



Research study (Anno)

HAEMATO AG

HAEMATO AG

- Compulsory manufacturer discounts burden "Specialty Pharma" segment -
- Lifestyle & Aesthetics" segment should grow in 2023; high potentials available with Botox launch -
- Increase in profitability expected -

Target price: € 30.75

Rating: BUY

IMPORTANT NOTICE:

Please note the disclaimer/risk notice as well as the disclosure of possible conflicts of interest according to § 85 WpHG and Art. 20 MAR from page 16

Note pursuant to MiFID II regulation for research "Minor Non-Monetary Contribution": This research meets the requirements for classification as "Minor Non-Monetary Contribution". For further information, please refer to the disclosure under "I. Research under MiFID II".

HAEMATO AG*4,5a,5b,6a,7,11

BUY

Target price: € 30.75
(previously: € 31.70)

current share price: 22.80
22.07.23 / XETRA / 5:36 pm
currency: EUR

Key data:

ISIN: DE000A289VV1
WKN: A289VV
Stock exchange symbol: HAEK
Number of shares³: 5.23
Market cap³: 104.58
EnterpriseValue³: 70.31
³ in million / in EUR million
Free float: 32%

Transparency level:
Open Market
Market segment:
Open Market
Accounting:
IFRS

Financial year: 31.12.

Analysts:

Cosmin Filker
filker@gbc-ag.de

Marcel Goldmann
goldmann@gbc-ag.de

Company profile

Industry: Trade, Aesthetic Products

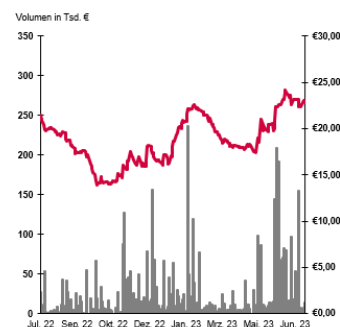
Focus: Specialty Pharma; Lifestyle & Aesthetics

Employees: 61 (31.12.2022)

Foundation: 1993

Board of Directors: Patrick Brenske, Attila Strauss

HAEMATO AG is a listed company with a focus on the specialty pharma and lifestyle & aesthetics sectors. Their business activities are concentrated on growth markets for off-patent and patent-protected drugs. Their main focus is on the therapeutic areas of oncology, HIV/AIDS, neurology, cardiovascular and other chronic diseases. In the fast-growing market of aesthetic medicine, HAEMATO AG focuses on the largest market for private payers. The need for affordable medicines that are delivered at the highest quality and always meet the demand for reliable and comprehensive medical care will continue to grow in the coming years as the population's life expectancy increases. With their product portfolio of off-patent and patent-protected medicines, their aim is to optimise the efficient supply of medicines and thereby reduce costs for health insurance companies and, thus, also for patients.



P&L in EUR million \ FY-end	31.12.2022	31.12.2023e	31.12.2024e	31.12.2025e
Revenues	248.14	242.04	261.56	268.70
EBITDA	9.66	8.79	12.45	14.92
EBIT	8.30	7.44	11.13	13.60
Net profit for the year	8.19	5.39	8.12	9.98

Key figures in EUR	31.12.2022	31.12.2023e	31.12.2024e	31.12.2025e
Earnings per share	1.57	1.03	1.55	1.91
Dividend per share	1.20	0.80	1.35	1.60

Key figures	31.12.2022	31.12.2023e	31.12.2024e	31.12.2025e
EV/Revenues	0.34	0.35	0.32	0.32
EV/EBITDA	8.79	9.66	6.82	5.69
EV/EBIT	10.24	11.42	7.63	6.25
KGV	14.55	22.10	14.68	11.95
KBV	0.81			

Financial Calendar

18.07.2023: Annual General Meeting

31.08.2023: q2 figures 2023

16.11.2023: q3 figures 2023

**last research from GBC:

Date: Publication / Target price in EUR / Rating

17.04.2023: RS / 31.70 / BUY

13.09.2022: RS / 37.55 / BUY

02.06.2022: RS / 49.00 / BUY

05.04.2022: RS / 47.50 / BUY

28.01.2022: RS / 50.10 / BUY

** The research studies listed above can be viewed at www.gbc-ag.de or requested from GBC AG, Halderstr. 27, D86150 Augsburg.

* Catalogue of possible conflicts of interest on page 17

EXECUTIVE SUMMARY

- As expected, HAEMATO AG reports a decline in revenue to € 248.14 million (previous year: € 285.04 million) for the past financial year 2022 and is thus just below the previously expected revenue range of € 250 to € 280 million. The decline in revenue is due to the discontinuation of the sale of COVID 19 lay tests, which contributed significantly to the record value of the 2021 financial year. Due to an existing over-supply on the market, HAEMATO management had discontinued sales in mid-2021, which led to a revenue gap in 2022.
- The business activities of HAMEATO AG are divided into the two segments "Lifestyle & Aesthetics" and "Specialty Pharma". In the Lifestyle & Aesthetics segment, the marketing of pharmaceutical, medical and medical technology products for aesthetic surgery and cosmetic dermatology takes place. In the Specialty Pharma segment, HAEMATO AG acts as a wholesaler and parallel importer. Since the decline in lay tests is assigned in particular to the "Lifestyle & Aesthetics" segment, this led to a decline in sales in this high-margin segment to € 42.48 million (previous year: € 65.15 million). At the same time, the streamlining of the product portfolio reduced sales in the "Specialty Pharma" segment to € 205.66 million (previous year: € 219.90 million).
- The decline in revenue is also reflected in a decrease in EBIT to € 8.30 million (previous year: € 11.16 million). Although the EBIT margin fell to 3.3 % (previous year: 3.9 %), the inclusion of the high-margin "Lifestyle & Aesthetics" segment shows an increase in profitability in a multi-year comparison. In the 2019 and 2020 financial years, the EBIT margin was below 1.0 % in each case.
- For the current financial year 2023, the HAEMATO management expects revenues of € 230 to € 250 million and EBIT of € 6 to € 8 million. A slightly declining development is expected both at the revenue and at the operating result level. This is likely to be primarily due to an expected decline in business in the "Specialty Pharma" segment. As part of the SHI stabilisation law, the mandatory manufacturer discounts have been increased from 7.0% to 12.0% by 31 December 2023, which should lead to corresponding burdens for HAEMATO AG. Process optimisations and cost savings should partially offset this effect. In the "Lifestyle & Aesthetics" segment, market shares are to be gained and profit margins further improved. The focus here is on the development of high-margin own brands, which are to be sold both through wholesalers and in the B2C business. In addition, the distribution of botulinum toxin (Botox) products should become an important growth driver in this segment.
- For 2023, we expect sales revenues of € 242.04 million and EBIT of € 7.44 million. In the coming financial years, a return to sales growth and, with the expected disproportionate increase in high-margin "Lifestyle & Aesthetics" sales, a gradual improvement in EBIT margins should be achieved.
- Within the framework of our DCF valuation model, we have determined a new price target of € 30.75 (previously: € 31.70). We continue to assign the BUY rating.

