HAEMATO AG

HEALTH *meets* SAFETY

Annual Report 2019

BRIEF OVERVIEW OF THE HAEMATO SHARE

HAEMATO AG achieved consolidated sales of 197.8 mEUR and an operating result (EBIT) of -19 kEUR. As of December 31, 2019, the price of HAEMATO AG shares was around 37 % lower than as of December 31, 2018. A dividend of EUR 0.10 per share for the 2018 financial year was distributed in July 2019.

KEY FIGURES (IFRS) IN EUR

Consolidated statement of comprehensive income	December 31, 2019	December 31, 2018
Revenues	197,834,803	274,120,538
EBIT	-18,680	6,559,889
Net profit for the period	-1,172,641	6,276,460
Consolidated balance sheet	**December 31, 2019**	**December 31, 2018**
Current assets	72,769,426	60,684,356
Non-current assets	55,797,743	55,832,045
Equity capital	72,218,707	75,676,343
Liabilities	56,348,462	40,840,058
Balance sheet total	128,567,169	116,516,401
Equity ratio	56.2 %	65.0 %
Dividend payment	2,284,995	6,594,000

KEY FIGURES OF THE SHARE

Class of shares	Bearer shares
Stock capital	22,867,154 EUR
Number of shares	22,867,154 pieces
WKN / ISIN	619070 / DE0006190705
Icon	HAE
Trading venues	Xetra, Frankfurt, Stuttgart, Hamburg, Berlin
Listing	Frankfurter Wertpapierbörse
First trading day	12/05/2005
Exchange segment	Entry Standard (Open Market)
Designated Sponsor, Listing Partner	ICF Kursmakler AG
Specialist	ODDO SEYDLER BANK AG
Coverage	GBC AG, First Berlin Equity Research GmbH

XETRA PRICE PERFORMANCE OF THE HAEMATO SHARE IN THE FISCAL YEAR 2019

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1. COMPANY PROFILE

HAEMATO AG

HAEMATO AG is a listed group of companies based in Berlin operating in the pharmaceutical sector. The Group is essentially based on two companies: **HAEMATO PHARM GmbH** and **HAEMATO MED GmbH.** At its Schönefeld location the HAEMATO Group has a commercial and production area of approx. 4,200 m^2 and 166 employees.

Mit Sicherheit HAEMATO pharm

HAEMATO MED

For 15 years, HAEMATO PHARM has been committed to making an active contribution to healthcare costs reductions thanks to the **(parallel) import and sale of inexpensive EU original medicinal products,** so that every patient can benefit from, often very costly, new therapies and treatment concepts. In oder to ensure permanently low prices, HAEMATO PHARM profits from the regional price differences between the individual European countries for its procurement activities. The focus is on the cost-intensive therapy areas of oncology, HIV/AIDS, neurology, rheumatology and other chronic diseases. The product portfolio of the company allows for the import and distribution of over 1,000 approved EU original medicinal products. Thanks to parallel imports of original medicines the health care system is able to save over EUR 240 million every year.

Being a company in the healthcare sector, HAEMATO MED develops and markets **medical devices and medical technology products for aesthetic surgery and cosmetic dermatology.** The focus is on close cooperation with doctors and customers in the area of aesthetic medicine. The key premise of HAEMATO MED is to consistently consider the expectations and needs of both target groups in all development steps combined with the latest technological and scientific knowledge leading to safety, quality and comfort of aesthetic treatment being enhanced. As an exclusive partner, HAEMATO PHARM supports the distribution of the products.

HAEMATO AG's **target markets** are Germany and Austria. New target markets are already being planned. Our customers include pharmacies, wholesalers, doctors and clinics. Our loyal clientele covers over 16 wholesalers and more than 6,000 pharmacies.

In **2020,** HAEMATO AG's product portfolio will expand towards the growing market of narcotic drugs in order to further expand the variety of our product range as a competitive advantage and to ensure a stable positioning in the dynamic pharmaceutical market.
In 2019 HAEMATO aquired the necessary legal permission for the import and distribution of narcotic drugs (BtM). In order to comply with the required storage of narcotic drugs HAEMATO carried out the necessary modifications on its site. It should be emphasized here that it is extremely difficult to obtain an import and distribution permit in the narcotics sector, since very stringent safety and quality requirements must be met. We are therefore especially proud to become a major player in this new business area and promising market.

1993 *Foundation of HAEMATO AG*

2005 *Foundation of HAEMATO PHARM GmbH at the Luckenwalde production site; Acquisition of manufacturing and wholesale license; New business area: Production of own generics (oncology)*

2007 *New business area: Parallel import of EU-pharmaceuticals*

2008 *Expansion of the indications: HIV/AIDS*

2009 *New production site in Schönefeld; Supply contract from the state government of Brandenburg for the delivery of the "New Influenza" vaccine (Swine influenza)*

2010 *Market launch in Austria; start as a training company*

2011 *Market launch in Denmark; expansion of the indications: rheumatology and neurology*

2012 *700 medicinal product registrations*

2014 *Foundation of HAEMATO MED GmbH; Site expansion by 1,000 m^2 to a total area of around 4,200 m^2*

2018 *More than 1,000 medicinal product registrations*

2019 *Business authorization and parallel trade license to deal with narcotic drugs*

1.1 Key Figures of HAEMATO AG

4,200 m²
Total area at the Schönefeld site

Employees
166

Regular customers in Germany (pharmacies, clinics and doctors)
5,100

Regular customers in Austria (pharmacies, clinics and doctors)
2,000

Medicinal product registrations
1,000

23 Suppliers from European countries

Product range: Indications

Oncology
37 %

Cardiovascular diseases
22 %

Neurological diseases
14 %

Diverse
14 %

HIV/AIDS
10 %

Rheuma-tology
3 %

Packages sold per year
430,000

Number of no-par-value shares
22,867,154

Equity ratio
56.2 %

Total Sales
kEUR 197,835

2. LETTER TO THE SHAREHOLDERS

Dear Shareholders,
Dear Sirs and Madams,

HAEMATO AG achieved IFRS consolidated sales of 197.8 mEUR, an operating result (EBIT) of -19 kEUR and a net loss of 1.17 mEUR in the financial year 2019.

The result, which was unsatisfactory for us, had several causes.

Initially, at the beginning of 2019, we continued the streamlining of the product portfolio and disposing of low-margin products. In the first quarter of 2019, the commencing weakness in sales of significant revenue drivers became apparent. These products have been replaced by so-called biosimilars on a scale and at a speed that has been unprecedented. They were not immediately available to us at the early stage of the product launch. Our market environment was also negatively impacted by product recalls that were ordered by the authorities as precautionary measures. The public debate on the import quota led to further uncertainty among our customers.
All of the causes, which occurred almost simultaneously, led to a decline in sales into the third quarter of 2019. This negative trend was finally halted in the fourth quarter of 2019 and revenues of EUR 56 million were generated. The EU-wide directive on falsified medicines established in the first quarter of 2019 and the newly regulated import quota that came to force on the 1st of July 2019 enabled the market conditions to normalize again.

The financial result also reflects the strength of the business model. Only a few companies are able to generate an almost balanced EBIT with a sales loss of 28%. We used the year 2019 to carry out the necessary restructuring. In this way, the strategically important areas of procurement, sales and IT were strengthened without the increase in the expenditures for personnel.

The negative economic effects of the coronavirus pandemic are currently relatively small for the HAEMATO Group. As a systemically important pharmaceutical company, we have up to now fully maintained our business operations. The extent to which this will be possible in the future depends on the epidemiological and economic developments.
It is of great importance to us that the European pharmaceutical markets remain open. After initial restrictions in the individual countries, some of the markets have been now re-opened. As an inexpensive supplier we are optimally positioned to cope with the future challenges of the economic burdens of the post-corona period.

Especially in the current difficult times, we consider the strong commitment of our employees to be one of the major factors in sustaining our success in the future. We would like to thank in particular our employees for their daily commitment and loyalty.

Uwe Zimdars	Daniel Kracht
Executive Board	Executive Board


HAEMATO
pharm
50

3. REPORT OF THE SUPERVISORY BOARD

3.1 Supervision of Management and Cooperation with the Executive Board

In fiscal year 2019, the Supervisory Board of HAEMATO AG exercised the duties incumbent upon it under the law and the Articles of Association with great care. The management of the company was monitored by the Supervisory Board. The Executive Board was advised in its activities by the Supervisory Board within the scope of exercising its control rights. The Supervisory Board was involved by the Executive Board in all decisions of fundamental importance to the company. The Executive Board regularly informed the Supervisory Board verbally, by telephone and in writing in a timely manner about significant events in the course of business, the economic situation of the Company and the Group, corporate planning and investment measures. The Supervisory Board was able to satisfy itself of the correctness of the management.

3.2 Meetings, Deliberations and Resolutions

The Supervisory Board held five ordinary meetings in the 2019 financial year (26. February, 30. April, 9. July, 10. October, 17. December). All sessions were quorate.

Among other things, the meetings focused on the following topics:

- the situation of the company
- strategic development and its operational implementation
- the current competitive, organisational and personnel situation
- short and medium-term investment planning
- the annual report and the interim report of the Group prior to their publication
- status of development projects
- political situation of parallel imports
- status of financing negotiations

Further informal meetings and telephone conferences were held between the Supervisory Board and the Executive Board to discuss new key business policy developments.

3.3 Annual Financial Statement

The Supervisory Board satisfied itself of the regularity of the management. The annual financial statements prepared by the Executive Board, the consolidated financial statements and the combined management report of HAEMATO AG and the HAEMATO Group for the fiscal year ended December 31, 2019 were audited, including the bookkeeping, by Dipl.-Kfm. Harry Haseloff, Berlin, who was appointed as auditor by the Annual General Meeting, and issued an unqualified audit opinion.

The annual financial statements, the consolidated financial statements, the combined management report of the HAEMATO AG and the Group, the auditor's reports and the proposed appropriation of the balance sheet profit were submitted to each member of the Supervisory Board in good time before the balance sheet meeting on April 21, 2020. At the balance sheet meeting on April 21, 2020, the auditor reported the main results of his audit and was available to answer questions from the members of the Supervisory Board. The Supervisory Board examined the annual financial statements and the consolidated financial statements prepared by the Executive Board.
On the basis of its own review the Supervisory Board approved the annual financial statements and the consolidated financial statements prepared by the Executive Board at the Supervisory Board meeting on April 21, 2020. The annual financial statements are thus adopted.

At the Supervisory Board meeting on April 21, 2020 the Supervisory Board approved the results of the auditors's audit and, after ist own review of the annual financial statements, the consolidated financial statements and the proposal for the appropriation of the balance sheet profit, the Supervisory Board raised no objections.

3.4 Dependency Report

HAEMATO AG prepared a dependent company report for the fiscal year ended December 31, 2019 in accordance with section 312 AktG.

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

At the accounts review meeting on April 21, 2020, the auditor reported on the results of his audit and confirmed the correctness of the factual statements made in the dependency report. He also confirmed that according to the legal transactions listed in the statement the company's performance was not unduly high or any disadvantages were compensated and that for the measures listed in the report, there are no circumstances that result in a significantly different assessment than the one made by the Executive Board.

The dependent company report and the auditor's report on it were submitted to the Supervisory Board in good time before the balance sheet meeting on April 21, 2020 in accordance with section 314 AktG. At its meeting on April 21, 2020 the Supervisory Board thoroughly examined the dependent company report for completeness and correctness. The Supervisory Board concluded that there were no objections to the declaration of the Executive Board at the end of the report on relations with affiliated companies and approved the dependent company report.

3.5 Composition of the Supervisory Board

In the period from January 1, 2019 to December 31, 2019, the Supervisory Board was composed of Supervisory Board members Andrea Grosse (Chairwoman), Prof. Dr. Dr. Sabine Meck (Deputy Chairwoman) and Dr. Marion Braun (Member).

3.6 Other

The Supervisory Board would like to thank the Executive Board, Mr. Uwe Zimdars and Mr. Daniel Kracht, for the successful management of the HAEMATO Group and the pleasant, contructive and successful cooperation in 2019.

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

Berlin, April 30, 2020

Andrea Grosse
(Chairwoman of the Supervisory Board)

4. COMBINED MANAGEMENT REPORT OF HAEMATO AG AND THE GROUP

4.1 Fundamentals of the Company

4.1.1 Company Business Model

The HAEMATO Group is active in the pharmaceutical sector. Business activities focus on the growth markets of off-patent and patent-protected drugs in the insurance-financed market. The focus is on treatments for cancer, HIV, rheumatology and other chronic diseases. The portfolio is supplemented by products for the privately financed market for aesthetic treatments. The principle customers are pharmacies and wholesalers as well as doctors and hospitals.

