales increased by 7.2% to EUR 339.2 million in 2024 (prev. year: EUR 316.3 million). In the the past fiscal year, the M1 Group further expanded its market position in the field of aesthetic medicine and opened five new medical centers in Germany and abroad. As of 31st December 2024, the M1 clinic network thus comprised 63 locations (prev. year: 58).

Net profit for the 2024 financial year amounted to EUR 17.8 million (prev. year EUR 11.7 million).

3.3.3 Net assets, financial position and results of operations

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

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

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

Sales in the "Beauty" segment rose by 29.5% to over EUR 91.7 million (prev. year: EUR 70.8 million). At 21.8%, the EBIT margin in this segment remained at the previous year's level. EBIT increased in absolute terms from EUR 15.5 million in the previous year to EUR 20.0 million.

Sales in the "Trade" segment increased slightly from EUR 245.5 million in 2023 to EUR 247.4 million in the 2024 financial year, which corresponds to an increase of 0.8%. The EBIT margin in this segment increased significantly from 0.1% (EUR 0.3 million) in the previous year to 2.7%, which corresponds to EBIT of EUR 6.7 million.

<u>The development of sales</u> was in line with M1's expectations. In the coming years, we expect rising sales in the Beauty segment and stable margins in the Retail segment, although sales in this segment expected to continue to change in both directions.

The <u>cost of materials</u> in relation to sales was reduced to 81.2% in the 2024 financial year (prev. year: 84.1%). In the previous year, the cost of materials was impacted by a special writedown on expired Covid-19 diagnostics and the increase in the mandatory manufacturer discount on pharmaceuticals from 7% to 12%. The previous discount of 7% has applied again since 1 January 2024.

The <u>personnel expense ratio</u> has increased slightly and, at 5.9%, is slightly higher than in the previous year (2023: 5.5%). Total personnel expenses rose from EUR 17.4 million (2023) to EUR 19.9 million in the 2024 financial year.

<u>Other operating expenses</u> amounted to EUR 13.0 million, a year-on-year decrease of EUR 0.5 million (2023: EUR 13.5 million). The main cost items include advertising/sales promotion and travel expenses, the cost of goods sold, insurance and consulting costs.

Other items here were occupancy costs, which primarily consist of operating costs for the locations. Due to the increase in energy costs, the occupancy costs rose from EUR 2.0 million in 2023 to EUR 2.3 million in 2024. The majority of other expenses remained constant compared to the previous year. The year 2023 was burdened by a special write-down of EUR 0.7 million (development costs of a proprietary Botox, which was discontinued due to the competitive situation).

The <u>financial result</u> fell from EUR 0.7 million (2023) to EUR -0.5 million. This is mainly due to lower income from investments of EUR 0.13 million (prev. year: EUR 1.31 million). Interest income and interest expenses resulted in net expenses of EUR 1.1 million, which were EUR 0.5 million higher than in the previous year (EUR 0.6 million).

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

With cash and cash equivalents of EUR 21.4 million (prev. year: EUR 22.4 million) and other current financial assets of EUR 3.1 million (prev. year: EUR 4.1 million) at the end of the year, the financial position can be described as very stable. Inventories decreased from EUR 45.5 million (2023) to EUR 36.8 million.

Financial management is geared towards always settling liabilities within the payment period and collecting receivables within the payment targets.

Non-current assets are with 129% covered by equity (prev. year: 140%).

The development of the Group's liquidity can be seen in the cash flow statement, which is presented below. Cash and cash equivalents decreased by EUR 0.9 million when looking at the balance sheet items on the balance sheet dates shown.

At EUR 30.5 million (prev. year: EUR 7.8 million), cash flow from operating activities increased significantly by EUR 22.7 million compared to the previous year. This is mainly due to the increased profit for the period and the decrease in inventories, which are responsible for a cash inflow of EUR 8.7 million, while in the previous year the increase in inventories generated a cash outflow of EUR 17.2 million, resulting in a delta of EUR25.9 million.

The cash flow from investing activities of EUR -5.7 million (prev. year: EUR -9.4 million) is characterized in particular by investments in financial assets (EUR 5.7 million, previous year: EUR 10.3 million). This is largely attributable to the HAEMATO subgroup.

Cash flow from financing activities amounted to EUR -30.4 million (previous year: EUR -27.8 million) and was significantly influenced by the repayment of bank liabilities from the KfW loan utilized in the past fiscal year in the amount of EUR -1.9 million (previous year: EUR -3.6 million), net payments from transactions involving the purchase and sale of treasury shares in the amount of EUR -13.6 million (previous year: EUR +7.6 million), the repayment of rights of use of EUR -4.1 million (previous year: EUR -4.2 million) and the payment of dividends to minority shareholders of EUR 9.3 million (previous year: EUR 2.0 million).

The financial development of the M1 Kliniken Group in the reporting period shown in the cash flow statement with indirect calculation of cash flows from operating activities as follows:

Cash flow statement (in kEUR)	**Financial year 2024**	**Financial year 2023**
Cash flow from operating activities	30,546	7,809
Cash flow from investing activities	-5,668	-9,364
Cash flow from financing activities	-30,442	-27,821
Consolidation-related changes & Other	-98	72
Changes in cash and cash equivalents due to changes in the scope of consolidation	0	13,012
Net cash flow	**-5,662**	**-16,290**
Liquid funds at the beginning of the period	22,381	35,146
Liquid funds at the end of the period	21,435	18,856
Liabilities due at any time at the end of the period	8,242	3,525
Change in cash and cash equivalents	**-946**	**-12,765**

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

The M1 Group is planning investments primarily as part of the further expansion of the infrastructure operated by clinics and specialist centers. These investments will be in the mid six-figure range in 2025 and are to be financed largely from own funds.

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

The capital structure can still be described as good. Although equity fell nominally from EUR 143.2 million to EUR 134.2 million in the 2024 financial year, the equity ratio increased from 67.3% in the previous year to 71.4% as of 31 December 2024. Total assets decreased from EUR 212.9 million to EUR 187.9 million due to lower inventories, lower trade payables and the share buyback.

Current assets fell from EUR 110.6 million on 31st December 2023 to EUR 83.6 million on 31st December 2024. These include cash in hand and bank balances (EUR 21.4 million; prev. year: EUR 22.4 million), receivables (EUR 16.4 million; prev. year: EUR 28.0 million), inventories (EUR 36.8 million; prev. year: EUR 45.5 million) and other current financial assets (EUR 3.1 million; prev. year: EUR 4.1 million).

Non-current assets increased to EUR 104.3 million (prev. year: EUR 102.4 million). In particular, these include property, plant and equipment (including right-of-use assets in accordance with IFRS 16) of EUR 12.9 million (prev. year: EUR 13.8 million), intangible assets (including goodwill) of EUR 87.5 million (prev. year: EUR 87.4 million) and other non-current and non-current financial assets totaling EUR 3.9 million (prev. year: EUR 1.2 million).

The economic situation can be described as good overall.

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

We use **sales and EBT** (earnings before taxes) as **key performance indicators** for our internal corporate management.

Sales increased by 7.2% to EUR 339.2 million in the reporting year (prev. year EUR 316.3 million).

EBT amounted to EUR 26.3 million (prev. year EUR 16.4 million), an increase of 59.9%.

EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to EUR 32.0 million (prev. year EUR 21.0 million), which represents an increase of 52.1%.

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

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

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

An energy audit was carried out in the M1 Kliniken AG Group in 2024, which currently still under review. The M1 Kliniken Group has no real estate of its own and only a small fleet of vehicles at its operating subsidiaries. As a tenant of the business, storage and production premises, it has little influence on energy-related adjustments and optimizations.

Further training of employees is carried out regularly within the framework of legal requirements. M1 Kliniken AG , encourages and supports voluntary further training to expand the necessary and optional knowledge.

3.4 RESULTS AFTER THE BALANCE SHEET DATE

On 1 April 2025, the parent company M1 Kliniken AG published an ad hoc announcement with reference to HAEMATO AG. Accordingly, HAEMATO AG has received a so-called "Conditional Binding Offer" (CBO) for its wholly owned subsidiary HAEMATO PHARM GmbH to acquire its trading segment. The Management Board and Supervisory Board of HAEMATO AG are currently examining the offer carefully. A possible sale of the trading segment would pave the way for a clear strategic focus of M1 Kliniken AG on the fast-growing beauty business. However, a decision on this is not foreseeable at the time of writing.

The company will provide information on further developments in due course. There were no other significant events after the balance sheet date.

3.5 FORECAST REPORT

3.5.1 Macroeconomic outlook

In 2024, Germany's gross domestic product amounted to around EUR 4.31 trillion, meaning that GDP increased in nominal terms. However, this is due to inflation; adjusted for prices, the German economy is still in recession, with real GDP falling by 0.2% compared to the previous year. Economic output had already fallen by 0.3% in the previous year; the last time the German economy shrank for two years in a row was over 20 years ago. The problems facing the German economy are manifold. As an export-oriented economy, Germany has been particularly affected by the general weakness of the global economy in recent years, which triggered or exacerbated by the consequences of the war in Ukraine and other geopolitical tensions, among other things. The consequences of the high inflation of the last two years also continue to weigh on the German economy. In addition, German companies must manage the transition to a CO2-neutral economy and to the consequences of demographic change.[16]

According to the spring forecast by the IfW Kiel, the German export industry has already lost considerable competitiveness and market share in recent years. For the coming year 2026, the IfW Kiel assumes that the plans agreed in the exploratory talks between the CDU/CSU and SPD will already be partially implemented and that fiscal policy will be significantly more expansionary. Against this backdrop, the forecast has been revised upward, and gross domestic product is now expected to grow by 1.5% in 2026 (December forecast: 0.9%). In the current year 2025, gross domestic product is likely to stagnate (December forecast: 0.0%). Investment is likely to bottom out and pick up again in 2026 after four consecutive declines. In addition to less restrictive monetary policy, the economic upturn and the increase in public investment are also contributing to this. Employment is likely to pick up again slightly in the coming year, while a slight decline is on the cards for the current year. However, demographic change is increasingly limiting the scope for higher employment. The budget deficit is expected to rise significantly to 3.4% of gross domestic product in 2026, after falling to 2.3% in the current year (2024: 2.8%). The debt level is likely to increase from 63.3% of gross domestic product in 2024 to 65.4% in 2026. The impact of the financial plans agreed in the exploratory talks on the debt level will only become increasingly apparent in the years thereafter.[17]

On 29 January 2025, the German Federal Cabinet approved the 2025 Annual Economic Report. In this report, which is presented at the beginning of each year, the German government outlines its economic and financial policy priorities and its economic forecast for the current year and comments on the annual report of the German Council of Economic Experts on the overall economic development. According to the report, the German economy is in a phase of weakness due to cyclical and structural factors. Economic output in Germany declined slightly by 0.2% last year. Moderate growth of 0.3% is expected for the current year. The fundamental structural challenges facing the German economy include the geopolitical turning point, the goals and necessities of decarbonization, demographic change, and a high level of bureaucracy. The federal government is addressing these challenges with supply-oriented economic and fiscal policies aimed at sustainably strengthening Germany as a business location. These policies can be summarized in ten areas of action. The federal government's fiscal policy aims to increase growth potential through significantly higher public investment and incentives for private investment, thereby strengthening the long-term sustainability of public finances.[18]

Statutory health insurance (SHI) expenditure on medicines (excluding vaccines) rose by 9.7% to EUR 53.7 billion in 2024. This is shown by current calculations by the German Pharmacists' Association (DAV) based on the billing results of pharmacy data centers. At the same time, the DAV data also shows that pharmacies make a considerable savings contribution to the SHI system despite their chronic underfunding: the so-called pharmacy discount, which pharmacies have to pay to the health insurance funds for each prescription drug, reduced pharmacy fees by a total of EUR 1.13 billion last year. Legislators recently even increased this savings contribution from pharmacies from EUR 1.77 to EUR 2 for a two-year period from 1 February 2023 to 31 January 2025. In these 24 months alone, pharmacies, which are under severe financial pressure, have thus made an additional special sacrifice of around EUR 310 million (including VAT). The number of medical prescribed SHI drugs increased by 1.6% to 760 million in 2024, according to the DAV.[19]

The year 2024 ended with a severe setback for the chemical and pharmaceutical industry. Not only did the economic fail to materialize for both the German and European industry. On the contrary, the downward trend continued in many sectors. As a result, demand for chemicals "Made in Germany" remained weak, especially on the European domestic market. Production slumped sharply in the fourth quarter. The only positive impetus came from countries outside Europe. The hopes of the German Chemical Industry Association (VCI) are now pinned on the new German government, which is expected to support Germany as a business location with bold measures.[20]