TABLE OF CONTENTS

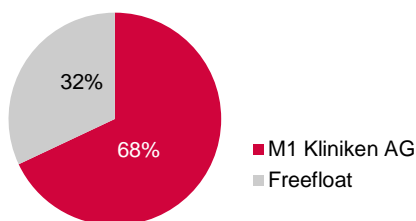
Executive Summary	2
Company	4
Shareholder structure	4
Business activities of HAEMATO AG	4
Specialty Pharma business segment	4
Lifestyle & Aesthetics business segment	4
Market and market environment	6
Market environment Specialty Pharma segment.....	6
Market Environment Lifestyle & Aesthetics	7
Corporate development	8
Key figures at a glance	8
Business development 20 22	9
Revenue development 2022	9
Earnings development 2022.....	10
Balance sheet and financial situation.....	11
Forecast and evaluation	11
Revenue forecasts 2023 to 2025	12
Result forecasts 2023 to 2025	13
Evaluation	14
Model assumptions	14
Determination of the cost of capital	14
Valuation result.....	14
DCF model.....	15
Appendix	16

COMPANY

Shareholder structure

M1 Clinics Ltd	68%
Free float	32%

Source: HAEMATO AG; GBC AG



Business activities of HAEMATO AG

HAEMATO AG divides its business activities into the two divisions Specialty Pharma and Lifestyle & Aesthetics.

Specialty Pharma business segment

HAEMATO's core business includes the trade and production of medicines and preparations in the fields of HIV, oncology, rheumatology, neurology and cardiovascular diseases. HAEMATO acts here as a wholesaler and parallel importer.

In addition to the above-mentioned areas, expansions are being built up in the sales of narcotics, cannabis and biosimilars. Specialty pharma drugs are, among other things, personalised medicines that are prepared taking into account important parameters such as blood values, body size and body weight. The complex development and production mean that the prices are higher than for ordinary medicines. However, individualisation is also associated with a higher and, above all, more targeted effectiveness.

At the end of 2021, the company successfully passed the recertification for trading in high-margin narcotics, so that this high-growth area can also be successively expanded in the future. Since 2019, the necessary permit for the import and trade of narcotics has been available. According to company information, there is a high demand in this area that currently exceeds the company's supply. Additional suppliers are being sought in this regard.

Lifestyle & Aesthetics business segment

The Lifestyle and Aesthetics segment was formed with the acquisition of M1 Aesthetics GmbH. Until 2020, HAEMATO still distributed medicinal products for aesthetic treatment and surgery in addition to specialty pharmaceuticals. Botulinum toxin (Botox) is particularly worth mentioning here.

M1 Aesthetics GmbH, as a specialist in the distribution of aesthetic medicine and dermatological treatment ingredients, has access to a network of treatment centres and clinics where aesthetic treatments are carried out, operating primarily in the self-pay market. Here, the company sells hyaluronic acid and Botox as well as cosmetics. The segment is supplemented by the sales opportunities in the area of diagnostics that emerged in 2020. In addition to B2B trade, this segment also includes the trade of cosmetic products to end customers ("B2C"), which are sold via an online shop under the name "M1 Select". This brand enables the HAEMATO Group to address a young, dynamic target group whose consumer behaviour is mainly characterised by social media and web-based sales markets.

Botulinum toxin (Botox) under its own brand name

This business segment is likely to be strongly characterised by the planned distribution of an own Botox product in the coming financial years. For this purpose, HAEMATO AG has concluded an exclusive licence and supply agreement with the South Korean pharmaceutical company Huons BioPharma Co, Ltd. The product is currently marketed in South Korea and other countries under the brand names LIZTOX® and HUTOX®. It is an injectable botulinum toxin type A, which is used for the treatment of moderate to severe wrinkles in the facial area. For approval in Germany, a European approval procedure must be completed, which is expected to be completed by 2025. This is to be followed by a Europe-wide roll-out under the company's own brand.

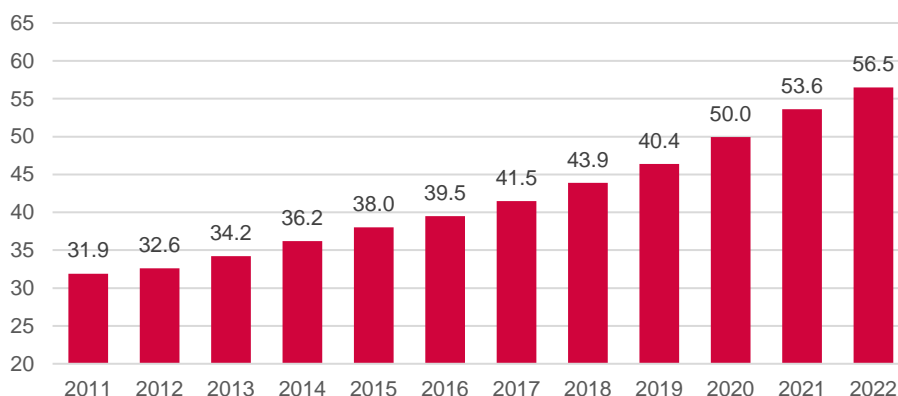
MARKET AND MARKET ENVIRONMENT

The following presentation of the market environment is divided into the two business segments Specialty Pharma and Lifestyle & Aesthetics. For the Specialty Pharma segment, which contains the traditional pharmaceutical trading segment of HAEMATO AG, the development of the pharmaceutical industry is relevant. To analyse the market environment of the self-pay Lifestyle & Aesthetics segment, we draw on data on the Beauty and Care segment and present the possible potential for the Botox segment.