4.1.2 Research and Development

We do not carry out research and development.

4.2 Economic Report

4.2.1 Macroeconomic, Industry-Related Framework Conditions

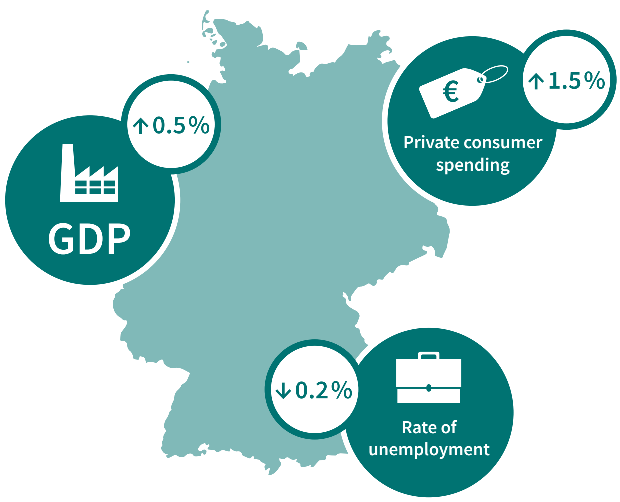
4.2.1.1 Overall Economy

The expansion of the global economy has lost further momentum in 2019.[1] The impact of Brexit and the trade tensions between the US and China and Europe have also dampened the euro economy.[2]

For the German economy, 2019 was a year of downturn. The main reason for this is the significant decline in industrial production, which is particularly affected by the gloomy global economic environment.[3]

Following the brisk expansion at the beginning of the year, the German economy virtually stagnated in the summer half-year and there were no signs of significant momentum in the final quarter either. Nevertheless, exports increased noticeably in the third quarter and expanded at the same pace until the end of the year.[4]

The gross domestic product (GDP) recorded an annual average increase of only 0.5 % (euro zone GDP: 1.1 %). The main economic drivers were government consumption spending, which grew by 2.1 % (2018: 1.4 %), investment in residential construction, which grew by 4.1 % (2018: 2.5 %), and private household consumption, which increased by 1.5 % (2018: 1.3 %). The renewed increase in wages and the simultaneous, albeit slower, increase in employment led to significantly higher real wage growth. Nominal disposable income increased by 2.9 % compared to the previous year. The number of unemployed persons fell by around 700,000 and the unemployment rate was 5.0 % (2018: 5.2 %).[5]



4.2.1.2 Pharmaceutical Market

The German pharmaceutical market is a large part of the healthcare industry. The pharmaceutical industry employs almost 130,900 persons and has an annual turnover of over 40 billion euros.[6]
According to the cost structure statistics of the Federal Statistical Office, 521 pharmaceutical companies were registered in the Federal Republic of Germany for the year 2017. Almost 91% of pharmaceutical companies employ fewer than 500 persons.[7]

No industry sector invests more in research and development (R&D) than the pharmaceutical sector. According to the latest report of the Expert Commission for Research and Innovation (EFI), the pharmaceutical industry reinvested 14% of its turnover from its own products for internal R&D projects and, as in previous years, is ahead of the automotive, aerospace, mechanical engineering and chemical industries.[8]

In October 2019, around 33.6 million persons were employed and obliged to make social security contributions in the Federal Republic of Germany.[9] For many years, SHI benefit expenditure as a share of GDP has been below 1.2%.[10]
SHI drug expenditures are also at a comparable level of about 15% to 16% of total SHI expenditures and have been for about 30 years. The financial reserves of the SHI system currently amount to around 21 billion euros.[11]

Nevertheless, the pharmaceutical industry continues to come under pressure. Health insurance companies achieve considerable annual savings (4.4 billion euros in 2018) through discount agreements alone.[12] Since the introduction of AMNOG, health insurance companies have also been saving money by negotiating reimbursement amounts. The annual savings rose from 144 million euros in 2013 to an estimated three billion euros in 2019.[13] The continuous formation of reference prices leads to annual savings for the SHI system of 8.2 billion euros.[14] The continuing price moratorium and the mandatory discounts that have been paid since 2003 are an additional burden on the entire industry.

Pharmaceutical manufacturers in Germany receive about 50% of the pharmacy retail price of a drug. The other half is divided between wholesale and pharmacies, as well as VAT and granted discounts.[15]

More than half of all drugs sold in the SHI market are discount regulated (2018: 59.0%). In June 2019, 109 health insurance companies concluded 15,823 contracts with 227 pharmaceutical companies for 18,560 forms of trade. One year earlier, in June 2018, there were 111 health insurance companies with 209 manufacturers. The number of contracts amounted to 16,182 for 17,547 forms of trade.[16]

In the first nine months of 2019, sales of drugs in the overall pharmaceutical market (pharmacy and clinic) grew by 7% to 34 billion Euros. Consumption amounted to around 73 billion units and thereby rose by barely 1%.[17] The largest growth in turnover and sales in the overall market was recorded by the inpatient sector, with an increase of 9% to 4.9 billion euros.[18] In the first quarter, the outpatient sector posted three percentage points more revenue growth than the pharmacy market, due to the use of new special cancer and severe autoimmune and hereditary disease treatments. The top ten drug groups in the hospital market recorded total growth of +13% in the first nine months of 2019.[19]

In the first nine months of 2019, pharmacy turnover rose by 6% compared with the previous year. According to this, public pharmacies and mail-order pharmacies sold a total of 1.2 billion packages worth 28 billion euros.[20] Six of the ten leading drug groups in the pharmacy market posted double-digit growth in the first nine months of 2019. In total, the ten groups gained 11%.[21]
According to the evaluation, the top-selling product groups in the period from January to September 2019 include pain relievers, topical cold remedies, beta-blockers, ulcer therapeutics and antirheumatic drugs.[22] Sales of prescription-only medicines increased by 7% to around 24 billion euros. The market volume amounted to 559 million packages (+1%).[23]

In the first three quarters of 2019, SHI drug expenditure less discounts from manufacturers and pharmacies (excluding savings from discount agreements) was 5% above the previous year's figure and amounted to 31 billion euros.[24] The additional expenditure compared with the same period of the previous year amounted to EUR 1.37 billion. A good 40% of this was attributable to various innovative cancer treatments, preparations for the prophylaxis of strokes, interleukin inhibitors, antirheumatic drugs and new treatments for cystic fibrosis.[25]

Pharmaceutical market figures 12/31/2019

Source: The IQVIA Market Report: Developments in the German Pharmaceutical Market in 2019

46.4 bn EUR

Revenues in the overall pharmaceutical market

98 bn EUR

Units sale volume in the pharmaceutical market (capsules, strokes, portion bags etc.)

↑6%

Pharmaceutical turnover pharmacy market

↑10%

Pharmaceutical turnover clinic market

2019

3.2 bn

Sold pharmaceutical packages in the pharmacies

↑4,7%

41.7 bn EUR

SHI expenditure on pharmaceuticals
(oncological therapies account for 42 % of the additional expenditure)

↑7%

33 bn EUR

Revenues for prescription-only medicines in pharmacies

TOP 10 TOP 10 TOP 10 TOP 10 TOP 10
TOP 10 TOP 10 TOP 10 TOP 10 TOP 10

↑10%

Increase in the ten leading drug groups in the pharmacy market

4.2.2 Business Development

The HAEMATO Group is a pharmaceutical manufacturer and distributes its own generic drugs as well as imported European drugs. In addition, the HAEMATO Group offers drugs of other manufacturers, which are approved in Germany, within the scope of the wholesale authorization.

Group sales declined in 2019 to EUR 197.83 million (previous year EUR 274.12 million), a drop of 27.8 %.

This effect is due in particular to the ongoing tense and price-aggressive competitive situation, media and political unrest in the parallel import business and the associated uncertainty in the health care system. The calendar year was also marked by the obligation to implement Directive 2011/62/EU on the Community code relating to medicinal products for human use as regards the prevention of the entry of counterfeit medicinal products into the legal supply chain in conjunction with Delegated Regulation (EU) 2016/161 supplementing Directive 2001/83/EC. The HAEMATO Group was able to successfully implement the systems to equip the drugs with the required safety features. Unfortunately, there were technical challenges with the database systems of pharmaceutical manufacturers established throughout Europe, which resulted in delays in the market release of drugs.

The net loss for the year 2019 was EUR 1.17 million, compared to a net profit of EUR 6.28 million in the previous year.

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

4.2.3 Situation

4.2.3.1 Earnings Situation of the HAEMATO Group (IFRS)

The company's sales are mainly generated with parallel imports and original pharmaceuticals. Our sales here depend heavily on the product range policy of pharmacists and wholesalers.

The cost of materials in relation to the Group's sales increased slightly from 92.3 % in 2018 to 93.1 % in 2019. The personnel cost ratio rose slightly compared with the previous year and is 3.2 % in 2019. This represents an increase of 0.9 % compared to 2018. In nominal terms, personnel costs are almost constant compared to the previous year. Our employment situation can be described as good.

4.2.3.2 Financial Situation of the HAEMATO Group (IFRS)

Our financial situation can be described as stable. Our financial management is geared towards always settling liabilities within the payment period and collecting receivables within the payment period.
Our capital structure is stable. Equity decreased from EUR 75,676k to EUR 72,219k compared to 2018. The main reason for this is the annual result of HAEMATO AG from 2019.
The equity ratio fell to 56.17 % in 2019, and in 2018 the figure was 64.95 %. The dividend payment amounted to EUR 2,285k. This corresponds to EUR 0.10 per share entitled to dividend as of December 31, 2018.

Liabilities to banks represent 19.57 % (previous year: 18.59 %) of the balance sheet total. Non-current liabilities to banks from the previous year are shown in full under current liabilities. The change in the maturity of liabilities to banks is due on the one hand to the optimization of liquidity management in the past calendar year. As an example, financing costs have been significantly reduced by making less use of credit lines. On the other hand, credit lines expire in 2020. We have been in negotiations on this for some time now in order to ensure long-term financing. We use the credit lines granted by our banks to finance our sales transactions. We have higher credit lines than we make use of on average.

Trade accounts payable amount to 15.26 % of the balance sheet total. All liabilities can always be settled within the payment terms.

Our investment activities in property, plants and equipment are low. The focus of investment activity will continue to be on obtaining licenses. In addition, investments in new business areas which can be paid for from current cash flow, were further driven forward.

Long-term investments are covered by our equity.
The liquidity situation is satisfactory.

The financial development of the HAEMATO Group in the reporting period is shown in the cash flow statement with indirect determination of the cash flow from ongoing business activities as follows:

Cash flow from	2019 kEUR	2018 kEUR
ongoing business activity	-2,763.3	557.9
investment activity	-701.3	6,208.2
financing activities	48.5	-7,636.3
	-3,416.1	-870.2

4.2.3.3 Net Assets of the HAEMATO Group (IFRS)

The financial situation of the HAEMATO Group can still be described as good compared to the balance sheet date of the previous year.

Inventories increased to EUR 55,441 thousand compared to the previous year's balance sheet date (previous year: EUR 44,377k).

The fixed assets remain constant in relation to the previous year in total at EUR 55,625k (previous year: EUR 55,697k). Trade receivables rose from EUR 7,320 thousand in 2018 to EUR 10,944 thousand in the 2019 financial year.

The liquidity situation remains satisfactory. In 2019, the HAEMATO Group has EUR 2.10 million at its disposal (previous year: EUR 5.60 million) liquid funds.

Our economic situation can be described as good overall.

4.2.3.4 Earnings Situation of HAEMATO AG (HGB)

HAEMATO AG was able to achieve a net profit of EUR 3,991k in the business year 2019 (previous year: EUR 8,974k).

Revenues in the 2019 financial year amounted to EUR 0 thousand (previous year: EUR 7,343k).

4.2.3.5 Financial Situation of HAEMATO AG (HGB)

HAEMATO AG is basically financed by equity capital in the amount of EUR 57,906k (previous year: EUR 56,200k).

As of December 31, 2019, HAEMATO AG has liquid funds amounting to EUR 413k (previous year: EUR 128k).

HAEMATO AG had an equity ratio of 99.83 % at the end of the business year 2018. The equity ratio remained constant at 99.86 % in the 2019 financial year.

The accruals of HAEMATO AG amounted to a total of EUR 62k (previous year: EUR 50k) as of December 31, 2019.

4.2.3.6 Asset Situation of HAEMATO AG (HGB)

The asset situation is essentially characterized by the increase in the investments. While the financial assets still amounted to EUR 55,994 thousand in 2018, additions increased the investments to EUR 57,544 thousand.