The demand for cosmetic surgery continues to grow unabated. The sharp rise in aesthetic procedures can be attributed to various social and technological developments. On the one hand, increasing acceptance plays a role. While cosmetic surgery was often considered superficial in the past, it is now seen as a legitimate means of self-optimization. In many cases, it is less about drastic changes and more about correcting minor blemishes or slowing down the ageing process. A study on cosmetic surgery and treatments by the Fort Malakoff Clinic in Germany found that social acceptance and experience of cosmetic treatments have increased. According to the study, around half of those surveyed have acquaintances with experience of cosmetic treatments. Younger generations in particular know someone who has had a treatment or operation. Another important factor is the increasing visibility of aesthetic treatments on social media. Platforms such as Instagram and TikTok are setting new beauty standards and influencing young people in particular. Celebrities and influencers are now advertising and talking openly about their procedures, which contributes to the growing desire for "perfection" in society. Last but not least, advances in medicine have increased the attractiveness of cosmetic surgery. Modern techniques enable lower-risk, faster procedures with shorter recovery times. Minimally invasive treatments such as Botox or fillers are particularly popular, as they do not require surgery and only take a few minutes. The beauty industry never stands still. While traditional procedures are still in demand, new developments are that will shape the market in the coming years. Particularly noticeable is the increasing focus on gentle, non-invasive methods, preventative aesthetics and personalized treatments. While cosmetic surgery used to concentrate mainly on correcting signs of ageing, many people are now opting for preventative measures. The term "preventive aesthetics" describes this trend: patients start treatments at a young age in order to slow down skin ageing as early as possible. A typical example is the so-called "Baby Botox", where small amounts of botulinum toxin are injected into the skin to prevent expression lines instead of treating them later in life. This development reflects a change in attitude towards beauty: instead of having costly procedures carried out later on, many are opting for long-term care and preservation of a youthful appearance.[21]

3.5.2 Entrepreneurial outlook

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

The company expects the positive business environment to continue in 2025. Despite the current trade disputes with the USA and the ongoing war in Ukraine, both the pharmaceutical and beauty industries in Germany and Europe offer great growth potential if service, price and quality are strictly aligned with customer requirements and potential within the value chain is consistently exploited.

In our opinion, neither the "Retail" nor the "Beauty" divisions are increasingly affected by the current trade conflicts and the ongoing crisis in Ukraine, particularly as our purchasing and sales markets are located exclusively within the EU. Our suppliers and customers are not connected to the areas in which the current exceptional situation prevails.

The company anticipates an increase in the number of treatments at its locations in the Beauty segment. In particular, by increasing the capacity utilisation at the existing locations and, if necessary, through new locations, the company expects growth in the Beauty segment in 2025 of around 10% compared to the previous year. This will also have an impact on the earnings situation in the Beauty segment. The growth forecast for the Beauty segment in the 2023 annual financial statements for 2024 was exceeded. Both sales and EBIT grew by more than 10%.

The company's performance in the "Trading segment" is also expected to remain positive, although it is difficult to provide a specific sales and earnings forecast.

The pharmaceutical industry continues to offer great growth potential, with the expansion of market share in the "Parallel Import business" seen as the core business and the basis for opening up new business areas. In the "Specialty Pharma" area of the Trading segment, the focus is less on increasing sales and more on securing or increasing relative margins. The ongoing price pressure on the dispensing side for parallel-imported pharmaceuticals via manufacturers and health insurance funds remains, although the manufacturer rebate was reduced to the old level of 7% from 1 January 2024 (2023: 12%). However, high inflation and ongoing geopolitical uncertainties do not allow for any specific earnings forecasts. Compared to previous years, expenses for the procurement of goods and transportation services are expected to increase slightly. This effect is to be compensated for by further systematic portfolio adjustments – towards high-margin products and an additional cost efficiency program that has been running since mid-2021.

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

The above forecasts are based on the assumption that geopolitical crises will not intensify further and that the current trade conflict with the USA can be resolved in the medium term.

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

3.6 OPPORTUNITY AND RISK REPORT

3.6.1 Risk management system

The M1 Group uses a risk management system to systematically identify significant and existential risks in order to assess their impact and develop suitable measures.

The main aim of the risk management system is to avoid financial losses, defaults or disruptions or to implement suitable countermeasures without delay. As part of this system, the Management Board and Supervisory Board are informed of risks at an early stage. Monitoring liquidity and the development of earnings are important mechanisms for early detection. Controlling and quality management are responsible for monitoring operating performance and identifying deviations from plan in good time. If necessary, the respective department heads decide together with the respective management personnel on the appropriate strategy and measures for managing risks.

3.6.2 Risk report

The M1 Group operates its own facilities for medical services and provides infrastructure services for third parties and engages in trading activities in the pharmaceutical and medical products market. The health and well-being of the patients we care for (directly and indirectly) sets high standards for dealing with risk factors and the measures established to control risk factors.

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

The healthcare industry, and in particular the market segments in which M1 primarily operates, offer a wide range of entrepreneurial opportunities that M1 can exploit thanks to its integrated business model. Balancing entrepreneurial opportunities and the inherent risks associated with them is the basis of M1's business approach. In doing so, M1 essentially considers six risk areas from which risk situations can arise for the Group.

a) Industry-specific risks

“Beauty“ segment

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

For some years now, the healthcare market has been experiencing a shortage of skilled staff in both nursing and medical roles. The federal government has developed various recruitment strategies for this in recent years, but these have not yet been able to compensate for the shortage of specialists in the long term. The staff shortage is also noticeable for M1 and is perceived as a limiting factor in the realization of growth targets. In addition, it must be ensured at all times that newly hired staff meet M1's high professional requirements. Finally, we are realizing pressure on the development of personnel costs at M1, as the labour market in the healthcare sector has already developed into a 'demand market' for job seekers. In this respect, M1 is working on the high reputation of the company in the personnel market in order to be able to realize the highest possible and constant supply of employees.

In the area of beauty treatments, there is a risk that society's perception of beauty will change. Should a different ideal of beauty develop that conflicts with the services provided by M1, this could represent a significant corporate risk. Due to its market-leading position and the high number of customer contacts, M1 is in a position to identify developments in the 'beauty awareness' of its target customers at a very early stage and to draw conclusions from this with regard to the range of services required for optimal market coverage.

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

“Trading“ segment

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

With the GKV Financial Stabilization Act of 2022, the temporary increase in the manufacturer discount for reimbursable drugs from 7% to 12% for 2023 was reduced back to 7% as of 1 January 2024, thereby providing some relief to the retail sector. This discount rate will also apply in 2025. The lucrative “lifestyle and aesthetics” segment is to be further expanded, thereby supporting the focus on permanently higher margins.

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

b) Reputational/ quality risks

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

To avoid risks arising from inadequate quality of the treatments performed, M1 pursues a comprehensive medical quality management system. This begins with the fact that only doctors carry out medical treatments in the field of injection therapies. This is a basic requirement in the M1 specialist centers, as the quality of the treatments is ultimately inextricably linked to the brand image of the M1 brands used. In the surgical field, only specialists are entrusted with the treatments.

Since 2017, M1 has set up its own training institute ("M1 Academy"), where highly qualified supervisors train new doctors joining the practice as part of a structured program lasting several weeks and familiarize them with the range of treatments. Internal audits are also carried out regularly by the supervisors in the further course of activities. In addition, further training events are held several times a month to provide in-depth information on treatment methods and introduce new products. Regular conferences are also held in the surgical area by the clinic management and the medical director to improve treatment procedures.

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

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

M1 also pursues a comprehensive quality strategy with regard to the materials used (treatment products, instruments, etc.). As a matter of principle, the company only works with the market leaders in its relevant market segments in the area of treatment products. Products are sourced worldwide for this purpose. Publications and the opinions of global supervisory bodies are analysed when assessing product safety. In the case of treatment instruments, attention is paid to longevity, treatment safety and risk-free use.

The trading segment already has a large number of legally prescribed guidelines, strict compliance with which ensures a high standard of quality.

c) Earnings-related risks

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

The procurement of medicines, medical devices and medical technology may have a negative impact on the earnings situation due to general price increase trends. The treatment materials used are procured from a limited number of internationally operating suppliers. A change in the pricing policy of these suppliers would have a direct impact on the earnings situation if the suppliers cannot be replaced. M1 counters this risk by clearly diversifying the range of treatment products it offers. This reduces the de facto dependence on individual suppliers. In addition, M1 is active on international procurement markets and uses the price leeway resulting from this approach.

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

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

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

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

Finally, the M1 Group's comprehensive insurance cover should be mentioned to cushion further earnings risks. In addition to medical malpractice insurance ("Beauty" segment), which financial risks arising from treatment errors, the company is liable as a pharmaceutical manufacturer in accordance with the German Medicinal Products Act (AMG). Finally, business interruption insurance has been taken out for the operation of the company's own clinic, which covers the cost risks arising from an interruption of clinic operations as a result of a property damage event.

d) Financial risks

Financial risks may arise in relation to the default of receivables, changes in interest rates and ensuring the Group's solvency at all times.

The risks from possible bad debt losses are countered by active receivables management. In the area of medical treatments, this ensures that customer payments are generally realized before the treatments are carried out or immediately after completion of the treatments. As a result, almost no end customer receivables are at risk of default. In the case of customers for infrastructure services, M1 continuously analyzes the economic and quality-related development of customers in order to be able to take security measures at an early stage if necessary. In the trade and key account segment, M1 regularly checks the creditworthiness of its partners and compliance with the payment terms granted. In individual cases, the provision of collateral is required for larger receivables items.

There are no significant currency risks that could affect the company's net assets, financial position and results of operations. Deliveries of goods from foreign currency countries are processed within very short periods of time. Services in non-euro countries were only offered to a limited extent in 2024.

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

The Group makes use of credit lines granted by a syndicate of banks. These agreements define financial covenants, non-compliance with which can lead to termination options for individual lenders. The credit lines provided are regularly not utilized in full. Thanks to a rolling corporate and financial planning system, we are able to react to changes in funding requirements at short notice at all times.

We also finance ourselves in the Retail segment via customer factoring.

A loan to M1 Kliniken AG, which was taken out in 2020, was repaid in full ahead of schedule in the fiscal year 2024. The loan taken out by M1 Kliniken AG was a KfW entrepreneur loan with a term of five years. Repayment began after one year.

Leasing and financing instruments are used selectively to further conserve liquidity. For example, the Schlossklinik operated in Berlin-Köpenick was transferred to a sale-and-lease-back model in 2015 and the funds invested in the development of the property were released. The areas of the practice network are leased exclusively on the basis of long-term contracts, meaning that no acquisition costs are incurred for the properties.

e) Infrastructural risks

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

The application landscape is characterized by a network of linked individual applications. Individual applications can be taken off the network in the event of problems without affecting the availability of other IT applications.

A special IT infrastructure and extensive firewall systems are used to provide extensive protection against hacker attacks. Regular backups of data are carried out.

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

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

In the area of structural infrastructure, the clinic approval of the Schlossklinik in Berlin-Köpenick in accordance with Section 30 of the German Trade Regulations (GewO) is a significant risk. Regular inspections by the licensing authorities have confirmed that M1 meets the highest quality requirements. The license to operate the clinic has been granted without restriction. The failure of individual locations in the practice network is of a less extensive nature for the provision of the medical treatments carried out there. The practice network, which is now tightly woven, makes it possible to carry out treatments at other locations. In addition, the requirements for operating a practice space can be met relatively quickly, meaning that the loss of a location can be compensated for within a few months.

f) Economic risks

The past corona pandemic has shown that overarching social developments (here: lockdown orders from the authorities) can arise that can have a significant impact on society's ability to act.

The coronavirus pandemic has also shown our society that supply chains can collapse and consumer behavior can change quickly and with hardly predictable consequences. The state intervened in public life with extensive measures aimed at reducing the scope of social contacts. Even if the coronavirus pandemic can be considered overcome, it cannot be ruled out that similar developments will have an impact on our social life in the future. This could have a significant negative impact on the overall economic environment of the Group's business development.

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

3.6.3 Opportunities report

In addition to the risk areas under review, M1 has also defined areas of opportunity in whose development the Group would like to actively participate in the coming years.

“Beauty“ segment

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

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

“Trading“ segment

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

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

Overall, the same applies to both business segments: we will counter competition on the market, especially a possible increase in competition, with our experience, innovations, reliability and a high level of service and quality.

By listing M1 Kliniken AG on the stock exchange, we see the possibility of acquiring further funds to realise the growth course we have embarked upon.

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

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

3.6.4 General statement

M1's risk portfolio consists of a number of risk positions (e.g. economic situation, legislation) that cannot be controlled by M1. M1 regularly monitors these risks and considers the resulting changes for the Group.

Influenceable risks are monitored by control systems so that negative developments can be absorbed and cushioned. We continue to see risks to future development in a competitive environment that may be characterised by new competitors, rising procurement prices, a stagnating sales price level and the limitation of ‘production resources’ (e.g. materials, personnel). In view of our financial stability, we are well equipped to deal with future risks. There are currently no recognisable risks that could jeopardise the continued existence of the company.