Market environment Specialty Pharma segment

In this product area, HAEMATO AG imports, in particular, patented and generic drugs with a focus on the treatment of HIV/AIDS, neurology, oncology, rheumatology and ophthalmology into Germany. Here the company operates in a market environment that has been characterised by high growth rates in recent years. According to IQVIA data, pharmaceutical expenditure in Germany increased by 5.4% to € 56.5 billion in 2022. Over a ten-year period (2012 - 2022), the entire German pharmaceutical market also grew dynamically with a CAGR of 5.7%.

Pharmaceutical sales in Germany (in € billion)



Sources: IQVIA; GBC AG

According to IQVIA data, the expenditure of the statutory health insurance funds on medicinal products increased as expected with a similarly high dynamic by 5.3% to around € 50 billion. In 2017, SHI expenditure on medicines was € 37.7 billion, achieving a CAGR of 5.8% between 2017 and 2022. Similarly, total SHI expenditure on benefits increased, resulting in an estimated financial gap of €17 billion, according to SHI data. In this environment, measures to save on expenditures play an important role. For example, in the framework agreement between the GKV-Spitzenverband and the German Pharmacists' Association, a savings target of 2.0% per quarter was set through the dispensing of low-priced imported medicines. Importers such as HAEMATO AG should benefit from this. Another cost-cutting measure is the compulsory manufacturer discounts, which have so far provided for a discount of 7.0% for reimbursable medicines. For the period from 1 January 2023 to 31 December 2023, a mandatory manufacturer discount of 12.0% was established, which will have negative effects for HAEMATO AG.

The second drug category of HAEMATO AG, biosimilars, are biologically-produced off-patent drugs that come with a high savings potential. This is because biopharmaceuticals are comparatively high-priced due to their complicated production. With the market launches of biopharmaceuticals, sales of this type of drug have increased fivefold since 2006, while the overall drug market has only doubled in the same period. The overall

market for copycat products, biosimilars, has grown even more strongly. While in 2007 no biosimilar had yet been approved, in 2022 total sales of around € 2.3 billion were generated with them. Between January 2019 and January 2023, the biosimilar share increased significantly from 36% to 62% between January 2019 and January 2023. Against this background, it is understandable that HAEMATO AG is also addressing the biosimilars sector.

Market Environment Lifestyle & Aesthetics

Here HAEMATO AG addresses the self-pay market through its own brands, which include diagnostic tests and cosmetic products. In addition, the HAEMATO AG will also address the volume market for Botox products as soon as the European approval procedure for the Botox products of its licence partner Huons BioPharma has been completed.

The current product range under the main brand M1 Select contains mainly medical skin care products. According to data from the industry association IKW (Industrieverband Körperpflege- und Waschmittel), the market for beauty care products is basically a growth market. Total sales climbed by 5.4 % to € 14.3 billion in 2022. After the expiry of corona measures, fragrances and deodorants in particular were again in strong demand, as well as so-called decorative cosmetic products. Skin and facial care products, among which the products of M1 Select can be counted, declined slightly by -1.0 %, but with € 3.2 billion they are among the products with the highest revenue. The industry association expects sales to grow by 2.5% in 2023. Particular challenges lie in the raw material and energy markets, which are characterised by price increases.

With the upcoming launch of the Botox products under their exclusive licensing agreement with the South Korean Huons BioPharma, HAEMATO AG will address a very attractive and high-volume market. At first glance, the figures of the German Society for Aesthetic Plastic Surgery (DGÄPC) show a decline in Botox treatments. While Botox treatments were responsible for 33.5% of procedures in 2021, the rate was only 12.3% in 2022. However, this is probably due to the shift of Botox treatments to beauty chains, which are generally cheaper and are not included in the DGÄPC figures. The perfumery chain Douglas, for example, offers low-threshold Botox treatments at selected locations. In the USA, for example, Botox treatment is by far the most performed beauty treatment (source: [Plasticsurgery.org](https://www.plasticsurgery.org)), a scenario that should also apply to Germany.

According to company information, the Botox purchased by Huons BioPharma will be competitively priced, so that the company should be able to benefit disproportionately from this high-volume and high-growth market.

CORPORATE DEVELOPMENT

Key figures at a glance

Income statement (in € million)	FY 2021	FY 2022	FY 2023e	FY 2024e	FY 2025e
Revenues	285.04	248.14	242.04	261.56	268.70
Other operating income	0.46	0.93	0.00	0.00	0.00
Cost of materials	-254.31	-226.53	-222.05	-234.15	-237.99
Gross profit	31.19	22.54	19.99	27.42	30.71
Personnel expenses	-7.50	-4.94	-5.10	-5.61	-5.89
Depreciation	-1.47	-1.37	-1.35	-1.32	-1.32
Other operating expenses	-11.05	-7.94	-6.10	-9.36	-9.90
EBIT	11.16	8.30	7.44	11.13	13.60
Interest income	0.48	2.55	0.35	0.30	0.30
Interest expenses	-2.29	-0.36	-0.60	-0.60	-0.60
EBT	9.36	10.48	7.19	10.83	13.30
Taxes on income and earnings	-2.82	-2.29	-1.80	-2.71	-3.33
Net profit for the year	6.53	8.19	5.39	8.12	9.98
EBITDA	12.64	9.66	8.79	12.45	14.92
in % of sales revenue	4.4%	3.9%	3.6%	4.8%	5.6%
EBIT	11.16	8.30	7.44	11.13	13.60
in % of sales revenue	3.9%	3.3%	3.1%	4.3%	5.1%
Earnings per share in €	1.25	1.57	1.03	1.55	1.91
Dividend per share in €	1.10	1.20	0.80	1.35	1.60
Number of shares in millions	5.23	5.23	5.23	5.23	5.23