4.2.3.7 Financial Performance Indicators of the HAEMATO Group (IFRS)

For our internal corporate management, we use the key figures return on equity and EBIT.

The return on equity before taxes for the financial year 2019 was -1.6 % (previous year 10.3 %).

The EBIT amounts to EUR -18.7 thousand (previous year: EUR 6,559.9k), EBITDA amounts to EUR 1,896.6k (previous year EUR 8,015.9k).

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

4.3 Forecast Report

4.3.1 General Economic Outlook

Trade policy uncertainties continue to weigh on the outlook and remain a risk to forecasts. The global economy is unlikely to lose momentum any more, but the increase in production will remain modest.[26]

The United Kingdom's withdrawal from the EU is approaching without the design of future arrangements having been negotiated. The short negotiation period must therefore be sufficient to establish a free trade agreement with the EU-27 states and to allow undisturbed trade.[27]

There were signs of stabilization towards the end of the year. In the euro zone, GDP is expected to grow by 1.2 % and 1.1 % in 2019 and 2020 respectively.[28]

The German industrial downturn should be overcome in the course of the coming year. Macroeconomic production is expected to stabilize in 2020. As in previous years, the decisive force here remains the domestic economy. The gross domestic product (GDP) is expected to increase by 0.8 % on an annual average.[29]

Demographic change is in full swing and the proportion of older people in the total population is growing continuously. This development poses enormous challenges for the health care system. The pharmaceutical market in Germany has grown steadily in recent years.[30]

Pharmaceutical companies supply new drugs for healthcare every year and are increasingly able to develop patient-specific drugs. It is expected that more than 30 drugs with a new active ingredient will be launched in Germany next year; in 2019, the number was 25.[31]

The focus in terms of drug innovations in 2020 will be on oncology. For the second time after 2019, an anti-cancer drug has received approval for any tumor that has a specific gene mutation.[32]

There is also hope for two gene therapies that are used for the treatment of certain rare diseases (so-called orphan diseases). There are about 7,000 of these conditions and, according to the definition of the European Medicines Agency (EMA), they affect at most five out of 10,000 people (in Germany about 4 million patients).[33]

Global sales of orphan drugs are projected to increase by 12.3 % between 2019 and 2024. By 2024, turnover is expected to reach USD 242 billion, which is one fifth of the worldwide turnover of prescription drugs. Drugs for oncological indications dominate the orphan drug pipeline landscape, as do cell and gene-based treatments.[34]

In addition, new perspectives are opening up in the field of "biosimilars". A biosimilar is a follow-up product of a formerly patented biopharmaceutical. Biosimilars have been available in the EU for 13 years. At the end of 2018, 56 biosimilars for 13 different active ingredients had been approved.[35]

The potential in this sector is estimated to be very large due to its high growth rate and dynamics.[36]
The patent expirations of blockbuster treatments have a historical significance for the industry. Successor products to the original drugs quickly gain a foothold in the market and are well supplied. This development massively reduces the burden on the health system, because cheaper alternatives with the same high quality are fundamental to medical patient care.[37]

The German Act for More Safety in the Supply of Pharmaceuticals (GSAV), which came into force in August 2019, promotes the market penetration of biosimilars.[38] The switch to biosimilars could save the health insurance companies billions of euros.[39]

Pharmacotherapy is the most important therapeutic measure, especially for old, multimorbid patients and often represents a permanent treatment for chronic diseases. It will gain in importance in the future due to medical progress and the ageing of our society.[40]

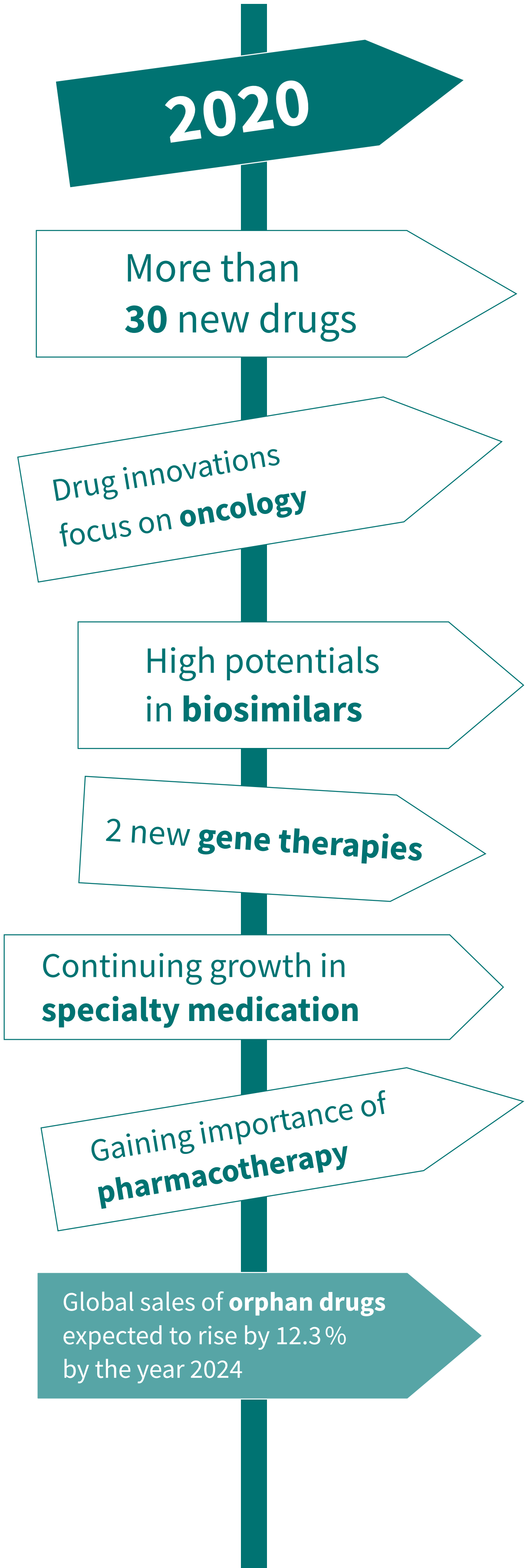
According to a forecast by IQVIA, the pharmaceutical market in Germany will grow between 3 and 6 % by 2023. Growth will continue to result mainly from specialty therapeutics, such as drugs for the treatment of cancer and autoimmune diseases, immunodeficiency diseases, HIV infection and multiple sclerosis.[41]

Against the backdrop of demographic changes, which bring with them an increasing demand for low-cost drugs and focus on the savings efforts of the health insurance companies, the HAEMATO Group, with its focus on generics, EU original drugs and low-cost specialty drugs, believes to have a stable basis for future growth. The future focus of HAEMATO is to shift from generics to specialty drugs.

In recent years, this pharmaceutical sector has developed from a niche product to a megatrend and is growing disproportionately. The HAEMATO Group is already very well positioned in this segment. With our direct access to 5,000 pharmacies in Germany alone, we can still grow significantly in this segment.

In addition, pharmaceutical, medical and medical-technical products for aesthetic surgery and cosmetic dermatology will be developed by HAEMATO Med. We expect this expansion of the product range to have a positive effect on sales and margins in the coming months.

The above estimates are based on the assumption of a relatively undisturbed overall economic development. The corona pandemic beginning in the first quarter of 2020 is likely to have a massive negative impact on overall economic development. Length and intensity of recovery period are decisive factors, which cannot currently be fully assessed. In addition, it is to be expected that the overall economic situation after the pandemic can no longer be compared with the previous situation before the pandemic.



4.3.2 Business Outlook

We assess the company's expected development positively. The pharmaceutical industry continues to offer high growth potential if service, price and quality are strictly aligned with customer requirements and opportunities within the value chain are consistently exploited. We see the possible expansion of our market share in the parallel import business as well as the development of new business fields as the biggest growth engine for the future development of the HAEMATO Group.
We counter the risk of supply bottlenecks by diversifying our procurement activities for the majority of products. The implementation of Directive 2011/62/EU with the start of February 9, 2019 brings security in the area of procurement and will form a more stable business basis for the coming financial years.

We expect an increase in sales volume of more than 10 % in the 2020 financial year through consistent implementation of the measures introduced, which will contribute to a significant improvement in EBIT through an increase in gross profit. This will consequently also lead to an improvement in the financial position and contribute to a positive operating cash flow.
We will support the further expansion of our cooperation with statutory insurance carriers with an optimized purchasing policy through more efficient use of the existing database. By opening up new sales markets, we will also attempt to sustainably increase the earnings potential for future reporting periods.

Changes to the import promotion clause anchored in the German Social Security Code could have an impact on our business model. However, the partly divergent efforts in politics, the health care industry and insurance companies do not allow for a forecast of the opportunities and risks.

The above forecasts are based on a quick elimination (V-course) of the economic restrictions caused by the corona pandemic. If the restrictions persist over several months, the resulting effects cannot be reliably predicted.

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

4.4 Risk Report

4.4.1.1 Industry-Specific Risks

Legal regulatory measures throughout the European Union, strong margin pressure 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 pharmaceuticals can have a negative impact on our sales and earnings situation.
Original manufacturers are still trying to impose quotas on individual European markets or use single-channel distributors to make exports more difficult.
In addition, the original manufacturers are trying to make exports more difficult by obtaining high list prices and concluding subsequent discount agreements. There is also a fundamental risk that selling prices in the various EU countries will gradually converge or that export bans will be imposed in individual countries or for individual preparations.

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

The outbreak of the coronavirus may give rise to macroeconomic risks that could lead to significant declines in economic growth worldwide. Risks for the HAEMATO-Group could not only affect the development of sales, but also lead to considerable impairment of production, the procurement market and the supply chain.

4.4.1.2 Profit-Oriented Risks

The competitive risks have increased due to new competitors in the industry. We expect to be able to further expand our market share in the mid-term thanks to our strong direct sales. However, additional costs or investments are to be expected in the course of further organizational optimizations.

4.4.1.3 Financial Risks

Liquidity risks are not currently identifiable for our company due to its stable liquidity and equity situation.

There are no material currency risks that could affect the net assets, financial position and results of operations of the Company. Goods deliveries from foreign currency countries are processed within very short deadlines.

We make use of credit lines granted by a bank consortium for the financing of working capital. These agreements define financial ratios, their non-compliance can in principle lead to termination options for individual lenders. The credit lines made available are regularly not fully utilized. Thanks to a rolling corporate and financial planning system, we are always in a position to react at short notice to changes in our financial requirements. In addition, we finance ourselves through customer factoring. The long-term tranches of working capital lines are due for refinancing in the coming calendar year. Discussions with existing and potentially new banks were already started at the end of 2019.

Financial risks for the HAEMATO Group are hardly predictable as a result of the increasing corona pandemic since the end of February. In the course of a temporary impairment, the listed investments held on a long-term basis could have a not insignificant impact on the financial result and thus have a significant influence on the overall result of the Group.

The liquidity situation is satisfactory; no shortfalls are expected.

4.4.1.4 Risk Management System

The HAEMATO Group uses a risk management system for the systematic identification of significant risks and risks threatening the existence of the company in order to evaluate their effects and to develop suitable measures.

The aim of the risk management system is essentially to avoid financial losses, failures or disruptions or to implement suitable countermeasures without delay. Within the framework of this system, the Management Board and Supervisory Board are informed of risks at an early stage. Important mechanisms for early detection are the monitoring of liquidity and earnings development. The monitoring of the operative development and the determination of timely deviations from the plan is the task of Controlling. If necessary, the respective heads of the specialist departments, together with the Executive Board, decide on the appropriate strategy and measures for managing risks.

4.4.2 Opportunities Report

The healthcare market is and will remain a growth market. Our specialization in oncology, HIV and other chronic diseases will enable us to participate in this growth.

Growth-supporting effects can also be expected from the development of new business fields.

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

We will continue to meet the increasing competition among suppliers in our segment with experience, innovations, reliability and a high level of quality.

4.4.3 General Statement

We continue to see risks to future development due to uncertainty related to the course of the corona pandemic, a difficult competitive environment, rising purchase prices and stagnating sales prices. In addition, regulatory measures may pose risks to development. Against the background of our financial stability, however, we consider ourselves well equipped to deal with future risks.

4.5 Risk Reporting on the Use of Financial Instruments

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

The company has a solvent customer base. Bad debt losses are the absolute exception. There is also credit insurance for potential bad debts.

Liabilities are paid within the agreed payment periods.

In the short-term area, the company is mainly financed by supplier credits and credit lines from various banks.

The company pursues a conservative risk policy in managing its financial positions.