For the 2025 financial year, we do not expect the opportunity and risk landscape for the M1 Group to change significantly overall. In total, we are well protected against external and internal risks.

3.7 RISK REPORTING ON THE USE OF FINANCIAL INSTRUMENTS

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

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

Liabilities are paid within the agreed payment periods.

The company pursues a conservative risk policy when managing its financial positions. If default and credit risks are identified for financial assets, appropriate value adjustments are made. The company has an adequate debtor management system in place to minimize default risks. In addition, we always check the creditworthiness of our customers before entering into a new business relationship.

3.8 REPORT ON BRANCHES

The Group does not operate any branches.

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

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

Berlin, 4 April 2025
M1 Kliniken AG

Attila Strauss
(Executive Board)

4 GROUP FINANCIAL STATEMENT

4.1 GROUP - PROFIT AND LOSS STATEMENT

as of 31 December 2024*

	Notes	Jan. – Dec. 2024 in EUR	Jan. – Dec. 2023 in EUR
Sales	5.5.1	339,184,017	316,318,613
Other operating income	5.5.1	1,228,467	1,674,982
Cost of goods and services	5.5.1	-275,580,584	-266,075,250
Personnel expenses	5.5.1	-19,894,931	-17,374,736
Other operating expenses	5.5.1	-12,973,196	-13,533,131
Operating result before depreciation | EBITDA		**31,963,772**	**21,010,479**
Depreciation	5.5.1	-5,209,507	-5,310,589
Operating result | EBIT		**26,754,264**	**15,699,889**
Income from investments		128.270	1.310.964
Other interest and similar income		861.420	784.211
Interest and similar income		-1.926.610	-1.347.091
Interest and similar expenses		0	-3.172
Write-ups from the valuation of financial assets		481.573	-1.995
Financial result	5.5.2	**-455,346**	**746,089**
Earnings before taxes | EBT		**26,298,918**	**16,445,978**
Taxes on income and earnings	5.5.3	-8,506,766	-4,779,292
Net profit/loss		**17,792,152**	**11,666,686**
Profit or loss attributed minority interests		-1,773,700	-1.392.404
Shares of the shareholders of the parent company		16,018,451	10.274.283
Net profit/loss after minority interests		**16,018,451**	**10,274,283**
Earnings per share (in EUR)**	5.5.4	0.85	0.54

* accounting according to IFRS
** according to IAS 33

4.2 GROUP - BALANCE SHEET - ASSETS

as of 31 December 2024*

	Notes	31.12.2024 in EUR	31.12.2023 in EUR
Cash and cash equivalents	5.6.1	21,434,802	22,380,940
Trade account receivables	5.6.1	16,413,068	28,020,505
Inventories	5.6.1	36,791,843	45,526,279
Other short-term financial assets	5.6.1	3,105,757	4,103,389
Other short-term non-financial assets	5.6.1	2,681,217	6,679,413
Income tax assets	5.6.1	3,128,217	3,877,925
Short-term assets		**83,554,905**	**110,588,451**
Intangible assets	5.6.1	87,466,946	87,362,620
Fixed assets	5.6.1	12,911,665	13,793,274
Other long-term financial assets	5.6.1	3,626,137	938,832
Other long-term non-financial assets	5.6.1	315,165	269,699
Long-term assets		**104,319,914**	**102,364,425**
TOTAL ASSETS		**187,874,819**	**212,952,877**

* accounting according to IFRS

4.3 GROUP - BALANCE SHEET - LIABILITIES/EQUITY

as of 31 December 2024*

	Notes	31.12.2024 in EUR	31.12.2023 in EUR
Short-term provisions	5.6.2	1,569,534	1,382,946
Liabilities from income taxes		6,899,610	5,886,142
Trade account payables	5.6.2	12,968,118	33,256,330
Short-term lease liabilities	5.6.2	3,134,444	2,970,720
Other short-term financial liabilities	5.6.2	10,700,523	4,374,810
Other short-term non-financial liabilities	5.6.2	3,617,607	4,399,782
Contract and refund liabilities	5.6.2	4,864,859	5,977,515
Short-term liabilities		**43,754,696**	58,248,243
Long-term provisions	5.6.2	11,007	11,007
Long-term lease liabilities	5.6.2	7,283,908	7,823,715
Other long-term financial liabilities	5.6.2	0	1,875,000
Deferred tax liabilities	5.6.2	2,605,281	1,771,461
Long-term liabilities		**9,900,197**	11,481,183
Subscribed capital		19,643,403	19,643,403
Subscribed capital-treasury stock		-1,088,289	-517,484
Capital reserve		50,759,454	49,907,438
Capital reserve-treasury stock		-19,724,491	-5,856,639
Retained earnings		57,276,497	50,116,813
Adjustment for minority interests		28,118,186	29,973,405
Equity differences from currency exchange		-764,833	-43,486
Equity	5.6.2	**134,219,927**	143,223,451
TOTAL LIABILITIES AND EQUITY		**187,874,819**	**212,952,877**

* accounting according to IFRS

4.4 GROUP - CASH FLOW STATEMENT

as of 31 December 2024*

	Jan. - Dec. 2024	Jan. - Dec. 2023
Net profit for the period	**17,792,152**	**11,666,686**
Depreciation of assets	5,158,196	5,310,589
Increase / decrease in long-term provisions	0	-43,388
Increase / decrease in short-term provisions	185,664	63,385
Increase / decrease due to fair value measurement	-481,573	1,995
Increase / decrease in inventories	8,719,830	-17,178,504
Increase / decrease in trade receivables and other assets	13,640,868	7,291,961
Increase / decrease in trade accounts payable and other liabilities	-20,204,337	1,015,190
Profit / loss from the disposal of fixed assets	11,410	-35,463
Interest expenses / income	3,250,454	629,701
Other investment income	-128,270	-1,310,964
Income tax expenses / income	8,506,766	4,779,128
Income tax payments	-5,905,288	-4,380,854
Cash flow from operating activities	**30,545,871**	**7,809,462**
Payments for investments in intangible assets	-767,838	-554,606
Proceeds from disposals of fixed assets	8,250	49,429
Payments for investments in property, plant, and equipment	-227,545	-454,898
Cash inflows/outflows from disposals/investments in financial assets	-5,748,444	-10,272,652
Cash inflows/outflows for short-term financial investments	77,845	-126,491
Interest income	861,420	694,101
Income from investments	128,270	1,301,511
Cash flow from investment activities	**-5,668,042**	**-9,363,606**
Payment from equity contributions	-13,586,641	7,577,269
Repayment of loans (within the scope of consolidation)	0	-24,743,415
Cash outflow from the acquisition of treasury shares	-1,875,000	-3,628,542
Interest expenses	-1,528,559	-887,977
Payments to company owners and minority shareholders	-9,309,656	-1,980,858
Amortisation of rights of use	-4,142,441	-4,157,240
Cash flow from financing activities	**-30,442,298**	**-27,820,763**
Changes in cash and cash equivalents due to changes in the scope of consolidation	0	13,011,973
Change in liquidity from exchange rate fluctuations	-97,958	72,460
Net cash flow	**-5,662,427**	**-16,290,474**
Cash and cash equivalents at the beginning of the period	22,380,940	35,146,022
Cash and cash equivalents at the end of the period	21,434,802	22,380,940
Change in cash and cash equivalents	**-946,138**	**-12,765,083**

* accounting according to IFRS

4.5 GROUP - STATEMENT OF CHANGES IN EQUITY

as of 31 December 2024*

Statement of Changes in Equity in EUR	1. Subscribed capital	2. Subscribed capital (treasury stock)	3. Capital reserve	4. Capital reserve (treasury stock)	5. Retained earnings	6. Equity differences from exchange rate conversions	7. Adjustments for minority intrests	8. Total equity
1 January 2023	**19,643,403**	**-1,328,384**	**49,907,438**	**-12,623,007**	**39,899,081**	**21,916**	**47,530,177**	**143,050,624**
Net profit	0	0	0	0	10,274,283	0	1,392,404	11,666,686
Dividends	0	0	0	0	-1,980,858	0	0	-1,980,858
Changes in the scope of consolidation	0	0	0	0	1,876,718	0	-18,949,175	-17,072,457
Other changes in equity	0	810,900	0	6,766,369	0	0	0	7,577,269
Currency conversion differences	0	0	0	0	47,589	-65,402	0	-17,813
31 December 2023	**19,643,403**	**-517,484**	**49,907,438**	**-5,856,639**	**50,116,813**	**-43,486**	**29,973,405**	**143,223,451**
1 January 2024	**19,643,403**	**-517,484**	**49,907,438**	**-5,856,639**	**50,116,813**	**-43,486**	**29,973,405**	**143,223,451**
Net profit	0	0	0	0	-1,140,692	0	1,773,700	633,008
Other changes in equity	0	0	0	0	-5,432	0	0	-5,432
Share buyback	0	-570,805	0	-13,867,852	0	0	0	-14,438,657
Transfer to reserves	0	0	852,016	0	17,159,781	0	0	18,011,797
Dividends	0	0	0	0	-9,309,656	0	0	-9,309,656
Changes in the scope of consolidation	0	0	0	0	59,316	0	-3,628,920	-3,569,604
Currency conversion differences	0	0	0	0	396,367	-721,347	0	-324,980
31 December 2024	**19,643,403**	**-1,088,289**	**50,759,454**	**-19,724,491**	**57,276,497**	**-764,833**	**28,118,186**	**134,219,927**

* accounting according to IFRS

5 GROUP ANNEX / NOTES

5.1 GENERAL INFORMATION

5.1.1 Reporting company

The parent company is M1 Kliniken AG, which was founded in the financial year 2007. The company is entered in the commercial register of the Berlin-Charlottenburg district court under HRB 107637 B and has its registered office at Grünauer Strasse 5, 12557 Berlin, Germany.

The business model of M1 Kliniken AG is based on two areas of activity ("segments"): In the "Beauty" segment, M1 concentrates its activities on medical-aesthetic beauty treatments and the operation and provision of medical infrastructures.

In the "Trade" segment, the Group trades in original EU pharmaceuticals (as parallel imports and re-imports), generics and biosimilars as well as medical products and devices and high-quality aesthetic medicine products.

5.1.2 Basis of preparation of the financial statements

M1 Kliniken AG, based in Berlin, Germany, is listed on the Basic Board ('Freiverkehr') of the Frankfurt Stock Exchange. In the 2017 financial year, voluntary consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applicable in the European Union. Since the 2018 financial year, M1 Kliniken AG has exceeded two size criteria of Section 293 HGB on two consecutive reporting dates and is therefore obliged to prepare consolidated financial statements in accordance with the requirements of commercial law. The consolidated financial statements of M1 Kliniken AG for the period from 1 January to 31 December 2024 were prepared in accordance with the requirements of Section 315e (1) HGB in conjunction with Section 315e (3) HGB. (3) HGB in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as applicable in the European Union. In addition, the notes to the consolidated financial statements contain certain disclosures on HGB regulations in accordance with Section 315e (1) HGB.

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

When preparing the financial statements of the associated Group companies, transactions denominated in currencies other than the functional currency (EUR) of the Group company are converted at the exchange rates valid on the date of the transaction. As of the balance sheet date, all monetary items in foreign currencies are converted at the applicable closing rate. Non-monetary items in foreign currencies that are measured at fair value are converted at the exchange rates applicable at the time of measurement at fair value.

The new standards adopted by the IASB were observed from the date on which they came into force.

Accounting and valuation were based on the going concern assumption.

The balance sheet of the M1 Kliniken Group has been prepared on the basis of maturity, whereby assets and liabilities expected to be realized or repaid within twelve months of the balance sheet date are classified as current in accordance with IAS 1. In accordance with IAS 1.56, deferred tax assets and deferred taxes are reported in full under non-current assets and non-current liabilities.

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

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

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

5.1.3 New standards and interpretations

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

- Amendments to IAS 1 - Classification of liabilities as current or non-current and non-current liabilities with covenants - starting from 01.01.2024
- Amendments to IFRS 16 - Lease liabilities in a sale and leaseback transaction – effective from 01.01.2024
- Amendments to IAS 7 and IFRS 7 - Supplier Financing Arrangements – starting from 01.01.2024

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

The following standards and interpretations as well as amendments to existing standards are to be applied in future:

- Lack of exchangeability - amendments to IAS 21 - effective from 01.01.2025
- Classification and measurement of financial instruments - amendments to IFRS 9 and IFRS 7 - starting from 01.01.2026
- Annual Improvements to IFRS Accounting Standards - Volume 11 - (IAS 7, IFRS 1, IFRS 7, IFRS 9 and IFRS 10) - starting from 01.01.2026
- Presentation and disclosures in the financial statements - IFRS 18 – starting from 01.01.2027
- Disclosures on subsidiaries without public accountability - IFRS 19 – starting from 01.01.2027
- Sale or Contribution of Assets between an Investor and an Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 – Start still open

5.2 DISCRETIONARY DECISIONS, ESTIMATES AND ASSUMPTIONS

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

The Management Board exercises significant judgment in applying the accounting policies described below.