Sources: HAEMATO AG; GBC AG

Business development 2022

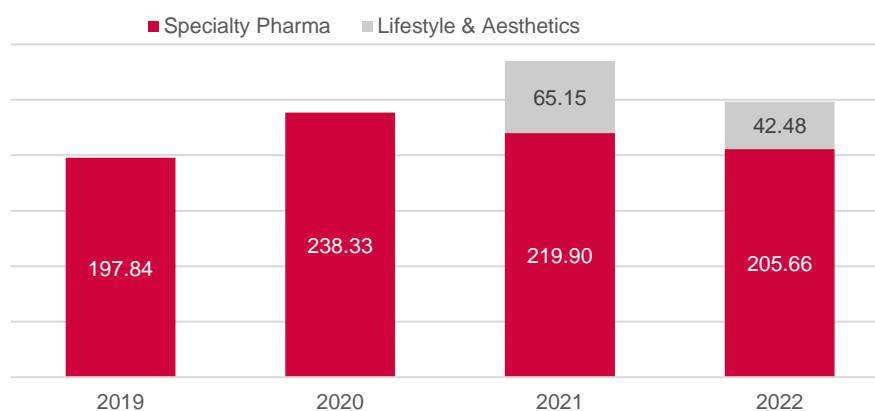
Income statement (in € million)	FY 2019	FY 2020	FY 2021	FY 2022
Revenues	197.84	238.33	285.04	248.14
EBITDA	1.90	3.32	12.64	9.66
EBITDA margin	1.0%	1.4%	4.4%	3.9%
EBIT	-0.02	1.63	11.16	8.30
EBIT margin	-0.1%	0.7%	3.9%	3.3%
After-tax result	-1.17	-4.83	6.53	8.19
EPS in €	-0.05	-1.02	1.25	1.57

Sources: HAEMATO AG, GBC AG

Revenue development 2022

The final figures published in the Annual Report 2022 are no surprise compared to the preliminary figures published on 13 April 2023. With sales revenues of € 248.14 million (previous year: € 285.04 million), HAEMATO AG shows a significant decline in revenues of 13.0%, as expected. At the same time, revenues were only slightly below the range of € 250 to € 280 million expected for 2022 in the Annual Report 2021. The decline is due in particular to the discontinuation of the sale of COVID-19 lay tests, which contributed significantly to the record value of the 2021 financial year. Due to an existing oversupply on the market, HAEMATO management had discontinued sales in mid-2021, which led to a revenue gap in 2022. In the first half of 2021, sales revenues of around € 25 million were generated with the rapid tests.

Revenues by segments (in € million)



Sources: HAEMATO AG; GBC AG

Since the 2021 financial year, M1 Aesthetics GmbH has been part of the HAEMATO AG group of companies, which has led to the first-time segmentation of group revenues. Since the effect of the decline in sales with the COVID-19 tests is allocated exclusively to the "Lifestyle & Aesthetics" segment, the decline in the associated segment sales to € 42.48 million (previous year: € 65.15 million) was particularly significant. Adjusted for this effect, HAEMATO AG would have achieved a slight increase in sales here.

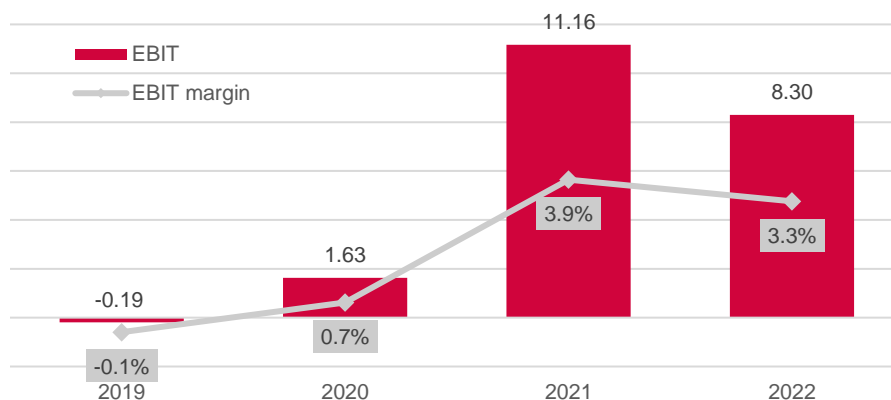
Parallel to this, revenue in the "Specialty Pharma" segment also decreased to € 205.66 million (previous year: € 219.90 million). This is due in particular to the streamlining of the product portfolio in this area, where a stronger focus was placed on high-margin products. Particularly against the backdrop of increased dispensing pressure and rising expenses in connection with discount agreements, this has led to the inefficiency of some products in the portfolio. In this respect, the decline in revenue in this segment was consciously accepted.

Earnings development 2022

The focus on higher-margin products in the "Specialty Pharma" segment is bearing fruit. Accordingly, gross profit in this segment improved to € 10.13 million (previous year: € 8.77 million) and the corresponding gross profit margin increased significantly to 4.9% (previous year: 4.0%). In contrast, gross profit in the higher-margin Lifestyle & Aesthetics segment fell to € 11.48 million (previous year: € 21.96 million) and the gross profit margin to 27.0% (previous year: 33.7%). The loss of the particularly high-margin sales with corona lay tests is noticeable here.

With regard to the Group EBIT, HAEMATO AG shows a declining development to € 8.30 million (previous year: € 11.16 million). The EBIT was within the EBIT guidance of € 8 to € 10 million published in the annual report 2021. In our last study before the publication of the preliminary figures, we had expected an EBIT of € 8.86 million for 2022. Despite the declining earnings development, the multi-year comparison shows that the inclusion of the high-margin "Lifestyle & Aesthetics" segment and the focus on high-margin products in "Specialty Pharma" leads to a general increase in Group profitability. In the two financial years 2021 and 2022, the EBIT margin has made a visible jump compared to the previous financial years:

EBIT (in € million) and EBIT margin (in %)



Sources: HAEMATO AG; GBC AG

Despite the declining EBIT development, HAEMATO AG shows an improvement in their after-tax result to € 8.19 million (previous year: € 6.53 million). The strong increase in the financial result to € 2.19 million (previous year: € -1.80 million) is responsible for this. While the financial result in the 2021 financial year mainly included unrealised valuation losses on securities held, unrealised valuation gains were recognised in profit or loss in the 2022 financial year.