Where default and credit risks are discernible for financial assets, appropriate value adjustments are made. The company has an adequate accounts receivable management system to minimize default risks. There is also trade credit insurance. Furthermore, we always inform ourselves about the creditworthiness of our customers before entering into a new business relationship.

4.6 Report on Branches

The company does not maintain branches.

4.7 Final Declaration Pursuant to § 312 Number 3 Paragraph 3 AktG

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

Schönefeld, February 26, 2020

HAEMATO AG Uwe Zimdars	HAEMATO AG Daniel Kracht
Management Board	Management Board

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5. CONSOLIDATED FINANCIAL STATEMENTS

5.1 Consolidated Balance Sheet – Assets

According to IFRS

	Notes	December 31, 2019 EUR	December 31, 2018 EUR
Cash and cash equivalents	6.2.1	2,100,938	5,599,318
Trade receivables	6.2.2	10,943,633	7,320,190
Inventories	6.2.3	55,440,878	44,376,931
Other current financial assets	6.2.4	2,761,363	2,889,402
Other current assets	6.2.5	666,284	456,907
Income tax receivables	6.2.6	856,331	41,607
Current assets		72,769,426	60,684,356
Intangible assets	6.2.7	38,249,018	38,677,024
Tangible assets	6.2.8	2,166,462	1,046,831
Other non-current financial assets	6.2.9	15,246,994	15,972,700
Other non-current assets	6.2.10	135,268	135,490
Non-current assets		55,797,743	55,832,045
TOTAL ASSETS		128,567,169	116,516,401

5.2 Consolidated Balance Sheet – Liabilities & Equity

According to IFRS

	Notes	December 31, 2019 EUR	December 31, 2018 EUR
Current accruals	6.3.1	1,356,755	360,474
Income tax liabilities	6.3.2	661,469	683,057
Trade payables	6.3.3	19,621,836	8,469,399
Current leasing liabilities	6.3.4	518,236	0
Other current financial liabilities	6.3.5	28,897,171	7,679,875
Other current liabilities	6.3.6	97,348	335,734
Contractual and refund liabilities	6.3.7	4,377,622	7,954,140
Current liabilities		55,530,437	25,482,678
Non-current accruals	6.3.8	52,554	25,579
Non-current leasing liabilities	6.3.4	562,610	0
Other non-current financial liabilities	6.3.9	0	15,000,000
Deferred tax liabilities	6.3.10	202,861	331,801
Non-current liabilities		818,025	15,357,380
Subscribed capital	6.3.11	22,867,154	22,867,154
Own shares acquired	6.3.11	-17,201	-17,201
Capital reserve	6.3.11	22,367,791	22,367,791
Capital reserve for treasury stock	6.3.11	-85,799	-85,799
Retained earnings	6.3.11	27,086,762	30,544,398
Equity		72,218,707	75,676,343
TOTAL LIABILITIES & EQUITY		128,567,169	116,516,401

5.3 Consolidated Statement of Comprehensive Income

According to IFRS

Profit and loss statement	Notes	December 31, 2019 EUR	December 31, 2018 EUR
Revenues	6.4.1	197,834,803	274,120,538
Increase or decrease in finished and unfinished goods	6.4.2	0	-984
Other operating income	6.4.3	1,459,897	1,733,524
Cost of materials	6.4.4	-184,236,272	-252,994,712
Personnel expenses	6.4.5	-6,307,752	-6,322,109
Other operating expenses	6.4.6	-6,854,104	-8,520,316
Result from ordinary business activities | EBITDA		1,896,572	8,015,942
Depreciation	6.4.7	-1,915,252	-1,456,052
Operating result | EBIT		-18,680	6,559,889
Income from investments	6.4.8	319,961	319,662
Other interest and similar income	6.4.9	8,239	16,217
Interest and similar expenses	6.4.10	-771,887	-1,075,141
Appreciation from the valuation of financial assets		18,777	1,943,288
Depreciation from the valuation of financial assets		-744,483	0
Financial result		-1,169,393	1,204,027
Earnings before taxes | EBT		-1,188,073	7,763,916
Taxes on income and earnings	6.4.11	19,307	-1,484,679
Other taxes	6.4.12	-3,875	-2,777
Net profit/loss for the year		**-1,172,641**	**6,276,460**
Undiluted earnings per share (in EUR)	6.4.13	-0.05	0.27

5.4 Consolidated Statement of Changes in Equity

According to IFRS

	Subscribed capital EUR	Own shares acquired EUR	Capital reserve EUR
January 1, 2018	21,980,000	0	17,954,030
Net profit for period	0	0	0
Capital increase	887,154	-17,201	0
Transaction costs equity instruments	0	0	-11,385
Allocation to reserves	0	0	4,425,146
Dividends	0	0	0
December 31, 2018	22,867,154	-17,201	22,367,791
January 1, 2019	22,867,154	-17,201	22,367,791
Net profit for period	0	0	0
Dividends	0	0	0
December 31, 2019	22,867,154	-17,201	22,367,791

	Capital reserve for treasury stock EUR	Retained earnings EUR	Equity capital EUR
January 1, 2018	0	30,861,938	70,795,969
Net profit for period	0	6,276,460	6,276,460
Capital increase	0	0	869,953
Transaction costs equity instruments	0	0	-11,385
Allocation to reserves	-85,799	0	4,339,347
Dividends	0	-6,594,000	-6,594,000
December 31, 2018	-85,799	30,544,398	75,676,343
January 1, 2019	-85,799	30,544,398	75,676,343
Net profit for period	0	-1,172,641	-1,172,641
Dividends	0	-2,284,995	-2,284,995
December 31, 2019	-85,799	27,086,762	72,218,707

5.5 Consolidated Cash Flow Statement

According to IFRS

	12/31/2019 EUR	12/31/2018 EUR
Cash flow from business activities	**-2,763,338**	**557,870**
Result for the period	-1,172,641	6,276,460
Depreciation and amortization of fixed assets	1,915,252	1,456,052
Increase / decrease in non-current accruals	26,975	12,230
Increase / decrease in current accruals	996,281	-12,241
Increase / decrease of fair values	725,706	-1,943,288
Increase / decrease in inventories	-11,063,947	524,969
Increase / decrease in trade receivables and other assets	-3,704,443	1,064,384
Increase / decrease in trade payables and other liabilities	10,054,040	-7,467,512
Profit / loss from the disposal of fixed assets	0	-546,348
Interest expenses / income	744,651	1,058,923
Other investment income	-319,961	-319,662
Income tax expenses / income	-19,307	1,484,679
Income tax payments	-945,944	-1,030,776
Cash flow from investment activities	**-701,339**	**6,208,166**
Proceeds from the disposal of intangible assets	7,011	1,617
Payments made for investments in intangible assets	-748,509	-990,244
Proceeds from the disposal of fixed assets/ investment properties	56,211	7,407
Payments made for investments in fixed assets/ investment properties	-344,253	-151,043
Proceeds from the disposal of financial assets	0	7,004,550
Interest income	8,239	16,217
Investment income	319,961	319,662
Cash flow from financing activities	**48,531**	**-11,612,279**
Proceeds from additions to equity	0	5,197,915
Change in participation capital	0	-5,209,300
Change in liabilities to banks	3,583,024	-3,931,753
Interest charges	-713,835	-1,075,141
Payments to company owners and minority shareholders	-2,284,995	-6,594,000
Repayment rights of use	-535,663	0
Net cash flow	**-3,416,146**	**-4,846,243**
Cash and cash equivalents at the beginning of the period	1,623,323	6,469,565
Liabilities due at any time at the beginning of the period	3,975,995	0
Cash and cash equivalents at the beginning of the period	**5,599,318**	**6,469,565**
Cash and cash equivalents at the end of the period	-1,792,823	1,623,323
Liabilities due at any time at the end of the period	3,893,760	3,975,995
Cash and cash equivalents at the end of the period	**2,100,938**	**5,599,318**
Change in cash and cash equivalents	**-3,498,380**	**-870,247**

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6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 Basis of Preparation of the Financial Statements

6.1.1 Reporting Company

HAEMATO AG was founded on May 10, 1993. The company is registered in the Commercial Register of the Berlin-Charlottenburg Local Court under HRB 88633 and has its registered office in Berlin. The business address is located at Lilienthalstr. 5c, 12529 Schönefeld. Its parent company is MPH Health Care AG. The HAEMATO Group operates in the pharmaceutical sector with a focus on the growth markets of high-priced special pharmaceuticals in the indication areas of oncology and HIV as well as in the fields of rheumatism, neurology and cardiovascular diseases.

6.1.2 Accounting Principles

The consolidated financial statements of HAEMATO AG for the period from January 1 to December 31, 2019 were prepared voluntarily in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), as they are to be applied in the European Union. It was approved for publication by the Executive Board on March 20, 2020.

The accounting and valuation were carried out under the going concern assumption.

The consolidated financial statements are prepared as of the balance sheet reporting date of the parent company, which is also the reporting date of all consolidated subsidiaries.

The balance sheet of the HAEMATO Group has been prepared according to maturity aspects, whereby assets and liabilities that are expected to be realized or redeemed within twelve months after the reporting date are classified as current. Deferred tax assets and deferred tax liabilities are reported in full under non-current assets or non-current liabilities.

The income statement is prepared as part of the statement of comprehensive income using the total cost method.

6.1.3 Functional and Reporting Currency

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

6.1.4 Changes in Significant Accounting Policies

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

IFRS 16 replaces the requirements of IAS 17 Leases and related interpretations for the first time for the reporting period beginning on or after January 1, 2019.

The following standards, interpretations and amendments to existing standards are mandatory for the first time for reporting periods beginning on or after January 1, 2019:

- IFRS 16 Leases
- IFRIC 23 Uncertainty regarding the income tax treatment
- Amendments to IAS 28 Non-current Investments in Associates and Joint Ventures
- Amendments to IFRS 19 Plan Amendments, Curtailments and Settlements
- Annual improvements to IFRS standards Cycle 2015-2017 (amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23)

Application of Leases IFRS 16

The Group has applied IFRS 16 using the modified retrospective method, according to which the cumulative effect of first-time application as of January 1, 2019 is recognized in retained earnings. Therefore, the comparative information for 2018 has not been restated, i.e. it is presented as previously in accordance with IAS 17 and related interpretations. Details of the changes in accounting policies are set out below. In addition, the disclosure requirements of IFRS 16 have not generally been applied to the comparative information.

In the transition to IFRS 16, the Group decided to apply the exemption provisions to maintain the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Agreements that were not identified as leases in accordance with IAS 17 and IFRIC 4 were not reviewed to determine whether they qualify as leases under IFRS 16. Therefore, the definition of a lease according to IFRS 16 was only applied to contracts concluded or amended on or after January 1, 2019.

As a lessee, HAEMATO AG leases many assets, including real estate, vehicles and office equipment. The Group previously classified leases as operating leases or finance leases based on its assessment of whether the lease substantially transferred all the risks and rewards incidental to ownership of the underlying asset to the Group. In accordance with IFRS 16, the Group recognizes rights of use and lease liabilities for most of these leases, i.e. these leases are recognized in the balance sheet.

The Group tested its rights of use for impairment at the time of transition and concluded that there were no indications of impairment of the rights of use.

In the consolidated financial statements, use was made of exemption provisions in the application of IFRS 16 to leases that were classified as operating leases in accordance with IAS 17. In detail:

- neither rights of use nor lease liabilities are recognized for leases whose term ends within 12 months of the date of the first application
- neither rights of use nor lease liabilities are recognized for leases where the underlying asset is of minor value
- the initial direct costs are not taken into account when measuring the right of use at the time of the first application

The Group recognized rights of use on transition to IFRS 16 and recognized the difference in retained earnings. The effects at the time of transition are summarized below:

January 1, 2019	in EUR
Additions rights of use	1,411,264
Current leasing liabilities	-469,853
Non-current leasing liabilities	-936,726
Profit impact	4,684

Reconciliation of leasing liabilities	in EUR
Operating lease liabilities as of 12/31/2018	1,509,481
Simplified application for short-term leases	-51,135
Gross lease liability as of 01.01.2019	1,458,346
Discounting at the incremental borrowing rate	-51,767
Present value of the lease liability	1,406,578

The weighted average incremental borrowing rate at which the gross lease liabilities were discounted as of January 1, 2019 was 3.55 %.

HAEMATO AG shows the principal payments of the leasing liabilities in the cash flow of financing activities.
Lease payments for current leases are reported in the cash flow from operating activities.

