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Kliniken AG
INTERIM REPORT

2018

Key figures of M1 Kliniken AG

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

	30.06.2018 EUR	30.06.2017 kEUR
Sales	28,926,972.60	22,257
EBT	4,276,814.69	4,235

Consolidated balance sheet according to IFRS (in EUR)

	30.06.2018 EUR	30.06.2017 kEUR
Assets		
Short-term assets	35,765,687.20	15,068
Long-term assets	21,685,500.04	17,067
Total assets	57,451,187.24	32,135
Liabilities		
Short-term liabilities	6,613,637.12	2,688
Long-term liabilities	183,777.21	1
Equity	50,653,772.91	29,446
Total liabilities and equity	57,451,187.24	32,135

The share

Classes of shares	Bearer shares
Number of shares	16,500,000
WKN / ISIN	A0STSQ / DE000A0STSQ8
Ticker symbol	M12
Trading shares	Frankfurt, Xetra, Düsseldorf, Stuttgart
Market segment	Open Market
Designated Sponsor, Listing Partner	Kepler Cheuvreux, Oddo Seydler Bank AG
Coverage	Bankhaus Metzler, GBC AG, First Berlin

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Share performance of M1 Kliniken AG



Dear shareholders, dear Ladies and gentlemen,



M1 Kliniken AG was able to confirm its dynamic growth course in the first half of 2018. Followed by the opening of five specialist centres in the second half of 2017, we put two more specialist centres into operation in the first half of 2018, including „München Stachus“, the second M1 location in the Munich urban area. The capacity utilisation of all specialist centres has developed satisfactorily.

In addition, we started the first aesthetic dentistry centre at the M1 Schlossklinik Köpenick, which enabled us to establish medical as well as business processes.

The demand for our medical-aesthetic services has continued to develop positively. Group sales rose to EUR 28.9 million in the first half of the year in comparison to EUR 22.3 million in the first half of 2017 (+30%). Due to the start-up costs of numerous new locations and investments in new treatment areas, earnings before taxes (EBT) for the reporting period remained at kEUR 4,277 after kEUR 4,235 as of June 30, 2017, which is still within our targeted corridor.

The shareholders' equity as of June 30, 2018 amounted to EUR 50.7 million, liquidity at this time was EUR 16.7 million.

Immediately after the end of the first half of 2018, we were able to hold our Annual General Meeting for the 2017 financial year. All agenda items - including the creation of new authorized capital of EUR 8.25 million - were resolved with clear majorities. The dividend remained stable at EUR 0.30 per share compared to the previous year.

We are optimistic about the second half of 2018 in which the opening of further specialist centres is planned. Further practices in the M1-Dental area are to be opened in other major German cities. We are also planning to establish additional cosmetic treatments in our M1 specialist centres.

We are working on the internationalization of M1, which will lead to the opening of our first location in Austria in the second half of 2018.

The construction of the 2nd specialist clinic of M1 Kliniken AG is progressing and is in the approval phase. To meet local surgical needs, we will commence operations in a hospital in North Rhine-Westphalia in 2018 - as we did in Frankfurt and Munich before.

We would like to thank our employees once again for their commitment to M1 Kliniken AG in the first months of 2018. This enables us to continue our success story in the coming months. We would also like to thank our Supervisory Board for its constructive and productive cooperation.

yours


Patrick Brenske
Management Board


Dr. Walter von Horstig
Management Board

Group interim management report of M1 Kliniken AG

1. Basis of the Group

M1 Kliniken AG is one of fastest growing and leading providers of healthcare services within the aesthetic sector. With its products and services, the group offers a customer-oriented range of aesthetic and surgical treatments throughout Germany. Minimally-invasive and surgical treatments are carried out by our highly-experienced and specialised team, using high quality products and state of the art medical technology, to the highest quality standards.