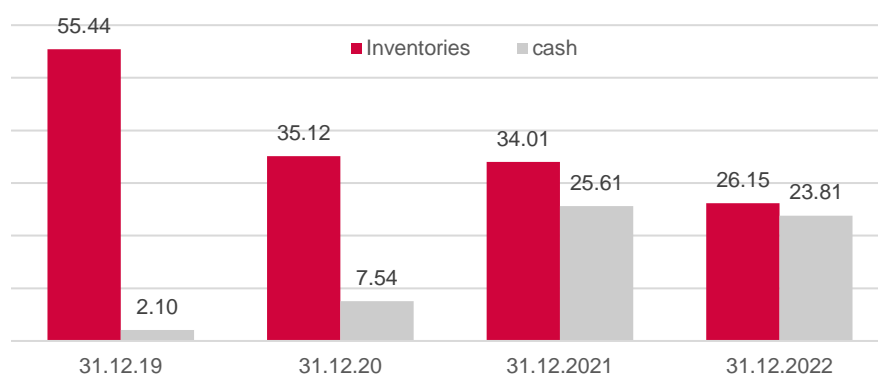
Balance sheet and financial situation

in € m	31.12.2019	31.12.2020	31.12.2021	31.12.2022
Equity	72.22	125.48	144.73	147.17
Equity ratio	56.2%	74.2%	79.5%	83.4%
Property, plant and equipment	5.83	5.50	4.52	6.76
Goodwill	34.58	34.58	88.23	88.23
Inventories	55.44	35.12	34.01	26.15
Cash and cash equivalents	2.10	7.54	25.61	23.81
Cash flow - operational	-2.76	14.67	14.05	19.73
Cash flow - investment	-0.70	-0.84	-0.17	-2.61
Cash flow - financing	0.05	-4.49	7.16	-18.92

Sources: HAEMATO AG; GBC AG

As usual, HAEMATO AG also shows very solid balance sheet ratios as of 31.12.2022. Typically, the company's business model is not very asset-intensive but, on the other hand, is characterised by product inventories. Accordingly, HAEMATO AG has fixed assets of only € 6.76 million (31.12.21: € 4.52 million) with an inventory of € 26.15 million (31.12.21: € 34.01 million).

Liquid funds and inventories (in € million)



Sources: HAEMATO AG; GBC AG

Over the past financial years, HAEMATO AG has successively reduced inventories, not least due to improvements in effectiveness, which has released tied-up liquidity. This can be seen in their operating cash flow, which, analogous to their reduction in inventories, was significantly higher than their EBITDA in the past three financial years. In 2022, this was € 19.73 million (previous year: € 14.05 million), which gave the company the opportunity to reduce its bank liabilities to a considerable extent. Due to the reduction of bank liabilities to € 2.68 million (31.12.21: € 14.59 million) as well as the dividend payment of € 5.75 million, the financing cash flow was € -18.92 million (PY: € 7.16 million). Despite the high operating cash flow, cash and cash equivalents declined slightly to € 23.81 million (31.12.21: € 25.61 million), but can still be described as ample. With this high level of liquidity, the company is flexible enough to finance a possible increase in working capital.

The reduction in liabilities to banks, in conjunction with the profit-related increase in equity to € 147.17 million (31.12.21: € 144.73 million), led to a further increase in the equity ratio to 83.4% (31.12.21: 79.5%). This key figure also shows the very solid balance sheet of HAEMATO AG.

FORECAST AND EVALUATION

Income statement (in € million)	FY 2022	FY 2023e	FY 2024e	FY 2025e
Revenues	248.14	242.04	261.56	268.70
EBITDA	9.66	8.79	12.45	14.92
EBITDA margin	3.9%	3.6%	4.8%	5.6%
EBIT	8.30	7.44	11.13	13.60
EBIT margin	3.3%	3.1%	4.3%	5.1%
After-tax result	8.19	5.39	8.12	9.98
EPS in €	1.20	0.80	1.35	1.60

Source: GBC AG

With the publication of their 2022 annual report, HAEMATO AG has largely confirmed the forecasts previously published with the preliminary figures. Accordingly, the company's management board expects revenues of € 230 million to € 250 million (previously: € 220 million to € 250 million) and continues to expect EBIT in a range of € 6 million to € 8 million. A slight decline is expected in both revenue and operating re-sults.

Against the background of the very convincing development in the first quarter of 2023, in which a growth in sales of 25.3 % to € 68.4 million (previous year: € 54.6 million) and an increase in EBIT to € 3.42 million (previous year: € 1.97 million) was achieved, the guidance must be classified as well achievable.

The "Specialty Pharma" segment is expected to show a slightly declining development in the current business year. As part of the SHI stabilisation law, the mandatory manufacturer discounts were increased from 7.0% to 12.0% until 31 December 2023, which is likely to lead to increasing expenses for the procurement of goods and for transport costs at HAEMATO AG. In addition, the product streamlining in this segment is to be continued, which should also lead to a declining development at the sales level. However, the expected additional burdens from the increase in mandatory manufacturer discounts are expected to be compensated somewhat by further efficiency improvements. Efficiency improvements have already been achieved in the areas of process optimisation and digitalisation, which have significantly reduced the number of employees to 61 as of 31 December 2022 (31 December 21: 111). In addition, the relocation of production and warehousing activities to a new location in Berlin Bohnsdorf in December 2022 will lead to an improvement in logistics connectivity and business processes, which will be accompanied by further cost savings.

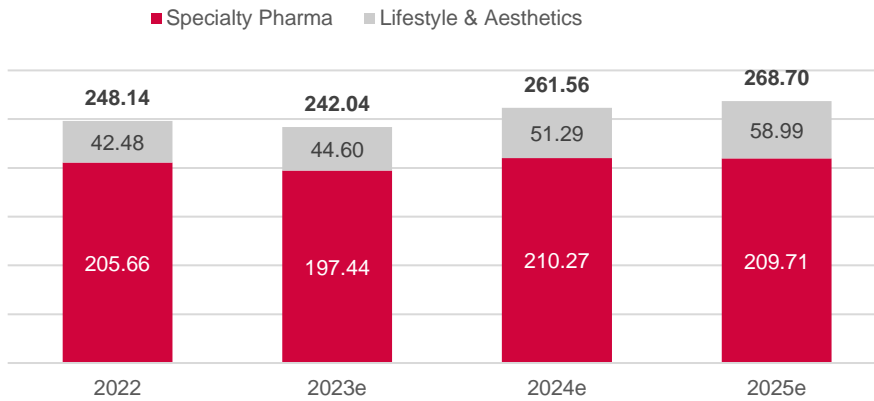
In the Lifestyle & Aesthetics segment, market shares are to be gained and profit margins further improved. The focus here is on the development of high-margin own brands, which are to be sold both through wholesalers and in the B2C business. In addition, the distribution of botulinum toxin (Botox) products should become an important growth driver in this segment. In this regard, an exclusive supply and licence agreement was concluded with the South Korean company Huons BioPharma for the supply of Botox products. The application to conduct a clinical trial was submitted to the authorities at the end of January 2023. If the trial proceeds normally, the company expects approval in 2025.