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

- Changes to references to the framework in IFRS standards (from January 1, 2020)
- Amendments to IFRS 3 Definition of a Business Operation
- Amendments to IAS 1 and IAS 8 Definition of “Material”
- IFRS 17 Insurance Contracts (from 01.01.2021)
- Changes to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and an associate or joint venture (still outstanding)

The income and expenses from the valuation of financial assets at fair value in the amount of EUR -725.7 thousand (previous year: EUR -725.7 thousand) are not reported under other operating income / expenses in the reporting period or the comparison period. Reporting in separate items in the financial result leads to a more appropriate presentation.

6.1.5 Consolidation Scope

The consolidated financial statements include the financial statements of the parent company and its subsidiaries. Subsidiaries are companies controlled by the Group. The Group controls an entity if it is exposed to or entitled to fluctuating returns from its investment in the entity and has the ability to control those returns through its power of control over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The consolidations carried out are as follows:

- HAEMATO PHARM GmbH (from April 1, 2013, date of initial consolidation)
- HAEMATO MED GmbH (from May 22, 2013, date of initial consolidation)
- Sanate GmbH (from September 24, 2013, date of initial consolidation)

In connection with a capital increase carried out at HAEMATO AG, HAEMATO AG has taken over all shares of the former HAEMATO PHARM AG, which now operates as HAEMATO PHARM GmbH. HAEMATO PHARM GmbH was acquired by the parent company. HAEMATO PHARM GmbH operates in the pharmaceutical sector.
The share capital of HAEMATO PHARM GmbH amounts to EUR 500,000.00. HAEMATO PHARM GmbH has its own business operations as defined by IFRS 3. After deduction of the identifiable net assets (assets less liabilities), goodwill amounted to EUR 34,584k. The consideration transferred includes benefits from expected synergies, sales growth and future market developments. These advantages, which cannot be accounted for separately from goodwill, add up to the abovementioned goodwill.

HAEMATO MED GmbH was founded on May 22, 2013 by HAEMATO AG. No differences arose in the course of initial consolidation. The share capital amounts to EUR 25,000.00.

HAEMATO PHARM GmbH founded Sanate GmbH on September 24, 2013. No difference arose in the course of initial consolidation. The share capital amounts to EUR 25,000.00.

The shareholdings of HAEMATO AG in the subsidiaries are as follows on the reporting date December 31, 2019:

Name and registered office of the company	Share in %
HAEMATO PHARM GmbH*, Schönefeld	100.00
HAEMATO MED GmbH**, Schönefeld	100.00
Sanate GmbH***, Schönefeld	100.00

* HAEMATO AG holds all shares in HAEMATO PHARM GmbH.
** HAEMATO AG holds all shares in HAEMATO MED GmbH.
*** HAEMATO PHARM GmbH holds all shares in Sanate GmbH.

6.1.6 Principles of Consolidation

The annual financial statements of all Group companies are prepared on the basis of uniform accounting and valuation methods on the balance sheet reporting date of HAEMATO AG (parent company).

The acquisition of business operations is accounted for using the purchase method if the Group has gained control. The consideration transferred in a business combination and the identifiable net assets acquired are generally measured at fair value. Costs associated with the acquisition were generally recognized in profit or loss as incurred. With the exception of deferred tax assets or deferred tax liabilities, the identifiable assets and liabilities acquired were measured at fair value.
Goodwill represents the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquired company and the net fair value of the identifiable assets acquired and liabilities assumed on the acquisition date.

If the Group loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary and all related non-controlling interests and other components of equity.
Any resultant gain or loss is recognized in the statement of comprehensive income. Any retained interest in the former subsidiary is measured at fair value on the date control is lost.

All intercompany assets, liabilities, equity, income, expenses and cash flows in connection with business transactions between Group companies are eliminated in full during consolidation.

Tax deferrals were made on consolidation transactions affecting income to the extent that the differing tax expense is likely to be offset in later financial years.

6.1.7 Estimates and Assumptions

The preparation of the consolidated financial statements requires estimates and assumptions to be made that may influence the amounts of assets, liabilities and financial obligations as of the balance sheet reporting date and the income and expenses of the reporting year. The actual amounts may differ from these estimates and assumptions. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recorded prospectively.

The Executive Board exercises discretionary decisions in the application of the accounting and valuation methods. In addition, the acquisition of the shares in HAEMATO PHARM GmbH required an impairment test of the acquired goodwill on the balance sheet reporting date. In order to test goodwill for impairment, it is necessary to determine the value in use of the cash-generating unit to which the goodwill has been allocated. The calculation of the value in use requires an estimate of future cash flows from the cash-generating unit and an appropriate discount rate for the present value calculation.

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

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

Level 2: Valuation parameters that are not quoted prices included in Level 1, but which are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. as derivatives of prices).

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

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

The Group recognizes reclassifications between different levels of the fair value hierarchy at the end of the reporting period in which the amendment occurred.

The principles used by management to assess the appropriateness of the valuation allowances on receivables are the maturity structure of the receivable balances, the creditworthiness of customers and changes in payment terms. In the event of deterioration in the financial situation of customers, the extent of the derecognitions actually to be made may exceed the extent of the expected derecognitions.

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.
Where temporary differences exist, these differences generally result in the recognition of deferred tax assets and liabilities in the consolidated financial statements. Management must make judgments when calculating actual and deferred taxes. Deferred tax assets are recognized to the extent that it is probable that they can be utilized. The use of deferred tax assets depends on the ability to generate sufficient taxable income within the scope of the respective tax type. Various factors must be taken into account to assess the probability of the future usability of deferred tax assets, such as past earnings, operational planning and tax planning strategies.
If the actual results differ from these estimates or if these estimates have to be adjusted in future periods, this could have an adverse effect on the net assets, financial position and results of operations. If there is a change in the assessment of the recoverability of deferred tax assets, the recognized deferred tax assets must be written down with effect on income.

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6.2 Notes to the Consolidated Balance Sheet – Assets

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

6.2.1 Cash and Cash Equivalents

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

6.2.2 Trade Receivables

The trade receivables, which totaled EUR 10,944 thousand (previous year: EUR 10,944 thousand), are valued at the transaction price in accordance with IFRS 15. Our trade receivables do not contain a significant financing component. Impairment losses are recognized if, as a result of one or more events that occurred after the initial recognition of the asset, there is objective evidence that the expected future cash flows have changed adversely. The criteria leading to an impairment of trade receivables are based on the probability of default of the receivable and the expected creditworthiness of the customers.

6.2.3 Inventories

Inventories are stated at the lower of historical cost or net realizable value. The net realizable value is the expected sales proceeds less costs still to be incurred. The cost of inventories is generally determined using the individual allocation method and includes the cost of acquisition and the costs incurred in bringing the inventories to their present location and condition. In the case of inventories of the same type, which are available in larger quantities and are interchangeable, the cost of acquisition or production is allocated using the average cost method. In the case of internally unfinished and finished goods, production costs also include production-related overheads based on normal capacity utilization.

	December 31, 2019 EUR	December 31, 2018 EUR
Raw, auxiliary and operating materials	611,021	506,308
Finished goods and merchandise	53,555,670	42,618,122
Claims for return of goods	1,090,120	1,246,661
Advance payments on inventories	184,067	5,840
Inventories	**55,440,878**	**44,376,931**

6.2.4 Other Current Financial Assets

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments are recognized as soon as HAEMATO becomes a party to the contractual provisions of the financial instrument. In the case of purchases or sales of financial assets at market conditions, HAEMATO chooses the trading date for both initial financial recognition and disposal. Financial instruments are initially recognized at fair value. For subsequent valuation, the financial instruments are allocated to one of the valuation categories listed in IFRS 9 Financial Instruments (financial assets measured at amortized cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through profit or loss).

Transaction costs which are directly attributable to the acquisition or issue are taken into account in determining the book value if the financial instruments are not measured at fair value through profit or loss.

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

6.2.5 Other Current Assets

The other current assets are mainly receivables from value-added tax credits, accruals and deferrals, and creditors with debit balances.

6.2.6 Income Tax Receivables

Income tax receivables include adjustment amounts for any income tax refunds for years not yet finally assessed, but excluding interest refunds. The amount is calculated on the basis of the best possible estimate of the expected tax payment (expected value or most probable value of the tax uncertainty). Tax receivables from uncertain tax positions are recognized in the balance sheet if it is predominantly probable and therefore sufficiently certain that they can be realized.

6.2.7 Intangible Assets

Intangible assets are measured at acquisition or production cost, less accumulated amortization. If necessary, accumulated impairments are taken into account.

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

EUR	Concessions, industrial property rights and similar rights and assets and licenses	Company value	Aquired intangible assets	Advance payments on intangible assets	Intangible assets
Acquisition and production costs					
January 1, 2018	6,144,307	34,583,689	9,912,944	664,132	51,305,071
Additions	326,168	0	0	664,076	990,244
Disposals	0	0	0	-1,617	-1,617
Transfers	176,628	0	0	-246,828	-70,200
December 31, 2018	6,647,103	34,583,689	9,912,944	1,079,763	52,223,498
January 1, 2019	6,647,103	34,583,689	9,912,944	1,079,763	52,223,498
Additions	521,308	0	0	227,201	748,509
Disposals	0	0	0	-7,011	-7,011
December 31, 2019	7,168,411	34,583,689	9,912,944	1,299,953	52,964,996
Depreciation/ Appreciation					
January 1, 2018	-3,999,734	0	-8,364,058	0	-12,363,791
Depreciation	-680,705	0	-501,977	0	-1,182,682
December 31, 2018	-4,680,439	0	-8,866,035	0	-13,546,473
January 1, 2019	-4,680,439	0	-8,866,035	0	-13,546,473
Depreciation	-669,774	0	-499,730	0	-1,169,504
December 31, 2019	-5,350,213	0	-9,365,765	0	-14,715,977
Book values					
December 31, 2018	1,966,664	34,583,689	1,046,909	1,079,763	38,677,024
December 31, 2019	1,818,198	34,583,689	547,179	1,299,953	38,249,018

6.2.8 Tangible Assets

Tangible assets are carried at cost less accumulated depreciation. If necessary, accumulated impairments are taken into account. Where relevant, acquisition or production costs include the estimated costs of dismantlement and removal of the asset and restoration of the site.

Scheduled depreciation is carried out on a straight-line basis. Depreciation corresponds to the pattern of consumption of future economic benefits. Property, plant and equipment are depreciated on a straight-line basis over various useful lives (three to 15 years).

If the book value exceeds the estimated recoverable amount, an impairment loss is recognized on that amount. The recoverable amount is determined by the net sales proceeds or – if higher – the present value of the estimated future cash flow from the use of the asset.

EUR	Land, lease-hold and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, factory and office equipment	Rights of use	Advance payments and assets under construction	Property, plant and equipment
Acquisition and production costs						
January 1, 2018	38,880	564,046	1,705,117	0	0	2,308,042
Additions	8,479	12,510	130,054	0	0	151,043
Disposals	0	0	-16,160	0	0	-16,160
Transfers	0	70,200	0	0	0	70,200
December 31,2018	47,359	646,756	1,819,011	0	0	2,513,126
January 1, 2019	47,359	646,756	1,819,011	0	0	2,513,126
Additions	0	5,305	184,369	1,577,338	154,579	1,921,591
Disposals	0	0	-89,647	-11,537	0	-101,184
December 31, 2019	47,359	652,061	1,913,733	1,565,801	154,579	4,333,533
Depreciation/ Appreciation						
January 1, 2018	-29,107	-148,568	-1,024,002	0	0	-1,201,676
Depreciation	-5,551	-52,043	-215,776	0	0	-273,370
Disposals	0	0	8,752	0	0	8,752
December 31, 2018	-34,658	-200,611	-1,231,026	0	0	-1,466,295
January 1, 2019	-34,658	-200,611	-1,231,026	0	0	-1,466,295
Depreciation	-5,207	-66,149	-162,582	-511,810	0	-745,748
Appreciation	0	0	0	11,537	0	11,537
Disposals	0	0	33,435	0	0	33,435
December 31, 2019	-39,865	-266,760	-1,360,172	-500,274	0	-2,167,071
Book values						
December 31, 2018	12,701	446,145	587,985	0	0	1,046,831
December 31,2019	7,494	385,301	553,561	1,065,527	154,579	2,166,462

6.2.9 Other Non-Current Financial Assets

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

	Financial Assets EUR
Acquisition and production costs	
January 1, 2018	3,054,091
Additions	5,991,813
Disposals	-2,163,855
December 31, 2018	6,882,048
January 1, 2019	6,882,048
Additions	0
Disposals	0
December 31, 2019	6,882,048
Depreciation/ Appreciation	
January 1, 2018	11,441,709
Appreciation	1,943,288
Disposals	-4,294,346
December 31, 2018	9,090,652
January 1, 2019	9,090,652
Depreciation	-744,483
Appreciation	18,777
December 31, 2019	8,364,946
Book values	
December 31, 2018	15,972,700
December 31, 2019	15,246,994

6.2.10 Other Non-Current Assets

The other non-current assets are security deposits, which are valued at the nominal value of the deposited amounts.