Locations



2. Economic report

2.1 General economic situation

After a strong growth course in 2017 the German economy continued its momentum in the beginning of 2018. In the first and second quarter of 2018 the gross domestic product rose even stronger by 3.2 % and 4.2% compared to the previous year (+3.4% and 0.9%). Thus, the German economy is on its longest growth course since 1991. This economic growth was based especially on the domestic economy.

The employment rate in Germany kept growing from 44.6 million at the end of 2017 to 44.9 million by June 2018. Favoured by this considerable growth of employment as well as noticeable increases of income the consumer spending of private households ist forecasted to continue its growth - although inflationary trends are currently developing.

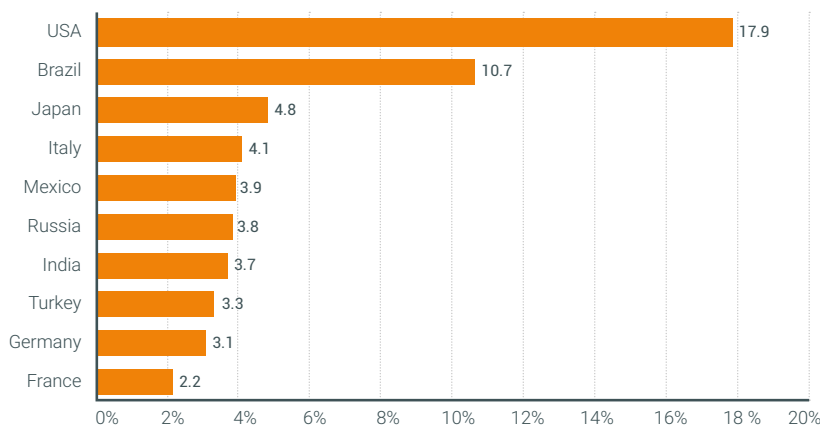
2.2 Sector-related economic environment

Together with demographic development, medical and technical advances and the increased health awareness in the population, increasing household incomes in the advanced economies are increasing the demand for products and services in the medical-aesthetic market. People are living and staying fit for longer, and would like to look as old as they feel. For this reason, and due to the growing acceptance of cosmetic medicine, the beauty market is one of the growing sectors in the healthcare market.

More recent statistical data do not exist. However, according to a survey of ISAPS (International Society of Aesthetic Plastic Surgery) more than 23 million beauty treatments worldwide are performed in 2016. The number of surgical operations is increasing by approx. 10 % per year. Over 85% of the patients are women. The main areas are breast augmentations, liposuction, and filler treatments with botulinum toxin and hyaluronic acid, which is reflected in the specialised range of treatments offered by M1 Kliniken AG. The world's largest markets for beauty treatments and operations outside Europe are the USA, Brazil, Japan and Mexico. The potential in the most important EU markets is estimated to be € 10 billion.

Beside Italy Germany is the leading market in Europe for medical-aesthetic treatments, with 700,000 reatments carried out in 2016. The key target group for M1 Kliniken AG comprises 10 million women aged between 20 and 40. The main areas of improvement desired by this target group are breasts, body fat and wrinkles.

Total surgical procedures* divided by countries with the most frequent procedures in 2016



Source: ISAPS
 *Cosmetic surgeries solely performed by cosmetic surgeons; projections by ISAPS.

A growing proportion of women living in Germany would consider having medical-aesthetic treatment. This trend is set to become stronger in the coming years, with the onset of the popularity of social media, dwindling taboos and increasing acceptance of beauty treatments in the population.

2.3 Outlook

The monthly indicators of the economic conditions suggest a continued growth. The Institute for the World Economy, Kiel (IfW) predicts - although recently it reduced expectations - real economic growth of 2.0 % this year and 2.3 % in 2019. This prognosis is based on the ongoing increase in employment, growing income and a predictable enhancing industrial production.

In the aesthetic medical sector, experts predict a constant annual increase of 5 % until 2019. According to Medical Insight, worldwide turnover of aesthetic products is set to increase from 6.8 billion US dollars in the period from 2014 to 2019 by 11.8% annually to 11.9 billion US dollars. This strong increase is driven especially by new products, neuromodulators, such as botulinum toxin and dermal fillers.