Revenue forecasts 2023 to 2025

Based on the premises described above, we initially expect a decline in "Specialty Pharma" sales to € 197.44 million or a decline in sales of -4.0% for the current financial year 2023. In contrast, "Lifestyle & Aesthetics" revenues should increase by 5.0% to € 44.60 million, so that we expect total revenues of € 242.04 million. This puts us in the middle of the revenue guidance range expected by the company for 2022.

In the coming business years, the "Specialty Pharma" segment should find its way back to sales growth, but we expect a lower growth dynamic compared to the second HAEMATO segment:

Revenue forecasts (in € million)



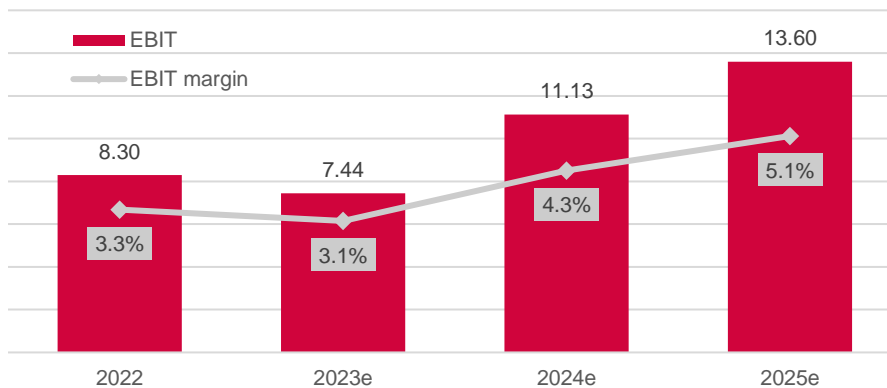
Source: GBC AG

Result forecasts 2023 to 2025

In the current financial year 2023, the increased mandatory manufacturer discounts should lead to a declining development of the gross profit margin in the "Specialty Pharma" segment, despite the implementation of cost-efficiency measures. Since, from the current point of view, the higher mandatory manufacturer rebates only apply for the year 2023, there could already be a visible cost relief in the coming financial year. In addition, it can be assumed that the focus on high-margin products will then become somewhat more apparent.

Overall, the EBIT margin should then also benefit from the expected disproportionate sales development of the high-margin "Lifestyle & Aesthetics" sales from 2024 on-wards. After an interim decline in EBIT to € 7.44 million, we expect a disproportionate increase in EBIT from the coming financial year 2024, which should then be accompanied by an increase in the EBIT margin to 4.3% (FY 2024) and 5.1% (FY 2025):

Forecast EBIT (in € million) and EBIT margin (in %)



Source: GBC AG

Evaluation

Model assumptions

HAEMATO AG was valued by us using a three-stage DCF model. Starting with the concrete estimates for the years 2023 - 2025 in phase 1, the forecast is made from 2026 to 2030 in the second phase by applying value drivers. We expect increases in revenue of 5.0%. We have assumed a target EBITDA margin of 5.5%. We have taken into account the tax rate of 25.0% in phase 2. In the third phase, a residual value is determined after the end of the forecast horizon using the perpetual annuity. In the final value we assume a growth rate of 3.0%.

Determination of the cost of capital

The weighted average cost of capital (WACC) of HAEMATO AG is calculated from the cost of equity and the cost of debt. The fair market premium, the company-specific beta and the risk-free interest rate must be determined in order to calculate the cost of equity.

The risk-free interest rate is derived from current yield curves for risk-free bonds in accordance with the recommendations of the Fachausschuss für Unternehmensbewertungen und Betriebswirtschaft (FAUB) of the IDW. The basis for this is the zero bond interest rates published by the Deutsche Bundesbank according to the Svensson method. To smooth short-term market fluctuations, the average yields of the previous three months are used and the result rounded to 0.25 basis points. **The currently used value of the risk-free interest rate is 2.00% (previously: 2.00%).**

We set the historical market premium of 5.50% as a reasonable expectation of a market premium. This is supported by historical analyses of stock market returns. The market premium reflects the percentage by which the equity market is expected to yield better than low-risk government bonds.

According to the GBC estimation method, a beta of 1.54 (previously: 1.54) is currently determined.

Using the assumptions made, we calculate a cost of equity of 10.49% (previously: 10.49%) (beta multiplied by risk premium plus risk-free interest rate). Since we assume a sustainable weighting of the cost of equity of 90% (previously: 85%), the weighted average cost of capital (WACC) is 9.92% (previously: 9.64%).

Valuation result

Within the framework of our DCF valuation model, we have determined a new target price of € 30.75 (previously: € 31.70). The change in the target price is due in particular to two opposing effects. On the one hand, the higher equity weighting within the WACC has slightly increased it and thus had a price target-lowering effect. On the other hand, the inclusion of the 2025 estimates in the concrete estimation period and the roll-over had the effect of increasing the price target. Overall, the short target-reducing effect predominates.