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6.3 Notes to the Consolidated Balance Sheet – Liabilities & Equity

6.3.1 Current Accruals

Accruals are recognized when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the accrual.
The amount recognized as an accrual is the best estimate on the balance sheet reporting date of the expenditure required to settle the present obligation. The risks and uncertainties inherent in the obligation must be taken into account. If an accrual is measured on the basis of the estimated cash flows required to settle the obligation, these cash flows are discounted if the interest effect is material.

The provisions schedule (in kEUR) is as follows:

Accruals	January 1, 2019	Usage	Liquidation	Supply	December 31, 2019
Audit and annual financial statement costs	52	52	0	52	52
Personnel / vacation entitlements	129	106	3	107	127
Remunerations to the Supervisory Board	20	20	0	30	30
Other	159	77	9	1,075	1,148
	360				1,357

6.3.2 Income Tax Liabilities

Current income taxes are calculated based on the respective national tax results and regulations for the year. In addition, the current taxes reported in the financial year also include adjustments for any tax payments for years not yet finally assessed, but excluding interest payments and penalties for back taxes. Tax accruals are set up in cases where it is probable that amounts recognized in the tax returns cannot be realized (uncertain tax positions). The amount is determined by the best possible estimate of the expected tax payment (expected value or most probable value of the tax uncertainty).

	January 1, 2019	Usage	Liquidation	Supply	December 31, 2019
Income tax liabilities	683	22	0	0	661

As a result of an ongoing tax audit for the years 2001 to 2005, the tax authorities intended not to recognize the tax loss carryforwards arising up to August 2, 2005, due to a loss of economic identity at that time in accordance with section 8 (4) KStG/ section 10a GewStG.
We do not share the legal opinion communicated to us by the tax authorities, and the Federal Fiscal Court has also decided otherwise in a similar case. For this reason, we have not formed any tax accruals for the fiscal years in question. The lawsuit went in our favor. However, the tax office is now attempting to annul the loss carryforwards for the 2003 assessment year. We are in the process of taking legal action in this regard; if necessary, we would exhaust all legal remedies. As a result of a change in case law, the tax office recognized a portion of the previously unrecognized losses in March 2009. The maximum risk is now EUR 154 thousand.

6.3.3 Trade Payables

Trade payables are recognized at amortized cost using the effective interest method. It is assumed that the fair values correspond to the book values of these financial instruments due to their short maturities.

6.3.4 Leasing Liabilities

According to IFRS 16, the HAEMATO Group capitalizes leasing contracts from operating leasing as rights of use and depreciates them over the term of the contracts. The lease payments give rise to liabilities which are classified as current or non-current liabilities depending on their term and are discounted. For further details, please refer to point 6.1.4.

	December 31, 2019 EUR
Right of use	1,065,527
Deferred expenses	116
Σ Assets page	**1,065,643**
Liabilities	1,080,852
Current leasing liabilities	518,236
Non-current leasing liabilities	562,616
Accrued expenses	-6
Σ Liabilities page	**1,080,845**
Depreciation	-511,810
Interest expenses	-39,055
Σ Profit and loss account	**-550,865**
Leasing expenses	535,663
Σ Correction of leasing expenses	**535,663**

6.3.5 Other Current Financial Liabilities

Current financial liabilities to banks and other financial liabilities are recognized at amortized cost using the effective interest method. Other financial liabilities are mainly current liabilities to banks from loans and overdrafts, loans received and accounts receivable with credit balances. The Executive Board is currently in negotiations with banks to refinance the working capital lines.

6.3.6 Current Liabilities

Other current liabilities are carried at amortized cost using the effective interest method. These are mainly liabilities from wage taxes and social security.

6.3.7 Contractual and Refund Liabilities

Refund liabilities include obligations from sales transactions that constitute financial instruments. A refund liability arises if HAEMATO receives a consideration from a customer and expects that the customer will be refunded this consideration in whole or in part. A refund liability is measured in the amount of the consideration that is not expected to be received by the company and is therefore not included in the transaction price.

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

	December 31, 2019 EUR	December 31, 2018 EUR
Rights of return	1,179,018	1,350,661
Discount contracts / manufacturer discounts	3,198,603	6,603,478
Contractual and refund liabilities	4,377,622	7,954,140

6.3.8 Non-Current Accruals

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

6.3.9 Non-Current Financial Liabilities

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

6.3.10 Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets and liabilities are calculated on temporary differences between the tax bases of assets and liabilities and their book values in the balance sheet, including differences from consolidation, as well as for yet unused tax loss carryforwards and tax credits.
Measurement is based on the tax rates expected to apply to the period in which an asset is realized or a liability is settled. The tax rates and tax laws used as a basis are those that are enacted or substantively enacted by the balance sheet date. HAEMATO makes a valuation allowance on deferred tax assets if it is not probable that future taxable profit will be available in a sufficient amount to offset the deductible temporary differences, tax loss carryforwards and tax credits.

For tax-deductible temporary differences associated with investments in subsidiaries, a deferred tax asset is recognized only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and corresponding taxable income can be expected.

Deferred tax assets and deferred tax liabilities are only offset if a legal right to offset current tax assets and current tax liabilities exists and the deferred tax assets and liabilities relate to income taxes levied by the same authority on the same taxable entity.

No deferred tax assets were reported on the reporting date.

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

- goodwill for which amortization is not tax-deductible, 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 the accounting profit nor taxable profit or loss.

However, for taxable temporary differences associated with investments in subsidiaries, a deferred tax liability is recognized, unless the timing of the reversal of the temporary difference can be controlled by the company and it is probable that the temporary difference will not be reversed in the foreseeable future. The deferred taxes as of December 31, 2019 relate to the following items:

Temporary differences in kEUR	December 31, 2018	recognized in income	recognized directly in equity	December 31, 2019
Valuation of intangible assets	254	-121	0	133
Fair value valuation of financial instruments	75	-9	0	66
Other valuation differences	3	1	0	4
Deferred tax liabilities	332			203

It was necessary to recognize deferred taxes as liabilities in connection with the fair value measurement of existing financial instruments. The amount by which the IFRS values measured at fair value exceed the tax balance sheet values amounts to EUR 273k (previous year: EUR 310k). Applying the effective tax rate of 24.225 % and other components results in a deferred tax liability of EUR 66 thousand (previous year: EUR 75 thousand).

The different statutory valuation methods under tax law and commercial law as well as the recognition under IFRS result in deviations in the calculation of accruals. Together with the valuation of assets and liabilities denominated in foreign currencies at the mean spot exchange rate on the balance sheet date, these different valuations result in deferred tax liabilities of EUR 4 thousand (previous year: EUR 3 thousand).

The remaining deferred taxes (effective tax rate of 24.225 %), which amount to EUR 133 thousand (previous year: EUR 254 thousand) at the reporting date, result from the first-time consolidation of a subsidiary acquired in 2009 or 2013. During initial consolidation, intangible assets were disclosed whose book values as of December 31, 2019 were EUR 547 thousand (previous year: EUR 1,046k).

6.3.11 Equity

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

Subscribed Capital

The Company's share capital of EUR 22,867,154.00 is divided into 22,867,154 no-par value shares with a nominal value of EUR 1.00 each.

In 2005, a capital increase of EUR 6.75 million was carried out by converting reserves, EUR 2.0 million of which came from shareholder contributions (withdrawal from the capital reserve) and EUR 4.75 million from the company's previously taxed profits. In the 1st quarter of 2007, 235,066 new shares were issued; in this respect, reference is made to the resolution of the Annual General Meeting of 18 July 2005, in which the Executive Board was authorized to increase the share capital with the approval of the Supervisory Board. The subscription price (for existing shareholders) and the issue price amounted to EUR 6.00 per share. The difference between the subscription or issue price and the nominal value of EUR 5.00 per share was transferred to the capital reserve.
A further capital increase of EUR 4.6 million was carried out in 2011 by converting reserves, EUR 1.1 million of which came from shareholder contributions (withdrawal from the capital reserve) and EUR 3.5 million from the company's already taxed profits (withdrawal from retained earnings). The Executive Board of the company passed a resolution in the 1st quarter of 2013 using the Authorized Capital 2012 and with regard to Article 4 (6) of the Articles of Association, to increase the share capital of the Company by EUR 6,926,299 to EUR 20,778,898 against contribution in kind of EUR 13,852,599.00 by issuing 6,926,299 new ordinary bearer shares as no-par value shares.

In the second quarter of 2017, the share capital was increased to EUR 21,980,000 through the issue of 1,201,102 new shares with a nominal value of EUR 1.00 each.
The new shares were issued at a subscription price of EUR 6.20. The premium of EUR 6.25 million was transferred in full to capital reserves.

HAEMATO AG has terminated all participation certificates issued by the company (ISIN: DE000A0EQVT2/WKN: A0EQVT) in accordance with § 03 Para. 1 of the terms and conditions for participation certificates in the version of the resolution of the creditors' meeting of December 21, 2009 with effect from December 31, 2017 with publication in the Official Federal Gazette on September 26, 2017. In accordance with § 03 Para. (2) of the terms and conditions of the profit participation certificates, the company made use of its option to grant the profit participation certificate holders shares in HAEMATO AG instead of the amount repayable. To this end, subscription shares with a nominal value of EUR 887,154.00 were issued in the 2018 financial year as part of a conditional capital increase on June 9, 2016 (Conditional Capital 2016/I). The share capital now amounts to EUR 22,867,154.00.

Authorized Capital

In accordance with the resolution passed by the Annual General Meeting on July 4, 2018, the Executive Board was authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before July 3, 2023 by issuing a total of up to 10,990,000 new no-par value bearer shares in return for cash or non-cash contributions, up to a maximum amount of EUR 10,990,000.00 (Authorized Capital 2018/I).

Conditional Capital

By resolution of the Annual General Meeting on June 9, 2016, the share capital of the Company is conditionally increased by up to EUR 10,389,449.00 by issuing a total of up to 10,389,449 new no-par value bearer shares (Conditional Capital 2016/I).
As part of a conditional capital increase on June 9, 2016 (Conditional Capital 2016/I), subscription shares with a nominal value of EUR 887,154.00 were issued in financial year 2018.

Reacquired treasury stock

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

Retained Earnings

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

6.3.12 Contingent Liabilities

HAEMATO AG is liable to HYPO NOE Gruppe Bank AG as a joint borrower with MPH Health Care AG in connection with a promissory note loan of EUR 7 million. This loan was paid out to MPH Health Care AG. This loan was fully drawn down by MPH Health Care AG on the reporting date.

HAEMATO AG is liable to HYPO NOE Gruppe Bank AG as a joint borrower with MPH Health Care AG in connection with a promissory note loan of EUR 3 million. This loan was paid out to MPH Health Care AG. This loan was fully drawn down by MPH Health Care AG on the reporting date.

HAEMATO AG is liable to Raiffeisenlandesbank Niederösterreich-Wien AG as joint borrower with MPH Health Care AG in connection with a further promissory note loan of EUR 4 million. This loan was paid out to MPH Health Care AG. This loan was fully drawn down by MPH Health Care AG on the reporting date.

We estimate the claims from contingent liabilities to be low due to the current creditworthiness and previous payment behavior of the beneficiaries. We have no discernible indications that would require a different assessment.

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

6.4 Notes to the Statement of Comprehensive Income

Principles of Revenue Recognition

Revenue from the sale of pharmaceuticals is recognized when the customer obtains control of the product. This is generally the case when the customer acquires ownership of the products. As a rule, the transfer of power of disposal takes place at the time the goods are handed over to the shipping company.

In principle, payment from the sale of medicinal products is made by the customer when the customer obtains control of the medicinal products.

Segment Reporting According to IFRS 8

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

The HAEMATO Group is mainly active in one summarized business segment (Pharma) and mainly in one regional segment (Germany), so that there is a de facto exemption from the segment reporting obligation to a large extent.

However, IFRS 8.31 also requires single-segment groups to disclose certain disaggregated financial information. These are disclosure requirements that must be presented according to the following criteria.

Products and Services

All products (various pharmaceuticals) have been compiled into a group of comparable products. The statement of product-related sales revenues is not meaningful due to the large number of available drugs and is also not possible due to a lack of information. All revenues presented in the income statement relate primarily to the product group described above.