M1 Kliniken AG tests goodwill and other non-current assets with finite useful lives for impairment annually if there are indications of impairment in accordance with the provisions of IAS 36. The basis for the impairment test is the comparison between the carrying amount of an asset and the recoverable amount that can be generated from the asset or group of assets or cash-generating unit. The recoverable amount is the higher of fair value less costs to sell and value in use.

The determination of the fair value of assets and liabilities is based on management judgment. In particular, M1 Kliniken measures the investment in HAEMATO AG and Nutri Care GmbH with their investments at fair value. In the case of Nutri Care GmbH, this is primarily based on a valuation report by an external expert.

The basis used by management to assess the appropriateness of valuation allowances on trade receivables is, in particular, the maturity structure of the receivables balances, the creditworthiness of customers and changes in payment terms. Due to the prompt settlement of receivables from medical treatments and the close monitoring of the solvency of other customers, value adjustments play a subordinate role.

In the area of revenue recognition, the separate performance obligations contained in the contracts with customers must be examined. For each separate performance obligation identified, an assessment must be made as to whether the requirements for revenue recognition over time are met.

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 tax accounts 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 when 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.

Various factors must be taken into account when assessing the probability of the future usability of deferred tax assets, such as past earnings, operational planning and tax planning strategies. If the actual results deviate from these estimates or if these estimates have to be adjusted in future periods, this could have a negative impact 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 and recognized in profit or loss.

5.3 SCOPE OF CONSOLIDATION AND CONSOLIDATION PRINCIPLES

5.3.1 Scope of consolidation

In addition to M1 Kliniken AG, the following subsidiaries were fully consolidated in the consolidated financial statements of M1 Kliniken AG, Berlin, as of 31 December 2024. The control results from the fact that M1 Kliniken AG directly or indirectly holds more than 50% of the voting rights of the subscribed capital of a company and/or can control the financial and business policy of a company in such a way that it benefits from its activities.

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

Pursuant to Section 264 (3) HGB, a corporation that is not capital market-oriented within the meaning of Section 264d HGB and is included as a subsidiary in the consolidated financial statements of a parent company domiciled in an EU member state must comply with the provisions of Subsection 1. "Annual financial statements of the corporation and management report" to the second section of the HGB as well as those of the third and fourth subsections of the section "Audit" and "Disclosure, audit by the operator of the Federal Gazette" do not apply if all of the requirements specified in Section 264 (3) HGB are met. This applies to M1 Med Beauty Berlin GmbH, which is why it has waived the preparation of notes and a management report in its own 2024 annual financial statements.

Beauty Now GmbH was founded by M1 Kliniken AG on 16 December 2015. The initial consolidation did not result in any differences. The purpose of the company is the ownership, operation and management of beauty institutes, the brokerage and provision of services in the field of beauty and health care as well as beauty and health care, the license-free consulting of alternative practitioners, medical professionals and cosmetic professionals in the field of cosmetics and aesthetic medicine, the acquisition, management and sale of real estate, in particular real estate in the health sector and the acquisition, management and sale of investments. The share capital amounts to EUR 100,000.

Saname GmbH was founded by M1 Kliniken AG on 22 May 2013. The initial consolidation did not result in any differences. The purpose of the company is the acquisition, management and sale of own and third-party real estate, in particular real estate in the healthcare sector, as well as the management and sale of investments. The share capital amounts to EUR 25,000.

Sanabona GmbH was founded by M1 Med Beauty Berlin GmbH on 18 July 2017. The initial consolidation did not result in any differences. The object of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.

Sanawert GmbH was founded on 18 July 2017 by M1 Med Beauty Berlin GmbH. The initial consolidation did not result in any differences. The purpose of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.

Sanaselect GmbH was founded by M1 Med Beauty Berlin GmbH on 18 July 2017. The initial consolidation did not result in any differences. The object of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.

Sanaestate GmbH was founded by M1 Med Beauty Berlin GmbH on 18 July 2017. The initial consolidation did not result in any differences. The object of the company is the acquisition, management and sale of real estate, in particular real estate in the healthcare sector, as well as the acquisition, management and sale of investments. The share capital amounts to EUR 25,000.

M1 Med Beauty Australia Pty Ltd. was founded on 2 August 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Australia Pty Ltd. has its own business operations within the meaning of IFRS 3. The corporate purpose of M1 Med Beauty Australia Pty Ltd. is the provision of services in aesthetic medicine. The subscribed capital of the company amounts to AUS$ 100. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carryforward of the company as of 31 December 2019 in the amount of EUR 259,681 was offset in Group equity.

M1 Med Beauty UK Ltd. was founded on 22 October 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty UK Ltd. has its own business operations within the meaning of IFRS 3. The corporate purpose of M1 Med Beauty UK Ltd. is the provision of services in aesthetic medicine. The company's subscribed capital amounts to GBP 10,000. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carried forward by the company as of 31 December 2019 in the amount of EUR 210,667 was offset in Group equity.

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

M1 Med Beauty Netherlands B.V. was founded on 21 December 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Netherlands B.V. has its own business operations within the meaning of IFRS 3. The business purpose of M1 Med Beauty Netherlands B.V. is the provision of services in aesthetic medicine. The company's subscribed capital amounts to EUR 10,000. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carried forward by the company as of 31 December 2019 in the amount of EUR 418,300 was offset in Group equity.

M1 Med Beauty Croatia d.o.o. was founded on 21 December 2018 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Croatia d.o.o. has its own business operations within the meaning of IFRS 3. The business purpose of M1 Med Beauty Croatia d.o.o. is the provision of services in aesthetic medicine. The company's subscribed capital amounts to 50,000 kuna. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carried forward by the company as of 31 December 2019 in the amount of EUR 2,370 was offset in Group equity.

M1 Med Beauty Swiss GmbH was founded on 22 February 2019 as a subsidiary of M1 Kliniken AG. M1 Med Beauty Swiss GmbH has its own business operations within the meaning of IFRS 3. The corporate purpose of M1 Med Beauty Swiss GmbH is the provision of services in aesthetic medicine. The company's subscribed capital amounts to CHF 200,000. The company was fully consolidated for the first time with effect from 1 January 2020. As part of the initial consolidation, an existing loss carryforward of the company as of 31 December 2019 in the amount of EUR 309,178 was offset in Group equity.

By agreement dated 10 June 2020, M1 Kliniken AG acquired a 48.2% stake in **HAEMATO AG** with effect from 1 July 2020 as part of a non-cash capital increase at M1 Kliniken AG. In this context, MPH Health Care AG contributed the shares it previously held in HAEMATO AG to M1 Kliniken AG and subscribed to the newly issued shares of M1 Kliniken AG. As of 1 July 2020, HAEMATO AG was consolidated at equity in the consolidated financial statements of M1 Kliniken AG, as the shareholding was below 50%.

In the course of July 2020, M1 Kliniken AG took over entrepreneurial control of HAEMATO AG. As there was also the option of calling an Extraordinary General Meeting of HAEMATO AG at any time and, based on the historically known attendance rates at the Annual General Meetings of HAEMATO AG, it can be assumed that the 48.2% share in the share capital of HAEMATO AG is sufficient to determine the resolution situation at the Annual General Meeting, HAEMATO AG was fully consolidated in the consolidated financial statements of M1 Kliniken AG from 1 August 2020.

In the 2024 financial year, the investment in HAEMATO AG was increased through further partial purchases. As of 31 December 2024, the investment amounted to approx. 85.0% of the total of 5,229,307 shares issued.

HAEMATO AG was founded on 10 May 1993. The company is registered in the commercial register of the Berlin-Charlottenburg district court under HRB 88633 and has its registered office in Berlin. The business address is Lilienthalstr. 3a, 12529 Schönefeld. The HAEMATO Group is active 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 and in the "Lifestyle and Aesthetics" segment.

After deducting the identifiable net assets (assets less liabilities), the initial consolidation of HAEMATO AG resulted in goodwill of EUR 25,907,033. The consideration transferred includes, among other things, benefits from sales growth and future market developments. These benefits, which cannot be recognized separately from goodwill, add up to the aforementioned goodwill.

HAEMATO AG prepares its own consolidated financial statements in accordance with IFRS regulations. For the 2024 fiscal year, revenue of EUR 291,898 thousand (prev. year: EUR 281,509 thousand) was generated. Operating profit totaled EUR 14,017 thousand in 2024 (prev. year: EUR 10,570 thousand). The consolidated net income of HAEMATO AG amounted to EUR 11,291 thousand (prev. year: EUR 7,740 thousand).

In connection with a capital increase carried out at HAEMATO AG in 2013, 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. HAEMATO Pharm GmbH is active in the pharmaceutical sector through a) the trade in medicinal products, pharmaceutical products and medical devices, b) the manufacture of medicinal products, pharmaceutical products and medical devices, c) the repackaging, filling and labeling of medicinal products, pharmaceutical products and medical devices and d) the import, export and re-import of medicinal products, pharmaceutical products and medical devices. The share capital of HAEMATO Pharm GmbH amounts to EUR 500,000. HAEMATO Pharm GmbH has its own business operations within the meaning of IFRS 3.

HAEMATO Med GmbH was founded by HAEMATO AG on 22 May 2013. The initial consolidation did not result in any differences. The business purpose of HAEMATO Med GmbH is the manufacture, distribution, import, export and re-import of medical products. HAEMATO Med GmbH has its own business operations within the meaning of IFRS 3. The share capital amounts to EUR 25,000.

HAEMATO Pharm GmbH founded Sanate GmbH on 24 September 2013. This was renamed into Dr. Holz Pharmaservice GmbH (DHP) in 2022. There was no difference in the initial consolidation. DHP has its own business operations within the meaning of IFRS 3. The share capital amounts to EUR 25,000.

The shareholdings in the subsidiaries as of the reporting date are as follows:

Company name	Location of the company	Date of initial consolidation	Share in%
M1 Med Beauty Berlin GmbH	Berlin	1 August 2013	100.0%
Saname GmbH	Schönefeld	22 May 2013	100.0%
BEAUTY Now GmbH	Berlin	16 December 2015	100.0%
Sanabona GmbH*	Berlin	18 July 2017	100.0%
Sanawert GmbH*	Berlin	18 July 2017	100.0%
Sanaselect GmbH*	Berlin	18 July 2017	100.0%
Sanaestate GmbH*	Berlin	18 July 2017	100.0%
M1 Med Beauty Australia Pty Ltd.	Melbourne	1 January 2020	100.0%
M1 Med Beauty UK Ltd.	London	1 January 2020	100.0%
M1 Med Beauty Austria GmbH	Vienna	1 January 2020	100.0%
M1 Med Beauty Netherlands B.V.	Venlo	1 January 2020	100.0%
M1 Med Beauty Croatia d.o.o.	Zagreb	1 January 2020	100.0%
M1 Med Beauty Swiss GmbH	Zürich	1 January 2020	100.0%
M1 Med Beauty Hungary Kft.	Budapest	1 October 2020	100.0%
HAEMATO AG	Berlin	1 July 2020	85.0%
HAEMATO PHARM GmbH*	Schönefeld	1 July 2020	85.0%
HAEMATO Med GmbH*	Schönefeld	1 July 2020	85.0%
Dr. Holz Pharmaservice GmbH* (previously Sanate GmbH)	Berlin	1 July 2020	85.0%
M1 Aesthetics GmbH*	Schönefeld	6 July 2013	85.0%
Nutri Care GmbH	Schönefeld	1 December 2023	100.0%
Direct Apotheke Venlo B.V.*	Maasbree	1 December 2023	100.0%
M1 Telemedizin GmbH*	Schönefeld	1 December 2023	100.0%
Adhoc Pharma B.V.*	Groningen	1 December 2023	100.0%

* indirect participation

Unless the company was founded or acquired in the past financial year, the shareholding ratios have only changed in HAEMATO AG compared to the previous year. Due to individual share purchases at HAEMATO AG in the course of the past financial year, the shareholding ratio increased from 82.0% to 85.0%.

5.3.2 Principles of consolidation

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

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

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

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

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

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

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

Receivables and liabilities between the consolidated companies as well as intercompany sales, other intercompany income and the corresponding expenses are consolidated. Intercompany profits and losses are eliminated unless they are of minor significance.

Tax deferrals in accordance with IAS 12 were made on consolidation transactions affecting income to the extent that the deviating tax expense is expected to be offset in later financial years.