DCF model

HAEMATO AG - Discounted Cashflow (DCF) model scenario

Value driver of the DCF - model after the estimate phase:

consistency - phase		final - phase	
Revenue growth	5,0%	Eternal growth rate	3,0%
EBITDA-Margin	5,5%	Eternal EBITA - margin	5,2%
Depreciation to fixed assets	1,4%	Effective tax rate in final phase	25,0%
Working Capital to revenue	7,0%		

three phases DCF - model:

phase in €m	estimate			consistency					final value
	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	FY 30e	
Revenues (RE)	242,04	261,56	268,70	282,14	296,24	311,05	326,61	342,94	
RE change	-2,5%	8,1%	2,7%	5,0%	5,0%	5,0%	5,0%	5,0%	3,0%
RE to fixed assets	2,53	2,72	2,80	2,94	3,07	3,21	3,36	3,51	
EBITDA	8,79	12,45	14,92	15,52	16,29	17,11	17,96	18,86	
EBITDA-Margin	3,6%	4,8%	5,6%	5,5%	5,5%	5,5%	5,5%	5,5%	
EBITA	7,44	11,13	13,60	14,20	14,97	15,78	16,63	17,52	
EBITA-Margin	3,1%	4,3%	5,1%	5,0%	5,1%	5,1%	5,1%	5,1%	5,2%
Taxes on EBITA	-1,86	-2,78	-3,40	-3,55	-3,74	-3,95	-4,16	-4,38	
Taxes to EBITA	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%	25,0%
EBI (NOPLAT)	5,58	8,35	10,20	10,65	11,23	11,84	12,47	13,14	
Return on capital	5,1%	7,5%	9,0%	9,4%	9,7%	10,1%	10,5%	10,9%	11,3%
Working Capital (WC)	15,91	16,91	17,91	19,75	20,74	21,77	22,86	24,01	
WC to Revenues	6,6%	6,5%	6,7%	7,0%	7,0%	7,0%	7,0%	7,0%	
Investment in WC	-1,00	-1,00	-1,00	-1,83	-0,99	-1,04	-1,09	-1,14	
Operating fixed assets (OAV)	95,78	96,26	95,94	96,12	96,50	96,87	97,24	97,60	
Depreciation on OAV	-1,35	-1,32	-1,32	-1,32	-1,32	-1,33	-1,33	-1,34	
Depreciation to OAV	1,4%	1,4%	1,4%	1,4%	1,4%	1,4%	1,4%	1,4%	
Investment in OAV	-2,00	-1,80	-1,00	-1,50	-1,70	-1,70	-1,70	-1,70	
Capital employed	111,70	113,18	113,86	115,87	117,24	118,64	120,10	121,61	
EBITDA	8,79	12,45	14,92	15,52	16,29	17,11	17,96	18,86	
Taxes on EBITA	-1,86	-2,78	-3,40	-3,55	-3,74	-3,95	-4,16	-4,38	
Total investment	-3,00	-2,80	-2,00	-3,33	-2,69	-2,74	-2,79	-2,84	
Investment in OAV	-2,00	-1,80	-1,00	-1,50	-1,70	-1,70	-1,70	-1,70	
Investment in WC	-1,00	-1,00	-1,00	-1,83	-0,99	-1,04	-1,09	-1,14	
Investment in Goodwill	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00	
Free cashflows	3,93	6,87	9,52	8,63	9,86	10,43	11,02	11,64	146,25

Value operating business (due date)	121,53	126,73
Net present value explicit free Cashflows	46,12	43,83
Net present value of terminal value	75,41	82,90
Net debt	-31,68	-34,06
Value of equity	153,21	160,79
Minority interests	0,00	0,00
Value of share capital	153,21	160,79
Outstanding shares in m	5,23	5,23
Fair value per share in €	29,30	30,75

Cost of capital:

Risk free rate	2,0%
Market risk premium	5,5%
Beta	1,54
Cost of equity	10,5%
Target weight	90,0%
Cost of debt	6,5%
Target weight	10,0%
Taxshield	25,0%

WACC 9,9%

Return on capital	WACC				
	8,9%	9,4%	9,9%	10,4%	10,9%
10,3%	32,12	30,35	28,85	27,56	26,44
10,8%	33,29	31,40	29,80	28,42	27,23
11,3%	34,47	32,46	30,75	29,28	28,02
11,8%	35,64	33,51	31,70	30,15	28,80
12,3%	36,82	34,57	32,65	31,01	29,59

APPENDIX

I.

Research under MiFID II

1. There is a contract between the research company GBC AG and the Issuer regarding the independent preparation and publication of this research report on the Issuer. GBC AG is remunerated for this by the Issuer.
2. the research report shall be made available simultaneously to all investment service providers interested in it.

II.

§1 Disclaimer/ Exclusion of liability

This document is for information purposes only. All data and information contained in this study has been obtained from sources that GBC believes to be reliable. Furthermore, the authors have taken the greatest possible care to ensure that the facts used and opinions presented are appropriate and accurate. Despite this, no guarantee or liability can be assumed for their accuracy - either expressly or implicitly. Furthermore, all information may be incomplete or summarised. Neither GBC nor the individual authors accept any liability for damages arising from the use of this document or its contents or otherwise in connection therewith.

Please note that this document does not constitute an invitation to subscribe for or purchase any security and should not be construed as such. Nor should it or any part of it form the basis of, or be relied upon in connection with, any binding contract of any kind whatsoever. A decision in connection with any prospective offer for sale of securities of the company or companies discussed in this publication should be made solely on the basis of information contained in any prospectus or offering circular issued in connection with such offer.

GBC does not guarantee that the implied returns or the stated price targets will be achieved. Changes in the relevant assumptions on which this document is based may have a material impact on the targeted returns. Income from investments is subject to fluctuation. Investment decisions always require the advice of an investment adviser. Thus, this document cannot assume an advisory function.

Distribution outside the Federal Republic of Germany:

This publication, if distributed in the UK, may only be made available to persons who qualify as authorised or exempt within the meaning of the Financial Services Act 1986 or persons as defined in Section 9(3) of the Financial Services Act 1986 (Investment Advertisement) (Exemptions) Order 1988 (as amended) and may not be communicated, directly or indirectly, to any other person or class of persons.

Neither this document nor any copy thereof may be brought into, transferred to or distributed in the United States of America or its territories or possessions. Distribution of this document in Canada, Japan or other jurisdictions may be restricted by law and persons into whose possession this publication comes should inform themselves about and observe any restrictions. Any failure to comply with such restriction may constitute a violation of US, Canadian or Japanese securities laws or the laws of any other jurisdiction.

By accepting this document, you accept any disclaimer and the above limitations.

You can also find the notes on the disclaimer/liability exclusion under:

<http://www.gbc-ag.de/de/Disclaimer>

Legal Notices and Publications Pursuant to Section 85 WpHG and FinAnV

You can also find the information on the Internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung>

§ 2 (I) Update:

A specific update of the present analysis(s) at a fixed point in time has not yet been scheduled. GBC AG reserves the right to update the analysis without prior notice.