Geographical Information

The HAEMATO Group is mainly active in the geographical segment Germany.

Major Customers

No single external customer contributed 10 % or more to consolidated revenue in the 2019 financial year.

Profit and Loss Statement

Expenses and income of the financial year are taken into account – irrespective of the time of payment – when they are realized. Proceeds from the sale of assets and proceeds from services are realized when the significant opportunities and risks have been transferred and the amount of the expected consideration can be reliably estimated.

6.4.1 Sales Revenues

Sales revenues are essentially revenues from the sale of pharmaceuticals.

6.4.2 Change in Inventory

The change in inventories includes reductions in outstanding operating cost accounts.

6.4.3 Other Operating Income

Other operating income totals EUR 1,460 thousand (previous year: EUR 1,734k). They mainly include income from currency translation, the reversal of provisions, insurance compensation and indemnity payments as well as employee benefits in kind.

6.4.4 Cost of Materials

The item cost of materials includes all expenses incurred in connection with the purchase of pharmaceuticals.

6.4.5 Personnel Expenses

The personnel expenses included in the income statement for 2019 amount to EUR 6,307.8 thousand (previous year: EUR 6,322.1k).

	December 31, 2019 EUR	December 31, 2018 EUR
Wages and salaries	-5,284,668	-5,322,571
Social security contributions and expenses for pensions and for support	-1,023,084	-999,538
Personnel expenses	-6,307,752	-6,322,109

6.4.6 Other Operating Expenses

The other operating expenses, which totaled EUR 6,854.0 thousand (previous year: EUR 8,520.3k), include a large number of individual items. These include, in particular, the cost of premises, insurance and contributions, repairs and maintenance, advertising and travel expenses, legal and consulting fees and other miscellaneous operating expenses.

6.4.7 Depreciation

Depreciation and amortization includes scheduled depreciation of tangible assets and amortization of intangible assets in the amount of EUR 1,915k (previous year EUR 1,456k). Tangible and intangible assets are depreciated on a straight-line basis over different useful lives (three to 15 years).

6.4.8 Income from Investments

The income from investments mainly relates to dividends received.

Income from other financial assets in kEUR	2019	2018
Dividend income received	320	320

6.4.9 Other Interest and Similar Income

The interest results from the granting of loans or from interest for tax refunds.

kEUR	Interest income 2019	Interest income 2018
Income from loans and receivables granted	5	16
Income from interest for tax refunds	3	0

6.4.10 Interest and Similar Expenses

Interest is the cost of interest on loans taken out or the discounting of the rights of use of leasing liabilities. Of all expenses, which totaled EUR 772 thousand (previous year: EUR 1,075k), TEUR 39 (previous year: TEUR 0) is attributable to the discounting of leasing liabilities. Interest on profit participation certificates issued was paid for the last time in 2018.

kEUR	2019	2018
Interest on profit participation certificates	0	-240
Interest from rights of use	-39	0
Financial liabilities recognized at amortized cost	-733	-835
Net result	-772	-1,075

6.4.11 Taxes on Income and Earnings

Income taxes comprise both current taxes on income and earnings and deferred taxes. Current income taxes are calculated based on the respective national tax results and regulations for the year. Deferred tax assets and liabilities are calculated on temporary differences between the tax bases of assets and liabilities and their book values in the balance sheet, including differences from consolidation, as well as for yet unused tax loss carryforwards and tax credits.

This item can be broken down as follows:

kEUR	2019	2018
Tax expense for the current period	-109.6	-1,667.5
Deferred tax expense from valuation differences	-0.9	-3.2
Deferred tax income from valuation differences	129.8	186.0
	19.3	-1,484.7

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

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

6.4.12 Other Taxes

The other taxes are mainly vehicle tax.

6.4.13 Earnings per Share

Earnings per share are calculated by dividing the net income 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 must be used to calculate the undiluted earnings per share. Dilution effects are not to be taken into account.

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

Period	Number of ordinary shares	Weighting	Weighted share
01/01 – 07/03/2018	21,980,000	184/365	11,080,329
07/04 – 12/31/2018	22,867,154	181/365	11,339,602
01/01 – 12/31/2019	22,867,154	365/365	22,867,154

EUR	2019	2018
Equity profit attributable to equity holders of the parent company of net income for period	-1,172,566.91	6,276,459.92
Number of shares (weighted average)	22,867,154	22,419,931
Earnings per share	- 0.05	0.27

6.5 Notes to the Consolidated Cash Flow Statement

The cash flow statement shows how the HAEMATO Group's cash and cash equivalents have changed in the course of the reporting years due to inflows and outflows of funds. In this cash flow statement, the cash flows are divided into operating, investing and financing activities.

Cash and cash equivalents include short-term available liquid funds amounting to EUR 2,101 thousand (previous year: EUR 5,599k).

6.6 Other Information

6.6.1 Information on Members of the Corporate Bodies

Executive Board

Last name	First name	Function	Power of representation	Profession
Zimdars	Uwe	CEO	Jointly authorized to represent	Merchant
Kracht	Daniel	CFO	Jointly authorized to represent	Merchant

Supervisory Board

Last name	First name	Function	Profession
Grosse	Andrea	Chairwoman	Lawyer
Prof. Dr. Dr. Meck	Sabine	Deputy chairwoman	University lecturer and science journalist
Dr. Braun	Marion	Member	Medical doctor

The total remuneration of the Supervisory Board in the 2019 financial year amounted to EUR 45k (previous year: TEUR 45).

6.6.2 Number of Employees

The HAEMATO Group employed an average of 166 employees (previous year: 194 employees) in the reporting period.

Industrial employees	Salaried employees	of which are Senior Executives	Total
82	84	13	166

6.6.3 Financial Instruments

The book values correspond to the fair values of financial instruments for the respective classes of the Group's financial instruments as of December 31, 2019 in accordance with IFRS 9.

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

The fair values of financial instruments were determined on the basis of the market information available on the balance sheet reporting date. The following methods and premises were used as a basis.

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

Other current financial assets are measured at amortized cost. Due to the predominantly short maturities of these financial instruments, it is assumed that the fair values correspond to the book values.

The fair value of other non-current financial assets was determined on the basis of quoted, unadjusted prices in active markets for these or identical assets.

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

	December 31, 2019 EUR	December 31, 2019 EUR
Financial instruments	Book value	Measured at fair value
Financial assets	31,052,927	31,052,927
Cash and cash equivalents	2,100,938	2,100,938
Trade receivables	10,943,633	10,943,633
Other current financial assets	2,761,363	2,761,363
Current financial assets measured at amortized cost	2,761,363	2,761,363
Other non-current financial assets	15,246,994	15,246,994
Non-current financial assets at fair value through profit or loss	15,246,994	15,246,994
Financial liabilities	-48,519,007	-48,519,007
Trade payables	-19,621,836	-19,621,836
Other current financial liabilities	-28,897,171	-28,897,171
Current financial liabilities measured at amortized cost	-28,897,171	-28,897,171

Financial instruments	December 31, 2018 EUR Book value	December 31, 2018 EUR Measured at fair value
Financial assets	31,781,610	31,781,610
Cash and cash equivalents	5,599,318	5,599,318
Trade receivables	7,320,190	7,320,190
Other current financial assets	2,889,402	2,889,402
Current financial assets measured at amortized cost	2,889,402	2,889,402
Other non-current financial assets	15,972,700	15,972,700
Non-current financial assets at fair value through profit or loss	15,972,700	15,972,700
Financial liabilities	-31,149,274	-31,149,274
Trade payables	-8,469,399	-8,469,399
Other current financial liabilities	-7,679,875	-7,679,875
Current financial liabilities measured at amortized cost	-7,679,875	-7,679,875
Other non-current financial liabilities	-15,000,000	-15,000,000
Non-current financial liabilities measured at amortized cost	-15,000,000	-15,000,000

An analysis of net income/loss from financial investments in financial assets, broken down by measurement category, is provided below:

Income category in kEUR	2019	2018
Financial assets measured at amortized cost	8	16
Financial assets at fair value through profit or loss	-726	1,943
Financial liabilities measured at amortized cost	-772	-1,075

Income from financial assets measured at amortized cost mainly relates to interest received.

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

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

6.6.4 Management of Financial Risks

The HAEMATO Group is generally exposed to risks resulting from changes in the general conditions caused by legislation or other regulations. As the business activities of the HAEMATO Group are mainly limited to Germany and, in most cases, such changes do not occur suddenly and surprisingly, there is usually enough time to react to changes.
In addition, the HAEMATO Group is exposed to market price risks due to changes in exchange rates and interest rates. Risks also arise from investments in financial assets; these may be subject to fluctuations depending on the market prices prevailing on the respective reporting date. The Group is also subject to credit risks, which result primarily from its operating business (trade receivables).
There are also liquidity risks that are related to credit and market price risks or are associated with a deterioration in the operating business. If these financial risks occur, the Group's earnings, financial and asset position will be negatively influenced.

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

Credit Risk

Credit risk describes the risk of economic loss resulting from a counterparty failing to meet its contractual payment obligations. The credit risk comprises both the direct risk of default and the risk of a deterioration in creditworthiness as well as concentration risks.

The maximum risk positions from financial assets that are generally subject to credit risk correspond to their carrying amounts (without taking into account any loan collateral that may be available). In these cases, the maximum risk position corresponds to the expected future payments.

Cash and Cash Equivalents

The Group's liquid funds comprise cash and cash equivalents. Cash and cash equivalents are mainly held at financial institutions with high credit ratings within Germany. The limits and their utilizations are constantly monitored. Liquid funds are therefore not subject to any significant credit risk.

Trade Receivables

Trade receivables result mainly from the sales activities of pharmaceuticals. The credit risk includes the risk of default by customers, which include pharmaceutical wholesalers, manufacturers, pharmacies and hospital pharmacies. To identify credit risks, HAEMATO checks the creditworthiness of customers. In addition, a trade credit insurance policy was taken out to protect against bad debts. The majority of trade receivables are secured by various forms of collateral. The securities include the retention of title and customer prepayments, for example. The maximum default risk of the financial assets is limited by the amount of the book values.

Liquidity Risk

The liquidity risk describes the risk that a company cannot adequately meet its financial requirements.

The Group manages liquidity risks by constantly monitoring forecast and actual cash flows and reconciling the maturity profiles of financial assets and liabilities. In addition, management is supplemented by maintaining sufficient liquid funds and credit lines with banks.

The following tables show the expected future cash flows of financial liabilities (undiscounted principal repayments) as of December 31, 2019 and December 31, 2018. Interest payments were not taken into account.

Financial liabilities measured at amortized cost	Book value 12/31/2019 kEUR	Cash flow up to 1 year kEUR	Cash flow > 1 year to 5 years kEUR	Cash flow > 5 years kEUR
Interest-bearing financial liabilities	28,557	28,557	0	0
Non-interest-bearing financial liabilities	19,962	19,962	0	0

Financial liabilities measured at amortized costs	Book value 12/31/2018 kEUR	Cash flow up to 1 year kEUR	Cash flow > 1 year to 5 years kEUR	Cash flow > 5 years kEUR
Interest-bearing financial liabilities	21,656	6,656	15,000	0
Non-interest-bearing financial liabilities	9,492	9,492	0	0

Non-interest-bearing financial liabilities of EUR 19,622k (previous year: EUR 8,469k) are related to trade payables and EUR 340k (previous year EUR 1,023k) to other current financial liabilities.

In the 2019 financial year, interest-bearing financial liabilities include the working capital lines drawn down and loans received.

Interest Change Risk

The Group has taken out debt capital for the operational implementation of its business model. In 2019, the bank liabilities of the HAEMATO Group amounted to a total of EUR 25,157 (previous year: EUR 21,656k). Due to the low level of interest rates, there are currently only limited interest change risks.

Current liabilities to banks relate to loans which were concluded at the following conditions:

	Utilization in kEUR	Conditions
Loan of EUR 8,000k	6,263	3-month EURIBOR plus 1.50 % p.a.
Loan of EUR 5,000k	3,894	2.9 % p.a. on EONIA
Loan of EUR 10,000k	10,000	By arrangement Adjustment according to EURIBOR
Loan of EUR 5,000k	5,000	2.95 % p.a.

An increase of interest on the variable-interest bank liabilities of the HAEMATO Group in the total amount of EUR 20,157k by 1 percentage point leads to an increase of interest expenses of EUR 202k. A reduction of the interest rate of the variable interest-bearing bank liabilities of the HAEMATO Group by 1 percentage point leads to a reduction of the interest expenses of EUR 202k.