5.4 REMARKS ON THE ACCOUNTING AND VALUATION METHODS

5.4.1 Revenue recognotion

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

Provision of medical services

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

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

Advance payments made by customers for the provision of medical services amounted to EUR 313,846 as of 1 January 2024 and were recognized as revenue in the reporting year. As of 1 January 2023, there were advance payments made by customers in the amount of EUR 427,679, which were recognized as revenue in the course of the 2023 financial year.

As of 31 December 2024, there were customer prepayments of EUR 322,912, which will be recognized in revenue in the course of the 2025 financial year.

Trade of goods

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

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

Dividends and interest income

Dividend income from shares is recognized when the Group's legal claim to payment has arisen. The prerequisite is that it probable that the economic benefit will flow to the Group and the amount of the income can be reliably determined.

Interest income is recognized when it probable that the economic benefits will flow to the entity. Group and the amount of income can be reliably determined.

Interest income is recognized on accrual basis according to the outstanding nominal amount using the relevant effective interest rate. The effective interest rate is the rate that exactly discounts the expected future cash receipts through the life of the financial asset to the net carrying amount of the asset at initial recognition.

5.4.2 Income tax expense

Tax expense

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

Deferred taxes

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

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

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

5.4.3 Foreign currency conversion

When preparing the financial statements of the associated Group companies, transactions denominated in currencies other than the functional currency (euro) of the respective Group company are translated at the exchange rates valid on the date of the transaction. On the balance sheet date, all monetary items in foreign currencies are converted at the applicable closing rate. In general, foreign currency conversions are not required for the preparation of the consolidated financial statements. This is of minor significance for the consolidated financial statements, as the Group has operated in the euro environment for the most part to date. There were no significant changes from currency conversions compared to the previous year. The individual financial statements of foreign companies with a functional currency other than the euro were converted at the closing rate of the corresponding foreign currency.

5.4.4 Earnings per share

Earnings per share are calculated by dividing the profit for the year by the number of shares issued. In accordance with IAS 33.19, the number of ordinary shares of the weighted average number of ordinary shares in circulation during the period is to be used when calculating basic earnings per share. There are no facts that could dilute the earnings.

5.4.5 Financial instruments

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

a) Cash and cash equivalents

Cash and cash equivalents include cash, fixed-term deposits with remaining terms of up to three months and demand deposits, all of which are recognized at their nominal value. The cash and cash equivalents reported in the cash flow statement are defined in accordance with the company's cash management and are identical to cash and cash equivalents.

b) Financial assets

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

Financial assets must be recognized when a Group company becomes a party to the contractual provisions of the financial instrument. When a financial asset is recognized for the first time, it is measured at fair value, which generally corresponds to cost. Transaction costs are included in the initial measurement if the financial asset is not measured at fair value through profit or loss.

Depending on the categorization of the financial instruments, subsequent measurement is based on one of the following measurement categories:

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

A financial asset is measured at amortized cost if the contractual cash flows consist exclusively of interest and principal payments on the outstanding principal amount of the financial instrument (cash flow criterion) and the business model consists of holding the financial instrument. This includes the trade receivables of the M1 Kliniken Group as well as other receivables, bank balances and cash. These financial assets are subsequently measured using the effective interest method. Transaction costs and other premiums and discounts are also taken into account when determining the effective interest rate.

Financial assets are recognised at fair value through profit or loss if the financial asset is either held for trading or is required to be measured at fair value. This applies to all financial assets that do not fulfil the cash flow criterion or are subject to the ‘sell’ business model. Financial assets for trading purposes are not held. Similarly, no financial assets are recognised at fair value through other comprehensive income.

Financial assets are recognized directly in equity if the financial instrument meets the cash flow criterion and the business model consists of a combination of hold and sell. No financial assets in the M1 Kliniken Group fall into this category.

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

c) Financial liabilities

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

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

d) Derecognition / impairment

Financial assets or a part of a financial asset are derecognized when M1 Kliniken AG loses the power of disposal over the contractual rights that make up the asset. Financial liabilities are derecognized when M1 Kliniken AG no longer has any contractual obligations resulting from this financial instrument.

Financial assets are subject to the impairment requirements of IFRS 9. Financial assets measured at fair value through profit or loss are exempt from impairment.

The amount of the impairment is measured according to the expected credit losses. Expected credit losses result from the difference between the contractually agreed cash flows and the expected cash flows, measured at present value using the original effective interest rate.

Expected credit losses are generally recognized in three stages. However, the impairment provisions in the M1 Kliniken Group mainly relate to trade receivables. In accordance with IFRS 9.5.5.15, a simplified approach is provided for these, in which expected credit losses are not recognized in stage 1. Instead, trade receivables are impaired in accordance with either stage 2 or stage 3. All trade receivables with no indication of impaired creditworthiness are recognized in stage 2. To determine the expected credit losses, updated observed historical default rates are used on each reporting date, adjusted for any necessary forward-looking components. Where possible, external sources are also used to determine the probability of default. The expected credit losses are calculated as the product of the calculated probabilities of default and the loss given default, which is set at 100% of the amount of the receivable.

If there are indications of impaired creditworthiness, a transition to level 3 is made with the result that, in addition to the continued recognition of a risk provision item, the effective interest rate is based on the net carrying amount. There are indications of impaired creditworthiness in particular if the debtor is experiencing financial difficulties in conjunction with an increased probability of insolvency. For trade receivables with an impaired credit rating, an individualized estimate of the expected credit loss is made.

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

e) Offsetting of receivables and payables

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

f) Fair value

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

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

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

See section 5.6.1 (g) for further details on determining the fair values of the material investments.

5.4.6 Inventories

Inventories in the Beauty and Retail divisions are measured at the lower of cost plus any incidental acquisition costs (e.g. transportation, customs duties) and net realizable value. There are no work in progress or finished goods.

5.4.7 Fixed assets

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

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

If necessary, impairments reduce the amortized cost. Property, plant and equipment was not revalued in accordance with the option under IAS 16.

Depreciation is calculated using the straight-line method. Depreciation corresponds to the pattern of consumption of future economic benefits. Property, plant and equipment are depreciated on a straight-line basis over various economically significant useful lives (1 to 15 years).

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

The useful lives and amortization methods are reviewed regularly to ensure that the economic benefits are consistent with the amortization period.

In addition to the amortization of intangible assets and depreciation of property, plant and equipment, the scheduled impairment of right-of-use assets capitalized in accordance with IFRS 16 has also been recognized in depreciation and amortization since the 2019 financial year. This resulted in amortization of right-of-use assets in the amount of EUR 3,763,256 in the past financial year (prev. year also EUR 3,763,752).

5.4.8 Leases

The Group pursues a strategy of renting or leasing some of the key assets required for its business operations. In addition to a number of company vehicles, this primarily includes the space at the clinic in Berlin-Köpenick as well as the space for the practice network and the warehouse for the retail division. The space is rented at suitable locations and tied to long-term rental agreements. As a rule, an initial rental period of five years is agreed, which can be extended once or several times. In the case of rental and lease obligations, the expected future rental and lease payments are capitalized when the rental and lease agreement is established and a corresponding rental and lease liability is recognized. The expense from rental and lease agreements is recognized under "Depreciation and amortization".

5.4.9 Intangible assets

M1 Kliniken AG capitalizes intangible assets if the asset the economic property of the company as a result of past events, if it can be assumed that a future economic benefit will flow to the company from this asset and if the costs of the asset can be reliably determined. Internally generated intangible assets do not exist.

Concessions and similar rights

Concessions and similar rights are capitalized at cost and reported separately from goodwill as an intangible asset. Concessions and similar rights are amortized on a straight-line basis over the duration of this interval if a limited time interval is involved. If the right or asset is indefinite, an annual impairment test is carried out for the concession or right and any impairment is recognized in the income statement.

Software

Software is capitalized at cost and reported as an intangible asset separately from goodwill, provided that these software costs are not an integral part of the associated hardware. Software is amortized on a straight-line basis over a period of three or four years.

Goodwill

Goodwill is initially measured at cost, which is the excess of the total consideration transferred and the amount of non-controlling interests in the identifiable assets acquired and liabilities assumed of the Group.

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

5.4.10 Impairment of long-term assets

Property, plant and equipment and intangible assets are always tested for impairment if events or changes in external circumstances indicate that the recoverable amount of the asset on the reporting date is lower than its carrying amount or if an annual impairment test is required. Intangible assets with an indefinite useful life must also be tested for impairment at least once a year.

The recoverable amount is calculated to determine whether there is a need for impairment. If this cannot be determined directly for the asset, it is determined using a cash-generating unit (CGU) to which the asset belongs. For this purpose, the future cash flows expected from the CGU are determined and measured using the discounted cash flow approach. The discount factor includes the risk-free interest rate and a risk premium, whereby the cost of capital is weighted according to the capitalization structure (equity/debt) of the cash-generating unit. If an asset belongs to several CGU`s, the jointly used assets are allocated to the individual cash-generating units.

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

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

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

If a cash-generating unit to which goodwill has been allocated is found to be impaired by more than the carrying amount of the goodwill, the goodwill is initially written off in full and the remaining impairment loss is allocated to the other assets of the CGU.

5.4.11 Equity

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

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

As of 31 December 2022, HAEMATO AG held a total of 1,328,384 shares in M1 Kliniken AG, most of which were transferred to the company as consideration for the expenses incurred in connection with M1 and as a valuation of the share in the business idea even before the IPO of M1 Kliniken AG in 2015. The shares were deducted from equity as treasury stock in the consolidated financial statements of M1 Kliniken AG in accordance with IAS 32-33. As a result, equity was reduced by an amount of EUR 13,951,391. These shares were sold in the 2023 financial year and the treasury stock was reversed accordingly. At the same time, M1 Kliniken AG repurchased its own shares as part of a share buyback program (see 6.2.10).

In the 2024 financial year, a share buyback of up to 10% of the share capital at the time (EUR 1,750,000) was resolved on the basis of the resolution passed by the Annual General Meeting on 9 July 2020. Starting on 29 April 2024, the share buyback programme was launched with a total volume of 1,000,000 shares or EUR 12,600,000, which continued the old share buyback programme from 2023. In total, shares with a nominal value of EUR 570,805 were acquired in this context in the 2024 financial year, meaning that treasury shares amounting to EUR 1,088,289 reduced the subscribed capital as of 31 December 2024 and treasury shares amounting to 5.5% of the share capital are included in equity.

5.4.12 Provisions and contingent liabilities

Provisions are recognized in accordance with IAS 37 for obligations that are uncertain in terms of their timing or amount, it is probable that an outflow of resources will be required to settle the obligation and the amount of the provision can be reliably estimated. A provision is only recognized if:

- a present obligation (legal or constructive) has arisen for the company as a result of a past event,
- it is probable (i.e. there is more evidence for than against) that an outflow of resources embodying economic benefits will be required to settle the obligation, and
- a reliable estimate of the amount of the obligation is possible.

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

Non-current provisions are discounted using a pre-tax interest rate if the effect is material. In the event of discounting, the increase in provisions due to the passage of time is recognized as a financial expense.

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

- the outflow of resources embodying economic benefits is not probable with the fulfillment of this obligation or
- the amount of the obligation cannot be estimated with sufficient reliability.

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

5.5 NOTES TO THE CONSOLIDATED INCOME STATEMENT

5.5.1 Operating result

a) Sales

Sales revenue totaling EUR 339,184,017 (prev. year EUR 316,318,613) mainly relates to revenue from the sale of pharmaceuticals and medical products, medical services in the field of aesthetic medicine and the provision of infrastructure services.

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

b) Other operating income

Other operating income amounted to EUR 1,228,467 (prev. year EUR 1,674,982).

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

	2024 in EUR	2023 in EUR
Insurance compensation and indemnities	36,962	145,595
Income from currency conversion	531,858	244,459
Income from the reduction of liabilities	322,786	0
Other benefits in kind offset	86,677	57,078
Income related to other periods	48,720	7,687
Income from the release of accruals	24,395	153,451
Profit from the disposal of fixed assets	66,435	969,313
Other operating income	110,634	97,399
Total	**1,228,467**	**1,674,982**

c) Cost of goods and services

The cost of purchased goods and services, which totaled EUR 275,580,584 (prev. year EUR 266,075,250), mainly includes expenses incurred in connection with the purchase of pharmaceuticals and medical products.

It also includes expenses for purchased services (mainly fees) in the field of aesthetic medicine.

d) Personnel expenses

Personnel expenses increased to a total of EUR 19,894,931 (prev. year EUR 17,374,736). EUR 17,864,218 of this relates to wages and salaries (prev. year EUR 15,132,945) and EUR 2,030,713 to social security contributions and pension expenses (prev. year EUR 2,241,791).

The M1 Kliniken Group had an average of 199 employees in the reporting period (prev. year 219 employees). Of these, 152 were employed full-time and 47 part-time. No trainees were employed in the financial year.

e) Depreciation

Depreciation and amortization includes scheduled depreciation of property, plant and equipment and amortization of intangible assets in the amount of EUR 1,394,940 (prev. year EUR 1,546,837). An amount of EUR 3,763,256 was attributable to scheduled amortization of right-of-use assets capitalized in accordance with IFRS 16 (prev. year also EUR 3,763,752). Current assets were also amortized in the amount of EUR 51,311 (prev. year EUR 0).