§ 2 (II) Recommendation/ Classifications/ Rating:

GBC AG has been using a three-stage absolute share rating system since 1 July 2006. Since 1 July 2007, the ratings have referred to a time horizon of at least six to a maximum of 18 months. Previously, the ratings had referred to a time horizon of up to 12 months. When the analysis is published, the investment recommendations are determined according to the ratings described below with reference to the expected return. Temporary price deviations outside these ranges do not automatically lead to a change in the rating, but do give rise to a revision of the original recommendation.

The respective recommendations/ classifications/ ratings are associated with the following expectations:

BUY	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is $\geq + 10\%$.
HOLD	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is $> - 10\%$ and $< + 10\%$.
SELL	The expected return, based on the determined price target, including dividend payment within the corresponding time horizon is $\leq - 10\%$.

Price targets of GBC AG are determined on the basis of the fair value per share, which is determined on the basis of generally recognised and widely used methods of fundamental analysis, such as the DCF method, the peer group comparison and/or the sum-of-the-parts method. This is done by taking into account fundamental factors such as share splits, capital reductions, capital increases, M&A activities, share repurchases, etc.

§ 2 (III) Historical recommendations:

GBC's historical recommendations on the present analysis(s) are available on the internet at the following address:

<http://www.gbc-ag.de/de/Offenlegung>

§ 2 (IV) Information basis:

For the preparation of the present analysis(s), publicly available information on the issuer(s) (where available, the three most recently published annual and quarterly reports, ad hoc announcements, press releases, securities prospectus, company presentations, etc.) was used, which GBC considers to be reliable. Furthermore, in order to prepare the present analysis(s), discussions were held with the management of the company(ies) concerned in order to obtain a more detailed explanation of the facts relating to the business development.

§ 2 (V) 1. Conflicts of interest pursuant to § 85 WpHG and Art. 20 MAR:

GBC AG and the responsible analyst hereby declare that the following possible conflicts of interest exist for the company(ies) named in the analysis at the time of publication and thus comply with the obligations of § 85 WpHG and Art. 20 MAR. An exact explanation of the possible conflicts of interest is listed below in the catalogue of possible conflicts of interest under § 2 (V) 2.

The following potential conflict of interest exists with respect to the securities or financial instruments discussed in the analysis: (4,5a,5b,6a,7,11)

§ 2 (V) 2. catalogue of possible conflicts of interest:

- (1) At the time of publication, GBC AG or a legal entity affiliated with it holds shares or other financial instruments in the company analysed or the financial instrument or financial product analysed.
- (2) This company holds over 3% of the shares in GBC AG or a legal person connected to them.
- (3) GBC AG or a legal person connected to them is a market maker or designated sponsor for the financial instruments of this company.
- (4) GBC AG or a legal person connected to them has, over the previous 12 months, organised or played a leading role in the public issue of financial instruments for this company.
- (5) a) GBC AG or a legal entity affiliated with it has concluded an agreement with this company or issuer of the analysed financial instrument in the previous 12 months on the preparation of research reports for a fee. Under this agreement, the draft financial analysis (excluding the valuation section) was made available to the issuer prior to publication.
- (5) b) After receiving valid amendments by the analysed company or issuer, the draft of this analysis was changed.
- (6) a) GBC AG or a legal entity affiliated with it has concluded an agreement with a third party in the previous 12 months on the preparation of research reports on this company or financial instrument for a fee. Under this agreement, the third party and/or company and/or issuer of the financial instrument has been given access to the draft analysis (excluding the valuation section) prior to publication.
- (6) b) After receiving valid amendments by the third party or issuer, the draft of this analysis was changed.
- (7) The analyst responsible for this report holds shares or other financial instruments of this company at the time of publication.
- (8) The analyst responsible for this company is a member of the company's Executive Board or Supervisory Board.
- (9) The analyst responsible for this report received or purchased shares in the company analysed by said analyst, prior to the time of publication.
- (10) GBC or a related legal party has closed an agreement with the underlying company regarding consulting services during the previous 12 months.
- (11) GBC or a related legal party has a significant financial interest in the analysed company, for example to get mandated by the analysed company or to provide any kind of services (such as the organization of fairs, roundtables, road shows, etc.).
- (12) At the time of the financial analysis, the analysed company is in a financial instrument or financial product (e.g. certificate, fund, etc.) managed or advised by GBC AG or its affiliated legal entity.

§ 2 (V) 3. Compliance:

GBC has taken internal regulatory precautions to prevent possible conflicts of interest and to disclose them if they exist. The current Compliance Officer, Karin Jägg, email: jaegg@gbc-ag.de, is responsible for compliance with the regulations.

§ 2 (VI) Responsible for the preparation:

The company responsible for the preparation of the present analysis(s) is GBC AG with its registered office in Augsburg, which is registered as a research institute with the competent supervisory authority (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Str. 24-28, 60439 Frankfurt).

GBC AG is currently represented by its board members Manuel Hölzle (Chairman) and Jörg Grunwald.

The analysts responsible for this analysis are

Cosmin Filker, Dipl. Betriebswirt (FH), Deputy Chief Analyst
Marcel Goldmann, M.Sc., Financial Analyst

Other person involved in the study:

Manuel Hölzle, Dipl. Kaufmann, Chief Analyst

§ 3 Copyrights

This document is protected by copyright. It is provided for your information only and may not be reproduced or distributed to any other person. Any use of this document outside the limits of copyright law generally requires the consent of the GBC or the relevant company, provided that there has been a transfer of rights of use and publication.

GBC AG
Halderstrasse 27
D 86150 Augsburg
Tel.: 0821/24 11 33-0
Fax.: 0821/24 11 33-30
Internet: <http://www.gbc-ag.de>

E-mail: compliance@gbc-ag.de



GBC AG[®]
- RESEARCH & INVESTMENT ANALYSEN -

GBC AG
Halderstrasse 27
86150 Augsburg
Internet: <http://www.gbc-ag.de>
Fax: ++49 (0)821/241133-30
Tel.: ++49 (0)821/241133-0
Email: office@gbc-ag.de