There are no specific current forecasts for the German market. However, due to the positive economic development, especially the increase in purchasing power compared to the overall trend in Europe, higher growth rates can be expected. The disappearance of taboos associated with cosmetic medicine together with enormous advances in treatment methods and technologies also contribute to this growth.

3. Economic position

3.1 Earnings position of the M1 Group (IFRS)

The development of our company in the first half of 2018 again was characterized by the growth of our operational business. Turnover for the first half 2018 amounted to kEUR 28,927 (previous half-year: kEUR 22,257). Earnings before taxes totalled kEUR 4,277 (half-year 2017: kEUR 4,235) and net income was kEUR 3,373 (half-year 2017: kEUR 3,688).

3.2 Financial position of the M1 Group (IFRS)

Our financial position is very stable. Our financial management is designed to ensure the settlement of accounts payable within the payment deadline, and to collect accounts receivable within payment targets.

Our capital structure is good. Equity rose from EUR 47.3 million (31.12.2017) to EUR 50.7 million (30.06.2018).

3.3 Assets position of the M1 Group (IFRS)

The assets position of M1 compared to 31.12.2017 is characterised by an increase of liquid funds by kEUR 2,011 to kEUR 16,698 as of 30.06.2018 and an increase in trade receivables by kEUR 3,923 to kEUR 13,110. This increase was balanced until the release of this report. Inventories increased by kEUR 127 to kEUR 1,537, short-term financial assets rose by kEUR 199 to kEUR 3.457. Fixed assets increased to kEUR 4,552 after kEUR 3,962 by 31.12.2017. At the same time trade payables increased from kEUR 841 to kEUR 3,665 (30.06.2018).

Our overall economic position can be described as good.

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Group profit and loss statement

for the time period from 1 Januar to 30 June 2018*

	30.06.2018 EUR	30.06.2017 kEUR
Sales	28,926,972.60	22,257
Other operating income	101,124.33	212
Cost of purchased goods and services	-18,230,563.31	-12,334
Labour costs		
Wages and salaries	-3,563,598.65	-2,776
Social insurance contribution	-718,401.33	-541
	-4,281,999.98	-3,317
Depreciation / Amortisation	-255,067.02	-193
Other operational expenses	-2,796,503.70	-2,468
EBIT (earnings before interest and tax)	3,463,962.92	4,157
Income from investments	741,524.40	0
Interest income	73,927.56	78
Interest and other expenses	-2,600.19	-1
Financial result	812,851.77	77
EBT (earnings before tax)	4,276,814.69	4.235
Income tax	-914,681.89	-542
Other tax	11,359.10	-4
Net profit	3,373,491.90	3,688
Undiluted earnings per share (in EUR)	0.20	0.25

* Accounting under IFRS

Group balance sheet – Assets

for the time period from 1 Januar to 30 June 2018*

	30.06.2018 EUR	30.06.2017 kEUR
Liquid funds	16,698,276.54	3,472
Trade receivables	13,110,087.45	6,527
Inventories	1,537,342.57	1,263
Other short-term financial assets	950,170.32	734
Other short-term assets	3,456,907.92	3,072
Income tax receivables	12,902.40	0
Short-term assets	35,765,687.20	15,068
Intangible assets	250,287.13	194
Company value	8,028,736.90	8,029
Tangible assets	4,551,743.54	2,797
Financial assets	8,763,687.34	5,911
Other long-term assets	91,045.13	135
Long-term assets	21,685,500.04	17,067
TOTAL ASSETS	57,451,187.24	32,135