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

	2024 in EUR	2023 in EUR
Depreciation of intangible assets	645,573	656,260
Depreciation of property, plant and equipment	749,367	890,577
Depreciation of rights-of-use assets	3,763,256	3,763,752
Depreciation of current assets	51,311	0
Total	**5,209,507**	**5,310,589**

f) Other operating expenses

Other operating expenses, which total EUR 12,973,196 (prev. year EUR 13,533,131), are divided into a large number of individual items, such as rent, advertising and travel expenses, packaging materials, freight costs, insurance premiums, external work, legal and consulting costs as well as annual financial statement and audit costs.

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

	2024 in EUR	2023 in EUR
Advertising and travel expenses	3,305,050	3,245,484
Rental costs	2,343,491	1,976,323
Third-party services	626,816	895,208
Other items, including	6,697,839	7,431,362
- Costs of distribution of goods	1,337,816	1,309,021
- Insurances and fees	1,066,083	1,072,842
- Office supplies/telephone/internet/postage etc.	482,017	427,580
- Currency conversion	306,070	311,006
- Repairs & maintenance	288,256	395,236
- Legal and consulting costs	665,065	574,085
- Accounting / closing costs	428,017	420,006
- Losses from the disposal of intangible assets	0	724,347
- Other	2,124,515	2,181,993
Grand total	**12,973,196**	**13,533,131**

Occupancy costs do not relate to the original rental payments, but to other rental and leasing costs (e.g. ancillary rental costs).

5.5.2 Financial result

Interest and similar income includes interest income totaling EUR 861,420 (prev. year EUR 784,211). The interest results from the granting of loans and the investment of cash and cash equivalents in fixed-interest investment products and with German banks.

Interest and similar expenses, which totalled EUR 1,926,610 (prev. year EUR 1,347,091), relate to the discounting of capitalized lease liabilities in accordance with IFRS 16 in the amount of EUR 373,430 (prev. year EUR 413,690) as well as interest on current and non-current liabilities in the amount of EUR 1,553,180 (prev. year EUR 933,401).

Income from investments amounts to EUR 128,270 and results from dividend claims (prev. year EUR 1,310,964).

The valuation of financial assets as part of the investment of the Group's liquidity resulted in net write-ups of EUR 481,573 (prev. year EUR 1,177).

5.5.3 Income taxes and earnings

Taxes on income and earnings amounted to EUR 8,506,766 (prev. year EUR 4,779,128).

	2024 in EUR	2023 in EUR
Taxes on income and earnings	**8,506,766**	**4,779,128**
Corporation tax incl. solidarity surcharge	5,284,548	3,973,805
Trade tax	2,384,180	2,030,137
Capital gains tax incl. solidarity surcharge	4,218	8,332
Deferred taxes	833,820	-1,233,146

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

Effective tax rate for companies located in	in%
Berlin, Germany	30.175
Schönefeld, Germany	24.225
Netherlands (from taxable profit > EUR 200,000)	25.000
Austria	24.000
Hungary	13.179

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

	2024		2023	
Tax reconciliation	**in kEUR**	**in%**	**in kEUR**	**in%**
Earnings before taxes	26,299		16,446	
Tax rate	30.175%		30.175%	
Expected tax expense and tax rate	**7,936**	**30.2**	**4,963**	**30.2**
Tax-free income, fair value measurements	-182	-0.7	-657	-4.0
Non-deductible expenses	25	0.1	22	0.1
Tax rate differences subsidiaries	-548	-2.1	-812	-4.9
Release of deferred taxes	834	3.2	1,233	7.5
Other tax effects	314	1.2	30	0.2
Reported tax expense and effective tax rate	**8,507**	**29.1**	**4,779**	**29.1**

5.5.4 Earnings per share

The weighted average number of ordinary shares in circulation during the period was calculated in accordance with IAS 33, resulting in basic earnings per share.

Period	**Number of shares**
1 January - 31 December 2024	19,643,403

		2024 in EUR	**2023 in EUR**
Net income attributable to equity holders of the parent company		16,018,451	10,274,283
Number of shares		19,643,403	19,643,403
Less own shares (weighted average)		-865,157	-517,484
Earnings per share		0.85	0.54

5.6 NOTES TO THE CONSOLIDATED BALANCE SHEET

5.6.1 Assets

a) Cash and cash equivalents

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

	31.12.2024 in EUR	31.12.2023 in EUR
Cash registers	14,274	23,900
Bank deposits	21,420,528	22,357,040
Total	**21,434,802**	**22,380,940**

b) Trade account receivables

Trade receivables, which amount to a total of EUR 16,413,068 (prev. year EUR 28,020,505), are measured at amortized cost less any impairments. The expected credit loss model is used for this purpose, although this did not result in any significant effects. Impairments are initially recognized in allowance accounts, unless it can be assumed that the receivable will be wholly or partially uncollectible when the impairment occurs. In these cases, the gross value of the receivable is written down directly through profit or loss.

In the 2024 financial year, valuation allowances amounted to EUR 881 (prev. year EUR 22,300). As of the reporting date, there were no indications that the creditworthiness of the debtors was impaired.

Trade receivables include trade receivables from affiliated companies amounting to EUR 2,594,200 (prev. year EUR 310,970). Trade receivables are due within one year.

		remaining period	
Maturity	**31.12.2024 in EUR**	**up to 1 year in EUR**	**more than 1 year**
Trade account receivables	16,413,068	16,413,068	0
thereof: Trade account receivables from affiliated companies	2,594,200	2,594,200	0

		remaining period	
Maturity	**31.12.2023 in EUR**	**up to 1 year in EUR**	**more than 1 year**
Trade account receivables	28,020,505	28,020,505	0
thereof: Trade account receivables from affiliated companies	310,970	310,970	0

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

c) Inventories

Inventories primarily comprise goods held in the ordinary course of business and treatment materials used in the course of medical treatment. In the 2023 financial year, a total of EUR 2,178,757 in COVID rapid tests/antigen tests was written off from HAEMATO AG's inventory due to the sharp drop in demand and limited shelf life, and had to be destroyed.

	31.12.2024 in EUR	31.12.2023 in EUR
Inventories	36.791.843	45,526,279
Goods	35,821,401	44,744,980
Advance payments on inventories	658,477	255,859
Right to recollect products	311,965	525,440

d) Goodwill

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

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

The goodwill of EUR 62,094,703 reported in the consolidated balance sheet (prev. year: EUR 62,126,308) was attributable to HAEMATO AG (EUR 25,907,033), M1 Med Beauty Berlin GmbH (EUR 115,723), EUR 7,913,014 to M1 Aesthetics GmbH, EUR 300,125 to M1 Med Beauty Austria GmbH and EUR 27,858,808 to Nutri Care GmbH, which was consolidated for the first time in 2023, including its subsidiary Direct Apotheke B.V. and its indirect participation in Adhoc Pharma B.V. as a cash-generating unit.

in EUR	Acquisition and production costs			Value adjustments			Book value
	01.01. 2024	Accruals/ disposals	31.12. 2024	01.01. 2024	Depreciation/ Appreciation	31.12. 2024	31.12. 2024
Goodwill	**62,252,731**	**0**	**62,252,731**	**-126,423**	**-31,606**	**-158,029**	**62,094,703**
HAEMATO AG	25,907,033	0	25,907,033	0	0	0	25,907,033
M1 Aesthetics GmbH	7,913,014	0	7,913,014	0	0	0	7,913,014
M1 Med Beauty Berlin GmbH	115,723	0	115,723	0	0	0	115,723
M1 Med Beauty Austria GmbH	458,283	0	458,283	-126,423	-31,736	-158,159	300,125
Nutri Care GmbH incl. subsidiaries	27,858,678	0	27,858,678	0	130	130	27,858,808

in EUR	Acquisition and production costs			Value adjustments			Book value
	01.01. 2023	Accruals/ disposals	31.12. 2023	01.01. 2023	Depreciation/ Appreciation	31.12. 2023	31.12. 2023
Goodwill	**34,394,053**	**27,858,678**	**62,252,731**	**-94,817**	**-31,606**	**-126,423**	**62,126,308**
HAEMATO AG	25,907,033	0	25,907,033	0	0	0	25,907,033
M1 Aesthetics GmbH	7,913,014	0	7,913,014	0	0	0	7,913,014
M1 Med Beauty Berlin GmbH	115,723	0	115,723	0	0	0	115,723
M1 Med Beauty Austria GmbH	458,283	0	458,283	-94,817	-31,606	-126,423	331,860
Nutri Care GmbH incl. subsidiaries	0	27,858,678	27,858,678	0	0	0	27,858,678

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

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

The cost of capital was calculated on the basis of the estimated cost of equity (including a premium for the market risk premium) and the cost of debt (less tax). This reflects the specific risks of the respective segments in which the CGUs operate. An assumption for 'typical' capital shares was chosen to determine the weighted average cost of capital.

As a result of the impairment tests carried out, there was no need to recognize impairment losses on the goodwill reported in the balance sheet.

A sensitivity analysis of the impairment test to changes in the most important assumptions for determining the recoverable amount was carried out for the goodwill of the CGUs HAEMATO AG, M1 Med Beauty Berlin GmbH and M1 Aesthetics GmbH.

The goodwill for M1 Med Beauty Austria GmbH arose on the transfer of the Austrian business operations from the former branch of M1 Med Beauty Berlin GmbH to M1 Med Beauty Austria GmbH in the 2019 financial year and represents expenses for the commissioning of the business. No regular impairment test is carried out for this goodwill and the goodwill is amortized over 15 years.

e) Intangible assets excluding goodwill

Intangible assets excluding goodwill relate primarily to investments in software.

in EUR	Acquisition/manufacturing costs				Value adjustments				Book value
	01.01. 2024	Accruals/ disposal	Transfer/ disposal	31.12. 2024	01.01. 2024	Current depreciation	Disposals	31.12. 2024	31.12. 2024
Concessions and similar rights	33,731,846	767,838	0	34,499,684	-9,252,606	-623,908	0	-9,876,514	24,623,170
Acquired intangible assets	9,912,944	0	0	9,912,944	-9,694,945	-7,998	0	-9,702,923	210,001
Advance payments made on intangible assets	539,072	0	0	539,072	0	0	0	0	539,072
Total	**44,183,862**	**767,838**	**0**	**44,951,700**	**-18,947,551**	**-631,906**	**0**	**-19,579,437**	**25,372,243**

in EUR	Acquisition/manufacturing costs				Value adjustments				Book value
	01.01. 2023	Accruals/ disposal	Transfer/ disposal	31.12. 2023	01.01. 2023	Current depreciation	Disposals	31.12. 2023	31.12. 2023
Concessions and similar rights	33,412,608	319,238	0	33,731,846	-8,630,135	-622,471	0	-9,252,606	24,479,240
Acquired intangible assets	9,912,944	0	0	9,912,944	-9,686,947	-7,998	0	-9,694,945	217,999
Advance payments made on intangible assets	962,845	300,574	-724,347	539,072	0	0	0	0	539,072
Total	**44,288,397**	**619,812**	**-724,347**	**44,183,862**	**-18,317,082**	**-630,469**	**0**	**-18,947,551**	**25,236,311**

f) Fixed assts

in EUR	Acquisition/manufacturing costs					Value adjustments					Book value
	01.01. 2024	AHK Additions / Transfers	AHK Disposal	Currency difference	31.12 2024	01.01. 2024	AHK Additions / Transfers	AHK Disposal	Currency difference	31.12. 2024	31.12. 2024
Properties	**35,903,192**	**3,226,822**	**-1,339,790**	**29,314**	**37,831,660**	**-22,109,918**	**-2,827,960**	**24,103**	**-6,220**	**-24,919,994**	**12,911,665**
Land and buildings	2,560,129	0	0	0	2,560,129	-2,560,128	0	0	0	-2,560,128	1
Technical equipment and machinery	935,092	0	0	0	935,092	-577,068	-60,900	0	0	-637,968	297,124
Operating and office equipment	9,077,030	216,282	-24,703	9,630	9,278,239	-6,118,586	-670,352	24,103	-4,441	-6,769,276	2,508,963
Rights of use	23,330,941	3,011,400	-1,315,087	19,683	25,046,938	-12,854,136	-2,096,707	0	-1,779	-14,952,622	10,094,316
Advance payments on assets under construction	0	11,262	0	0	11,262	0	0	0	0	0	11,262

in EUR	Acquisition/manufacturing costs					Value adjustments					Book value
	01.01. 2023	AHK Additions / Transfers	AHK Disposal	Currency difference	31.12 2023	01.01. 2023	AHK Additions / Transfers	AHK Disposal	Currency difference	31.12. 2023	31.12. 2023
Properties	**36,443,609**	**1,582,686**	**-2,149,553**	**26,450**	**35,903,192**	**-19,265,726**	**-2,880,906**	**68,878**	**-32,163**	**-22,109,918**	**13,793,274**
Land and buildings	2,560,129	0	0	0	2,560,129	-2,560,128	0	0	0	-2,560,128	1
Technical equipment and machinery	928,000	7,092	0	0	935,092	-497,001	-80,067	0	0	-577,068	358,024
Operating and office equipment	8,745,883	464,834	-149,500	15,813	9,077,030	-5,404,245	-779,164	68,878	-4,056	-6,118,586	2,958,443
Rights of use	24,209,597	1,110,760	-2,000,053	10,637	23,330,941	-10,804,353	-2,021,675	-	-28,107	-12,854,136	10,476,806

g) Non-current financial assets

The investments held as non-current financial assets are measured at fair value through profit or loss. The investment in CR Opportunities GmbH was sold in full in the 2023 financial year. At EUR 12,000,000, the proceeds from the sale are equal to the carrying amount, meaning that there is no effect on profit under IFRS.