The remaining financial liabilities are not subject to any interest rate risk as the conditions are fixed until the end of the term.

Exchange Rate Risk

Exchange rate risks arise on financial instruments denominated in foreign currencies, i.e. in a currency other than the functional currency (EUR). Certain business transactions (purchase of goods) in the Group are denominated in foreign currencies, therefore risks arise from exchange rate fluctuations. The book values of the Group's monetary assets and liabilities denominated in foreign currencies on the reporting date are shown in the table below *(see table 1)*.

Other Price Risks

Other price risks may result from rising purchase prices. There are currently no long-term supply contracts or similar measures that could limit these risks. The conclusion of such contracts would have a negative impact on the required flexibility of management in the composition of the drugs to be sold, which are ordered according to demand.

	Assets		Liabilities	
Local currency	December 31, 2019 kEUR	December 31, 2018 kEUR	December 31, 2019 kEUR	December 31, 2018 kEUR
Norway (NOK)	0.0	0.0	1,029.8	568.3
Great Britain (GBP)	0.2	0.8	157.5	282.0
Poland (PLN)	0.1	0.0	0.0	0.0
Romania (RON)	0.0	0.2	0.0	0.0
Denmark (DKK)	0.0	2.9	2.8	2.8

Table 1: The Group's assets and liabilities on the reporting date

6.6.5 Auditor's Fees

The shareholders of HAEMATO AG have elected the auditor Harry Haseloff as auditor at the annual general meeting on July 10, 2019.

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

The auditor did not provide tax consulting services.

Provisions totaling EUR 50 thousand were set aside for the anticipated fee of the auditor Harry Haseloff for audits of the financial statements relating to the 2019 fiscal year and the Group.

6.6.6 Related Persons and Companies

Related parties within the meaning of IAS 24 "Related Party Disclosures" are basically members of the Executive Board and the Supervisory Board, their close family members, subsidiaries that are not fully consolidated and all companies that belong to the investment group of MPH Health Care AG. Please refer to section (42) regarding the Executive Board and Supervisory Board.
These related parties were not involved in any transactions with companies of the HAEMATO Group that were unusual in nature or condition. All transactions between related parties were concluded at arm's length.

If transactions with these companies result in assets or liabilities, these are carried under other assets and other liabilities.

The following transactions were carried out with related parties:

Receivables / liabilities to / from related companies and persons	December 31, 2019 kEUR	December 31, 2018 kEUR
Payables to related parties	7,516	32

Transactions with related companies and persons	December 31, 2019 kEUR	December 31, 2018 kEUR
Goods and services rendered	2,823	6,562
Goods and services received	15,596	14,680
Other operating expenses	0	12

6.6.7 Events after the Balance Sheet Reporting Date

Up to February 28, 2020, no other significant events occurred after the balance sheet reporting date.

Schönefeld, February 28, 2020

HAEMATO AG Uwe Zimdars	HAEMATO AG Daniel Kracht
(Management Board)	(Management Board)

6.6.8 Auditor's Report

Audit opinions

I have audited the consolidated financial statements of HAEMATO AG – consisting of the consolidated balance sheet as of December 31, 2019, consolidated statement of comprehensive income for the period from January 1, 2019 to December 31, 2019, consolidated cash flow statement for the period from January 1, 2019 to December 31, 2019, consolidated statement of changes in equity for the period from January 1, 2019 to December 31, 2019, notes to the consolidated financial statements, for the period from January 1, 2019 to December 31, 2019 and the Group management report, prepared in accordance with IFRS.

In my opinion, based on the findings of the audit

· the accompanying consolidated financial statements comply in all material respects with IFRS and the German commercial law provisions applicable to corporations and give a true and fair view of the net assets and financial position of the Group as of December 31, 2019 and its results of operations for the fiscal year from January 1, 2019 to December 31, 2019 in accordance with German principles of proper accounting;

· and the accompanying Group management report provides a suitable understanding 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 law and accurately presents the opportunities and risks of future development.

· In accordance with § 322 III 1 HGB, I declare that my audit has not led to any objections to the correctness of the consolidated annual financial statements and the Group management report.

Basis for the audit opinions

I conducted my audit of the consolidated financial statements and the Group management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW).

My responsibility under these rules and principles is further described in the section "Responsibility of the auditor for the audit of the Annual Financial Statements and the Management Report" of my audit opinion.
I am independent of the company in accordance with German commercial and professional regulations and have fulfilled my other German professional duties in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on the consolidated financial statements and the Group management report.

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

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

In preparing the consolidated financial statements, the legal representatives are responsible for assessing the company's ability to continue as a going concern.

They are also responsible for disclosing, where relevant, matters relating to the continuation of the company's activities. In addition, they are responsible for accounting for the continuation of the company's activities on the basis of the accounting principle, unless there are actual or legal circumstances to the contrary.

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

Responsibility of the auditor for the audit of the Annual Financial Statements and the Management Report

My objective is to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether intended or not, and whether the Group management report as a whole provides a suitable view of the Group's position and suitably presents my audit opinion on the consolidated financial statements and the Group management report in all material respects, is in accordance with German law and suitably presents the opportunities and risks of future development.
Adequate assurance is a high degree of certainty, but no guarantee that an audit conducted in accordance with § 317 HGB and taking into account the generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always reveal a material misstatement.

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

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

Beyond that:

· I identify and assess the risks of material misstatements, whether intentional or not, in the consolidated financial statements and management report, plan and perform audit procedures in response to these risks, and obtain audit evidence sufficient and appropriate to support my audit opinion. The risk that material misrepresentations are not detected is higher in the case of violations than in the case of inaccuracies, since violations may involve fraudulent interaction, forgery, intentional incompleteness, misleading representations or the repeal of internal controls.

· I gain an understanding of the internal control system relevant to the audit of the consolidated financial statements and of the arrangements and measures relevant to the audit of the Group management report that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's systems.

· I assess the appropriateness of the accounting policies used by the legal representatives and the reasonableness of the estimated values and related disclosures presented by the legal representatives.

- I draw conclusions about the appropriateness of the going concern principle applied by the legal representatives and, on the basis of the evidence obtained, whether there is a material uncertainty in connection with events or circumstances that may raise significant doubts about the ability of the company to continue the business.
  If I come to the conclusion that there is material uncertainty, I am obliged to draw attention to the related information in the consolidated annual financial statements and in the consolidated management report in the audit report or, if this information is inappropriate, to modify my respective audit opinion. I draw my conclusions on the basis of the audit evidence obtained by the date of my audit opinion. However, future events or circumstances may prevent the company from continuing its business activities.

- I assess the overall presentation, structure and content of the consolidated financial statements including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a way that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with IFRS and German principles of proper accounting.

- I assess the consistency of the Group management report with the consolidated financial statements, its discussion of the law and the picture it conveys of the Group's position.

- I perform audit procedures on the forward-looking statements made by the legal representatives in the group management report.
  On the basis of sufficient suitable audit evidence, I particularly verify the significant assumptions underlying the future-oriented statements made by the legal representatives and assess the appropriate derivation of the future-oriented statements from these assumptions.
  I do not express an independent opinion on these forward-looking statements or on the underlying assumptions. There is a significant unavoidable risk that future events could differ materially from the forward-looking statements.

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

Berlin, April 16, 2020

Dipl.-Kfm. Harry Haseloff
Auditor

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7. MORE INFORMATION

7.1 The Share

KEY FIGURES OF THE SHARE

Class of shares	Bearer shares
Stock capital	22,867,154 EUR
Number of shares	22,867,154 pieces
WKN / ISIN	619070 / DE0006190705
Icon	HAE
Trading venues	Xetra, Frankfurt, Stuttgart, Hamburg, Berlin
Listing	Frankfurter Wertpapierbörse
First trading day	12/05/2005
Exchange segment	Entry Standard (Open Market)
Designated Sponsor, Listing Partner	ICF Kursmakler AG
Specialist	ODDO SEYDLER BANK AG
Coverage	GBC AG, First Berlin Equity Research GmbH

7.2 Financial Calendar

March 25, 2020	Preliminary Results 2019
May 11, 2020	Annual Report 2019
May 18, 2020	Q1 Results
July 8, 2020	Annual General Meeting
August 24, 2020	Interim Report 2020
November 23, 2020	Q3 Results

7.3 Glossary

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

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

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

BtM
abbreviation for Betäubungsmittel (narcotic drugs)

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

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

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

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

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

SHI
abbreviation for the Social Health Insurance

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

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

Oncology
Science that deals with cancer

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

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

7.4 List of References

1 Cf. Kieler Konjunkturbericht: Weltkonjunktur im Winter 2019, S.2
2 Cf. IMK Report 154, S.5
3 Cf. Kieler Konjunkturbericht: Deutsche Konjunktur im Winter 2019, S.2
4 Cf. Kieler Konjunkturbericht: Deutsche Konjunktur im Winter 2019, S.5
5 Cf. IMK Report 154, S.3
6 Cf. BPI, Pharma-Daten 2018, S.9
7 Cf. Pharma Fakten: Die Branche, www.pharma-fakten.de
8 Cf. BPI: Pharma-Daten 2019, S.12
9 Cf. BPI: Pharma-Daten 2019, S.9
10 Cf. BPI: Pharma-Daten 2019, S.51
11 Cf. BPI: Pharma-Daten 2019, S.52
12 Cf. IQVIA, Arzneimitteltrends 2018: Einführung und Etablierung neuer Therapien, S.5
13 Cf. BPI: Pharma-Daten 2019, S.98
14 Cf. IQVIA, Arzneimitteltrends 2018: Einführung und Etablierung neuer Therapien, S.5
15 Cf. Pharma Fakten: Die Branche, www.pharma-fakten.de
16 Cf. BPI: Pharma-Daten 2019, IQVIA - IMS Contract Monitor 2019, S. 62
17 Cf. IQVIA Marketbericht: Entwicklung des deutschen Pharmamarktes im Dreivierteljahr 2019, S.3
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24 Cf. IQVIA Marketbericht: Entwicklung des deutschen Pharmamarktes im Dreivierteljahr 2019, S.25
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26 Cf. Kieler Konjunkturbericht: Weltkonjunktur im Winter 2019, S. 8
27 Cf. Kieler Konjunkturbericht: Deutsche Konjunktur im Winter 2019, S. 11
28 Cf. Sachverständigenrat zur Begutachtung der gesamtwirtschaftlichen Entwicklung, Jahresgutachten 2019/20, S. 2
29 Cf. IMK Report 154, S. 6
30 Cf. Pharma Relations, Demografischer Wandel: Apotheken stellen sich auf erhöhten Beratungsbedarf ein, 10/10/2013
31 Cf. vfa, Pressemitteilung 037/2019, 12/27/2019
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34 Cf. EvaluatePharma: Orphan Drug Report 2019, S.7
35 Cf. WIdO, Pressekonferenz, Aktuelle (Fehl-)Entwicklungen im Arzneimittelmarkt in Deutschland, S.3
36 Cf. IQVIA: Fokus Biosimilars, S.2
37 Cf. Arbeitsgemeinschaft probiosimilars, Von null auf fast fünfzig Prozent: Adalimumab-Biosimilars erobern den Markt, 10/17/2019
38 Cf. WIdO, Pressemitteilung: Gesetz wird Wettbewerb bei Biosimilars fördern, 01/29/2019
39 Cf. Pharmazeutische Zeitung, Austausch von Biosimilars: Einsparpotenzial in Milliardenhöre, 02/01/2019
40 Cf. Pharma Relations, Demografischer Wandel: Apotheken stellen sich auf erhöhten Beratungsbedarf ein, 10/10/2013
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7.5 Imprint & Contact

Mit Sicherheit HAEMATO pharm

HAEMATO AG
Lilienthalstraße 5c, 12529 Schönefeld
Phone: +49 (0) 30 897 30 86 - 70
Fax: +49 (0) 30 897 30 86 - 79
info@haemato.ag
www.haemato.ag

Management Board
Uwe Zimdars, Daniel Kracht

Contact Investor Relations
ir@haemato.ag

Supervisory Board
Chairwoman: Andrea Grosse
Deputy Chairwoman: Prof. Dr. Dr. Sabine Meck
Member: Dr. med. Marion Braun

Seat
Berlin, Amtsgericht Charlottenburg, HRB 88633 B

Concept, design and realisation
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At HAEMATO AG, we have been operating successfully for 15 years in the promising areas of HEALTH and SAFETY. Pharmaceutical drug safety and patient protection have always been our utmost priority. We see health and well-being as the most valuable asset that must be preserved and promoted by all means. Our creed applying to all our activities, processes and products is: Safety due to original quality and the strictest quality controls.

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