* Accounting under IFRS

Group balance sheet – Liabilities

for the time period from 1 Januar to 30 June 2018*

	30.06.2018 EUR	30.06.2017 kEUR
Accruals	1,668,668.92	790
Trade payables	3,665,219.31	592
Bank loans	60.64	0
Other short-term financial liabilities	37,200.81	6
Other short-term liabilities	1,242,487.44	1,300
Short-term liabilities	6,613,637.12	2,688
Accruals	0.00	0
Liabilities to banks	182,172.10	0
Deferred tax	1,605.11	1
Long-term liabilities	183,777.21	1
Subscribed capital	16,500,000.00	15,000
Capital reserve	14,244,938.63	0
Legal reserve	679,206.70	679
Other retained earnings	13,755.41	14
Balance sheet profit	19,215,872.17	13,753
Equity	50,653,772.91	29,446
TOTAL LIABILITIES	57,451,187.24	32,135

* Accounting under IFRS

Consolidated cash flow statement

for the time period from 1 Januar to 30 June 2018*

	30.06.2018 EUR	30.06.2017 kEUR
Operating activities		
1. Net profit/ Period income	3,373,491.90	3,688
2. Depreciation on fixed assets	255,067.02	193
3. Change in long-term accruals	0.00	-4
4. Change in short-term accruals	-98,209.17	-69
5. Change in time ratings	-866.30	-3
6. Change in inventory	-127,202.87	147
7. Change in trade receivables and other assets	-4,071,033.42	-576
8. Change in trade payables and other liabilities	2,866,136.42	657
9. Profit / loss from the disposal of fixed assets	-6,616.64	0
10. Interest expense / income	-71,327.37	-67
11. Other investment income	-741,524.40	0
12. Tax expense / income	914,681.89	542
13. Income tax payments	-141,022.42	-352
Cash flow from operating activities	2,151,574.64	4.158
Investment activities		
1. Payments for investments in intangible assets	-144,530.34	-113
2. Payments for the acquisition of fixed assets	-776,456.34	-1,911
3. Payments for the acquisition of financial assets	0.00	-26
4. Interest income	73,927.56	67
5. Investment income	741,524.40	0
Cash Flow from investment activities	-105,534.72	-1,983
Financing activities		
1. Change of bank liabilities	-32,565.02	-14
2. Interest expenses	-2,600.19	-1
3. Dividends paid	0.00	-4,500
Cash flow from financing activities	-35,165.21	-4,514
Cash flow	2,010,874.71	-2,340
1. Liquid funds on 01 January 2018 / previous year	14,687,401.83	5,812
2. Liquid funds on 30 June 2018 / previous year	16,698,276.54	3,472
Change in liquid funds	2,010,874.71	-2,340

* Accounting under IFRS

Consolidated equity change account

for the time period from 1 Januar to 30 June 2018*

	Share capital EUR	Capital reserves EUR	Legal reserve EUR	Other retained earnings EUR	Balance sheet profit EUR	Total equity EUR
As of 1 January 2017	15,000,000.00	0.00	679,206.70	13,755.41	14,564,409.04	30,257,371.15
Net profit of period	0.00	0.00	0.00	0.00	3,688,460.60	3,688,460.60
Dividends	0.00	0.00	0.00	0.00	-4,500,000.00	-4,500,000.00
As of 30 June 2017	15,000,000.00	0.00	679,206.70	13,755.41	13,752,869.64	29,445,831.75
As of 1 January 2018	16,500,000.00	14,244,938.63	679,206.70	13,755.41	15,842,380.27	47,280,281.01
Net profit of period	0.00	0.00	0.00	0.00	3,373,491.90	3,373,491.90
Dividends	0.00	0.00	0.00	0.00	0.00	0.00
As of 30 June 2018	16,500,000.00	14,244,938.63	679,206.70	13,755.41	19,215,872.17	50,653,772.91