in EUR	Acquisition and production costs					Value adjustments				Book value
	01.01. 2024	AHK Additions	Transfers	Consolidation	31.12. 2024	01.01. 2024	Transfers	Appreciation/ Depreciation	31.12. 2024	31.12. 2024
Shares in affiliated Companies	**930,676**	**2,159,781**	**0**	**0**	**3,090,457**	**8,156**	**0**	**527,524**	**535,680**	**3,626,137**
Other	930,676	2,159,781	0	0	3,090,457	8,156	0	527,524	535,680	3,626,137
	01.01. 2023	AHK Additions	Transfers	Consolidation	31.12. 2023	01.01. 2023	Transfers	Appreciation/ Depreciation	31.12. 2023	31.12. 2023
Shares in affiliated Companies	**8,735,014**	**928,021**	**-8,732,359**	**0**	**930,676**	**3,267,647**	**-3,267,647**	**8,156**	**8,156**	**938,832**
CR Opportunities GmbH	8,732,353	0	-8,732,353	0	-	3,267,647	-3,267,647	0	0	0
Other	2,661	928,021	-6	0	930,676	0	0	8,156	8,156	938,832

h) Other financial and non-financial assets

In the 2024 financial year, other financial and non-financial assets mainly consisted of receivables from the retention of securities for factoring services.

	31.12.2024 in EUR	31.12.2023 in EUR
Other short-term financial assets	**3,105,757**	**4,103,389**
Receivables from affiliated companies	849,453	893,636
Other assets	1,926,631	2,835,086
Bonds	329,673	374,667
Other short-term assets	**2,681,217**	**6,679,413**
Receivables from sales tax credits	1,948,189	2,941,123
Receivables from personnel	22,904	56,578
Accruals and deferred income	331,649	269,959
Further assets	378,475	3,411,753
Other long-term assets	**315,165**	**269,699**
Deposits	340,304	306,560
Prepaid expenses (Leasing)	-25,139	-36,861

5.6.2 Liabilities

a) Short-term provisions

Current provisions include the costs of preparing and auditing the financial statements of the consolidated companies, provisions for personnel expenses, legal and consulting costs and other provisions. The values to be recognized for these are to be clearly determined using clearly defined calculation algorithms.

Current Provisions	01.01.2024 in kEUR	Consumption in kEUR	Elimination in kEUR	Increase in kEUR	31.12.2024 in kEUR
Audit and year-end closing costs	151.7	139.6	1.8	148.8	159.1
Personnel / holiday entitlements	352.3	261.5	63.1	491.1	518.8
Supervisory board expenses	84.4	84.4	0	52.5	52.5
Other	794.5	651.5	16.6	712.7	839.1
Total	**1,382.9**	**967.4**	**95.7**	**1,130.8**	**1,569.5**

b) Liabilities from deliveries and services

Trade payables 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.

c) Leasing liabilities

In accordance with IFRS 16, M1 Kliniken AG 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 are divided into current and non-current liabilities depending on the term and are discounted.

	31 December 2024	31 December 2023
Right of use	10,094,316	10,476,806
Prepaid expenses	-31,139	-42,861
Σ **Assets**	**10,063,177**	**10,433,945**
Short-term leasing liabilities	2,970,719	2,970,719
Long-term leasing liabilities	7,823,715	7,823,715
Passive accruals	4,313	1,738
Σ **Liabilities**	**10,418,352**	**10,794,434**
Depreciation	-3,763,256	-3,763,752
Interest expense	-373,430	-413,690
Σ **Income statement**	**-4,136,686**	**-4,177,442**
Leasing expenses	4,142,441	4,157,240
Σ **Correction of leasing expenses**	**4,142,441**	**4,157,240**
Delta net profit/loss for the year	**5,755**	**-20,202**

d) Other short-term financial liabilities

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

e) Other current liabilities

Other current liabilities are recognized at amortized cost using the effective interest method. These are mainly liabilities from payroll taxes and VAT, social security liabilities and advance payments received for treatments in the Beauty segment.

f) Contractual and reimbursement liabilities

Refund liabilities include obligations from sales transactions that represent financial instruments. A refund liability arises when the company receives a consideration from a customer and expects that this consideration will be refunded to the customer in full or in part. A refund liability is measured in the amount of the consideration to which the company is not expected to be entitled and is therefore not included in the transaction price.

A liability for refunds is recognized for sales with a right of return.

	31 December 2024	31 December 2023
Return delivery rights	331,103	550,340
Discount contracts / manufacturer discounts	4,533,757	5,427,175
Contractual and reimbursement liabilities	**4,864,859**	**5,977,515**

g) Long-term provisions

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

h) Long-term financial liabilities

Non-current financial liabilities include liabilities to banks and were recognized at amortized cost using the effective interest method.

i) Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities are on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the balance sheet, including differences arising from consolidation as well as unused tax loss carryforwards and tax credits. Measurement is based on the tax rates that are expected to apply to the period in which an asset is realized or a liability is settled. The tax rates and regulations are based on that they are valid on the balance sheet date or will be valid in the near future. The company recognizes a valuation allowance on deferred tax assets if it is not probable that sufficient future taxable profit will be available against which the deductible temporary differences, tax loss carryforwards and tax credits be utilized.

In the case of tax-deductible temporary differences in connection with shares in subsidiaries, a deferred tax asset is only recognized to the extent that it is probable that the temporary difference will reverse the foreseeable future and corresponding taxable income can expected.

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

No active deferred taxes were reported as of the reporting date.

A deferred tax liability is recognized for all taxable temporary differences, unless the deferred tax liability arises from:

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

However, a deferred tax liability is recognized for taxable temporary differences associated with investments subsidiaries, unless the timing of the reversal of the temporary difference can 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 2024 relate to the following items:

Temporary Differences in kEUR	01.01.2024	Recognised directly in equity	31.12.2024
Valuation of intangible assets	1,690	682	2,372
Fair value measurement of financial instruments	5	184	189
Other valuation differences	76	-28	44
Deferred tax liabilities	**1,771**	**838**	**2,605**

Deferred taxes from the measurement of intangible assets result from the initial consolidation of a subsidiary acquired in 2009 and 2013 in the HAEMATO AG subgroup and from different measurement approaches under commercial law and IFRS and amounted to EUR 2,372 thousand as of the reporting date (prev. year EUR 1,690 thousand).

In connection with the fair value measurement of existing financial instruments, it was necessary to recognize deferred taxes of EUR 189 thousand (prev. year: EUR 5 thousand) as liabilities. These amount to the amount by which the IFRS values measured at fair value exceed the tax balance sheet values. In the past fiscal year, deferred taxes were reversed due to sales of financial assets measured at fair value. Accordingly, there is no longer a difference between the approach under commercial law and the approach under IFRS.

j) Equity

The company's share capital of EUR 19,643,403 (prev. year also EUR 19,643,403) is divided into 19,643,403 no-par value shares (prev. year also 19,643,403 shares) with a notional value of EUR 1.00 each. The increase in the company's share capital in 2020 was carried out using the authorized capital 2019 in the amount of EUR 2,143,403 as part of a non-cash capital increase against the contribution of 11,011,977 shares previously held by MPH Health Care AG shares in HAEMATO AG. The capital increase was entered in the commercial register on 30 June 2020. The new shares were fully subscribed and acquired by MPH Health Care AG.

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

In the 2024 financial year, following the resolution of the Annual General Meeting of M1 Kliniken AG on 17 July 2024, the distributable profit was appropriated as follows: A dividend of EUR 0.50 per dividend-bearing share was distributed. This resulted in a dividend payment of EUR 9,277,557. EUR 15,000,000 was transferred to retained earnings and the remaining amount of EUR 57,240,273 was carried forward to the new year.

At the time of preparing the financial statements for the 2024 financial year, there is no proposal for the appropriation of the annual result for the 2024 financial year.

5.7 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement shows how the cash and cash equivalents of the M1 Kliniken Group have changed over the course of the reporting years as a result of cash inflows and outflows. In this cash flow statement, cash flows are broken down into operating, investing and financing activities. The cash flows from investing and financing activities are each presented using the direct method. Cash flows from operating activities, on the other hand, are presented using the indirect method. Cash and cash equivalents include cash and cash equivalents available at short notice amounting to EUR 13,193,121 (prev. year EUR 18,855,548).

In the cash flow from 'operating activities', the main items relate to the net profit for the period of EUR 17,792,152 (prev. year EUR 11,666,686), depreciation and amortization of EUR 5,158,196 (prev. year EUR 5,310,589), the increase in inventories of EUR 8,719,830 (prev. year decrease of EUR 17,178,504) and the cash inflow from the increase in trade receivables and payables and other assets and liabilities in the amount of EUR 6,563,469 (prev. year EUR 8,307,151).

Cash flow from investing activities was dominated by proceeds from disposals of financial assets amounting to EUR 976,436 (prev. year: EUR 8,732,353) and payments for investments in financial assets amounting to EUR 6,724,880 (prev. year: EUR 19,005,005). Income from investments was recognized in cash in the amount of EUR 128,270 in 2024 (prev. year: EUR 1,301,511). In addition, interest income of EUR 861,420 (prev. year: EUR 694,101) and investments in intangible assets and property, plant, and equipment of EUR 995,383 (prev. year: EUR 1,009,504) were recognized with a cash effect.

Cash flow from financing activities in the past fiscal year was significantly influenced by the repurchase of own shares. Payments of EUR 13,586,641 were used for this purpose (prev. year: cash inflows of EUR 7,577,269). A KfW loan taken out during the coronavirus pandemic was repaid in full, resulting in a cash outflow of EUR 1,875,000. EUR 9,309,656 was distributed to the shareholders of M1 Kliniken AG and its subsidiaries in the form of dividends (prev. year: EUR 1,980,858). Payments for the repayment of rights of use amounted to EUR 4,142,441 (prev. year: EUR 4,157,240).

5.8 SEGMENT REPORTING

The reportable segments in the M1-Kliniken Group are the "Beauty" and "Health" segments.

The division into operating segments follows the guidelines from the Group's internal management and controlling based on business activities. Segmentation is not based on regional aspects, as this is not (yet) a relevant control parameter for internal management.

The "Beauty" segment includes the inpatient Schlossklinik in Berlin-Köpenick, the surgical activities in various affiliated clinics in Germany and the network of outpatient specialist centers. Aesthetic surgery services (primarily breast augmentation, eyelid lifts and liposuction) are performed in the inpatient clinics, while other aesthetic medical treatment services (primarily injections with hyaluronic acid and botulinum toxin) are performed in the network of specialist centers. The end customers of this segment are natural persons for whom treatments are carried out and operators of aesthetic medicine practices.

The "Trade" segment comprises all activities relating to trade in medicinal products and medical devices. This is a trading activity, whereby the focus is increasingly shifting to the position of distributor of products from contract manufacturers. The products are not processed or refined in this context. Instead, the M1-Kliniken Group uses its trading activities to increase its purchasing volume from relevant suppliers as a basis for price negotiations. End customers in this segment are natural persons for whom treatments are carried out and operators of aesthetic medicine practices for aesthetic medicine.

The segments have no internal sales within the Group.

There were no changes in segmentation or the allocation of individual activities to the segments in 2024.

	2024 in kEUR		2023 in kEUR	
Group sales	**339,184**		**316,319**	
Trade	247,439	73.0%	245,491	77.6%
Beauty	91,745	27.0%	70,828	22.4%

The Group does not generate more than 10% of consolidated sales with any one customer.