* Accounting under IFRS

Consolidated assets development

for the time period from 1 Januar to 30 June 2018*

	Acquisition procurement costs				Cumulated depreciation				Book values	
	01.01.2018	Addition EUR	Outflow EUR	As of 30.06.2018 EUR	As of 01.01.2018 EUR	Amortisation/ depreciation EUR	Attributions EUR	Outflow EUR	As of 30.06.2018 EUR	As of 01.01.2018 EUR
Intangible assets	328,126.36	144,530.34	0.00	472,656.70	-160,161.36	-62,208.21	0.00	0.00	250,287.13	167,965.00
Company value	8,028,736.90	0.00	0.00	8,028,736.90	0.00	0.00	0.00	0.00	8,028,736.90	8,028,736.90
Tangible assets	8,356,863.26	144,530.34	0.00	8,501,393.60	-160,161.36	-62,208.21	0.00	0.00	8,279,024.03	8,196,701.90
Tangible assets	4,624,643.89	783,073.98	-19,747.90	5,387,969.97	-663,114.52	-192,858.81	0.00	19,746.90	4,551,743.54	3,961,529.37
Financial assets	3,877,932.14	0.00	0.00	3,877,932.14	4,884,888.90	0.00	866.30	0.00	8,763,687.34	8,762,821.04
TOTAL	16,859,439.29	927,904.32	-19,747.90	17,767,295.71	4,061,613.02	-255,067.02	866.30	19,746.90	21,594,454.91	20,921,052.31

* Accounting under IFRS

Condensed notes (unaudited)

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1. General information

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

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

The consolidated interim financial statements for the period 1st January to 30th June 2018 of M1 Kliniken AG were compiled in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and according to IAS 34 "Interim Reporting", as this is to be applied in the European Union, on a voluntary basis. The figures are unaudited.

With regard to the methods of accounting, valuation and consolidation applied, together with exercising of the options contained in the IFRS, we refer to the appendix to the consolidated annual financial statement of 31st December 2017.

2. Basis of consolidation

No changes took place in the basis of consolidation during the period covered by this report. We refer to our presentation in the consolidated annual financial statement of 31st December 2017.

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

Liquid funds, which amount to kEUR 16,698 (31.12.2017: kEUR 14,687) are mostly bank deposits and recorded with their nominal value.

Trade receivables, which amount to kEUR 13,110 (31.12.2017: kEUR 9,188) are valued using the effective interest methods at amortised costs less any impairment. This increase was balanced until the release of this report.

Inventories, which amount to kEUR 1,537 (31.12.2017: kEUR 1,410) consist of finished products, which were valued at procurement and manufacturing costs. In accordance with IAS 2 all costs incurred by the acquisition of the respective inventories were included.

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

Other operating expenses, which amount to kEUR 2,797 (01.01.-30.06.2017: kEUR 2,468), comprise a large number of individual items such as rent, advertising and travel costs, legal and consulting costs etc.

Earnings before taxes (EBT) totalled kEUR 4,277 (30.06.2017: kEUR 4,235).

4. Dividends

The general assembly of shareholders was held on July 10, 2018. A dividend of EUR 0,30 per share was decided.

5. Contingent liabilities and other financial obligations

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

6. Events of particular significance after 30.06.2018

After the balance sheet date 30.06.2018, until the date of publishing of this report, no events of particular significance took place.

Berlin in August 2018



Patrick Brenske
Management Board



Dr. Walter von Horstig
Management Board

Further information

Glossary

AMNOG

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

Approval

An official authorisation which is required to offer, distribute or provide an industrially produced, ready-to-use drug.

Balance sheet profit

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

Botulinum toxin

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

Cash Flow

An economic indicator informing on the liquidity of a company. It represents the change of liquid funds during a period.

EBIT

Means earnings before interest and taxes and is an indicator of the operating profit of a company in a given period.

EBITDA

Means earnings before interest, taxes, depreciation and amortisation and corresponds to the EBIT plus depreciation and amortisation of tangible and intangible assets.

Hyaluronic acid

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

Dermal fillers

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



Imprint

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Dr. Albert Wahl

Deputy chairman of the supervisory board:

Uwe Zimdars

Member of the supervisory board:

Prof. Dr. Dr. Sabine Meck

Registry court:

Amtsgericht Charlottenburg

Register number:

HRB 107637 B

Conception, design and realisation:

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