EBIT is distributed across the various business segments as follows:

	2024 in kEUR		2023 in kEUR	
Group EBIT	**26,754**		**15,700**	
Trade	6,722	25.1%	254	1.6%
Beauty	20,032	74.9%	15,446	98.4%

5.9 FURTHER DISCLOSURES ON FINANCIAL INSTRUMENTS

5.9.1 Capital risk management

To date, the Group has managed its capital with the aim of avoiding dependence on lenders by maintaining a very high equity ratio and keeping entrepreneurial decision-making freedom as open as possible. This ensures that all Group companies can operate under the going concern premise and that decisions are not influenced by any covenants from lenders.

Equity as of the respective reporting date:

	31.12.2024 in EUR	31.12.2023 in EUR
Equity	134,219,927	143,223,451
Balance sheet total	187,874,819	212,952,877
Equity ratio	71.44%	67.26%

The Group has borrowed capital for the operational implementation of its business model. In the reporting period, liabilities to banks rose from EUR 5,400,392 to a total of EUR 8,241,681. A 1-percentage point increase in the interest rate on variable-interest liabilities to banks leads to an increase in interest expenses of EUR 82 thousand. A 1-percentage point decrease in the interest rate variableinterest liabilities to banks leads to a decrease in interest expenses of EUR 82 thousand.

5.9.2 Categories of financial instruments

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

Book values	31.12.2024 in EUR	31.12.2024 in EUR
Financial assets measured at amortized cost	**40,623,955**	**54,130,167**
Trade account receivables	16,413,068	28,020,505
Other short-term financial assets	2,776,085	3,728,722
Cash and cash equivalents	21,434,802	22,380,940
Financial assets at fair value through profit or loss	**3,955,810**	**1,313,500**
Other short-term financial assets	329,673	374,668
Other long-term financial assets	3,626,137	938,832
Book values total	**44,579,765**	**55,443,666**

As in the previous year, the net gains from financial assets measured at amortized cost essentially correspond to the interest income described in section 5.2. As in the previous year, the net losses from financial liabilities essentially correspond to the interest expenses described there. The net gain on financial assets measured at fair value is composed of investment income and fair value changes.

5.9.3 Risk management policy and hedging measures

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

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

The risk management policy is essentially covered by the Management Board of M1 Kliniken AG. The controlling department of M1 Med Beauty Berlin GmbH, which plays a supporting role, monitors the operational successes and can thus recognize deviations from the plan in good time. If necessary, the respective managers of the specialist departments decide together with the Management Board on the appropriate strategy for managing risks.

The M1 Kliniken Group is exposed to general risks that may arise from changes in the framework conditions due to legislation or other regulations. However, should such changes occur, they are not sudden and unexpected in most cases, so that there is generally sufficient time to react to changes.

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

Default risk is the risk that business partners are unable to meet their contractual obligations, resulting in a financial loss for the Group. Due to the company's good knowledge of its customers, the default risk of trade receivables can be managed well. Open positions are only entered into when actual settlement is assured. The significance of default risk for the M1 Kliniken Group is therefore low. If such risks nevertheless become apparent, they are recognized through valuation allowances in accordance with the expected credit loss model under IFRS 9.

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

b) Liquidity risk

The Group manages liquidity risks to ensure its continued solvency by constantly monitoring the forecast and actual cash flows and balancing the maturity profiles of financial assets and liabilities.

The following tables show the expected cash flows of the financial liabilities as of 31 December 2024 and 31 December 2023. Interest payments were not taken into account. Liabilities due in more than one year were not discounted:

Financial liabilities measured at amortized cost	Book value 31.12.2024 in EUR	Cash flow up to 1 year in EUR	Cash flow > 1 year to 5 years in EUR	Cashflow > 5 years in EUR
Trade account payables	12,968,118	12,968,118	0	0
Other short-term financial liabilities	10,700,523	10,700,523	0	0
Other short-term liabilities	3,617,607	3,167,607	0	0

Financial liabilities measured at amortized cost	Book value 31.12.2023 in EUR	Cash flow up to 1 year in EUR	Cash flow > 1 year to 5 years in EUR	Cashflow > 5 years in EUR
Other long-term financial liabilities	1,875,000	0	1,875,000	0
Trade account payables	33,256,330	33,256,330	0	0
Other short-term financial liabilities	4,374,810	4,374,810	0	0
Other short-term liabilities	4,399,782	4,399,782	0	0

Of the non-interest-bearing financial liabilities, EUR 12,968,118 (prev. year: EUR 33,256,330) is attributable to trade payables and EUR 3,617,607 (prev. year: EUR 4,399,782) to other current liabilities.

c) Other price risks

Other price risks may arise from rising purchase prices. There are currently no long-term supply contracts or similar measures that could limit these risks. Entering into such contracts would negatively impact management's flexibility in putting together the product portfolio, which is compiled based on demand.

In recent years, the company has been able to significantly reduce the cost prices for the treatment materials used through a clever purchasing policy. Purchasing prices are also expected to fall in the future. The trading segment is also likely to benefit from falling purchasing prices in the future.

5.10 OTHER DISCLOSURES

5.10.1 Guarantees, contingent liabilities and other financial commitments

There are no contingent liabilities or commitments. The other financial obligations are within the scope of normal business transactions. At the end of 2024, there were lease liabilities from rental and lease agreements totaling EUR 10,418,352 (prev. year: EUR 10,794,434), of which EUR 7,283,908 (prev. year: EUR 7,823,715) is attributable to non-current liabilities and EUR 3,134,444 (prev. year: EUR 2,970,720) to current liabilities.

5.10.2 Related companies and persons

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

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

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

Any assets or liabilities resulting from transactions with these companies are recognized under other assets and other liabilities. The Management Board and the Supervisory Board of M1 Kliniken AG are regarded as the key management of the company. Changes in the persons concerned occurred in the past financial year as shown below:

Management Board

Family name	First name	Function/ profession	Power of representation	Comment
Brenske	Kilian	Business administrator	Sole power of representaion	until June 2024
Strauss	Attila	Business-computer scientist	Sole power of representaion	

Board of Supervisors

Family name	First name	Profession	Function	Comment
Zimdars	Uwe	Business administrator	Chairman	
Prof. Dr. Hempel	Dirk	Specialist for internal medicine and oncology	Deputy Chairman	
Prof. Dr. Dr. Meck	Sabine	University lecturer	Member	

The following transactions were conducted with related parties:

Transactions with related parties and persons	31.12.2024 in kEUR	31.12.2023 in kEUR
Deliveries and services rendered	**913**	**21,520**
to companies that are controlled by majority shareholders	913	21,520
Deliveries and services received	**0**	**4,221**
from companies that are controlled by majority shareholders	0	4,221

The total remuneration of the Supervisory Board amounted to EUR 67,500 in the 2024 financial year (prev. year EUR 67,500). The Supervisory Board did not receive any variable remuneration components. The Executive Board and Supervisory Board do not receive any pension entitlements. There are no claims against members of the Supervisory Board or the Executive Board.

There were no other business relationships with related parties in the 2024 financial year.

The protective clause of Section 286 IV HGB was utilized with regard to the disclosure of the total remuneration of the members of the Management Board.

5.10.3 Auditor's fee

The auditor's fees for the past financial year amounted to a total of EUR 157,111 (prev. year EUR 155,057).

5.10.4 Events after the balance sheet date

In the first quarter of 2025, M1 Kliniken AG decided to review loss-making locations abroad and assess their profitability and prospects for a positive future. Based on these findings, it was decided to close two locations in the UK and three locations in Australia and to focus on the most profitable locations in these countries in order to further promote awareness of the M1 brand.

On 1st April 2025, M1 Kliniken AG published an ad hoc announcement regarding HAEMATO AG. According to this announcement, HAEMATO AG has received a conditional binding offer (CBO) for its wholly owned subsidiary HAEMATO PHARM GmbH to acquire its trading segment. The Management Board and Supervisory Board of HAEMATO AG are currently reviewing the offer carefully. A possible sale of the trading segment would pave the way for M1 Kliniken AG to focus clearly on its high-growth beauty business. However, a decision on this matter, as well as an assessment of the financial implications, cannot be made at the time of reporting.

No other significant events occurred after the balance sheet date.

5.11 APPROVAL BY THE MANAGEMENT BOARD FOR THE PUBLICATION OF THE 2024 CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IAS 10.17

These consolidated financial statements take into account all events known to the Executive Board up to 30 April 2025.

Berlin, 30 April 2025

Attila Strauss
(Management Board)

5.12 INDEPENDENT AUDITOR'S REPORT

Reproduction of the audit opinion

We have issued the following unqualified audit opinion on the consolidated financial statements and the Group management report:

Independent Auditor's Report

To M1 Kliniken AG:

Audit opinions

We have audited the consolidated financial statements of M1 Kliniken AG, Berlin, and its subsidiaries (the Group) prepared in accordance with IFRS, which comprise the consolidated balance sheet as of 31 December 2024, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the financial year from 1 January 2024 to 31 December 2024, and notes to the consolidated financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the Group management report of M1 Kliniken AG for the financial year from 1 January 2024 to 31 December 2024.

In our opinion, based on the findings of our audit

- the accompanying consolidated financial statements comply, in all material respects, with IFRS and the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Group as of 31 December 2024 and of its financial performance for the financial year from 1 January 2024 to 31 December 2024 in compliance with German Legally Required Accounting Principles.

- the accompanying Group management report as a whole provides a suitable view of the Group's position. In all material respects, this Group management report is consistent with the consolidated financial statements, complies with IFRS and German legal requirements and suitably presents the opportunities and risks of future development.

Pursuant to Section 322 (3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the audit opinions

We conducted our audit of the consolidated financial statements and of 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“ [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report.

We are independent of the Group companies in accordance with the requirements of German commercial and professional law and have fulfilled our other German professional responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the Group management report.

Responsibility of the legal representatives and the Supervisory Board for the consolidated financial statements and the Group management report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS and the requirements of German commercial law applicable to business corporations, and that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with German Legally Required Accounting Principles. In addition, management is responsible for such internal control as they, in accordance with German Legally Required Accounting Principles, have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e. manipulation of accounting records and impairment of assets) or error.

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the Group's ability to continue as a going concern. Furthermore, they are responsible for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there are factual or legal circumstances to the contrary.

Furthermore, management is responsible for the preparation of the Group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with IFRS and German legal requirements, and appropriately presents the opportunities and risks of future development. Furthermore, management is responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a Group management report that is in accordance with IFRS and the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the Group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the Group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the Group management report.

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

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

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

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

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

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

Berlin, 7 May 2025

Harry Haseloff
Auditor

Rainer Dröse-Seidler
Auditor

GLOSSARY

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

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

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

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

EBT – Earnings before taxes.

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

GKV – „Gesetzliche Krankenversicherung“ (statutory health insurance)

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

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

SOURCES

1 Cf. https://de.statista.com/statistik/daten/studie/197039/umfrage/veraenderung-des-weltweiten-bruttoinlandsprodukts/

2 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Frühjahr 2025 (Nr. 121) vom 13.03.2025, S. 3

3 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Frühjahr 2025 (Nr. 121) vom 13.03.2025, S. 4

4 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Frühjahr 2025 (Nr. 121) vom 13.03.2025, S. 4-5

5 Cf. Kieler Konjunkturberichte: Weltwirtschaft im Frühjahr 2025 (Nr. 121) vom 13.03.2025, S. 5-6

6 Cf. Kieler Konjunkturberichte: Deutsche Wirtschaft im Frühjahr 2025 (Nr. 122) vom 12.03.2025, S. 3-4

7 Cf. ISAPS INTERNATIONAL SURVEY ON AESTHETIC/COSMETIC PROCEDURES performed in 2023, S. 9-10

8 Cf. ISAPS INTERNATIONAL SURVEY ON AESTHETIC/COSMETIC PROCEDURES performed in 2023, S. 6

9 Cf. ISAPS INTERNATIONAL SURVEY ON AESTHETIC/COSMETIC PROCEDURES performed in 2023, S. 6-10

10 Cf. ISAPS INTERNATIONAL SURVEY ON AESTHETIC/COSMETIC PROCEDURES performed in 2023, S. 18

11 Cf. ISAPS INTERNATIONAL SURVEY ON AESTHETIC/COSMETIC PROCEDURES performed in 2023, S. 18

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13 Cf. IQVIA Marktbericht Classic: Entwicklung des deutschen Pharmamarktes im Jahr 2024, S. 3-11

14 Cf. IQVIA Marktbericht Classic: Entwicklung des deutschen Pharmamarktes im Jahr 2024, S. 5

15 Cf. IQVIA Marktbericht Classic: Entwicklung des deutschen Pharmamarktes im Jahr 2024, S. 6

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18 Cf. www.bundesfinanzministerium.de/Monatsberichte/Ausgabe/2025/02/Inhalte/Kapitel-3-Analysen/3-1-jahreswirtschaftsbericht-2025.html

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21 Cf. https://trendreport.de/boom-in-der-beauty-industrie-warum-sich-immer-mehr-menschen-unters-messer-legen/

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