



Research Report (Anno)

HAEMATO AG

HAEMATO AG

**Focus on high-margin self-pay sector;
New profitability level reached, further margin increases expected**

Target price: € 49.00

Rating: Buy

IMPORTANT NOTE:

Please take note of the disclaimer/risk warning, as well as the disclosure of potential conflicts of interest as required by section § 85 WpHG und Art. 20 MAR on page 16

Note on research as a “minor non-monetary benefit” according to the MiFID II regulation: This research meets the requirements for being classified as a “minor non-monetary benefit”. For more information, see the disclosure under “I. Research under MiFID II

Date and time of completion of the study: 01.06.2022 (11:25 am)

Date and time of the first disclosure of the study: 02.06.2022 (9:00 am)

Validity of the target price: until max. 31.12.2022

HAEMATO AG*^{4,5a,6a,7,11}

BUY

Target price: € 49.00
(until now: € 47.50)

current share price: 21.50
01.06.22 / XETRA / 9:57 am
currency: EUR

Key data:

ISIN: DE000A289VV1
WKN: A289VV
Ticker Symbol: HAEK
Number of shares³: 5.23
Marketcap³: 112.42
EnterpriseValue³: 87.91
³ in m / in EURm
Freefloat: 24.2 %

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

Financial year-end: 31.12.

Analysts:

Cosmin Filker
filker@gbc-ag.de

Marcel Goldmann
goldmann@gbc-ag.de

Company profile

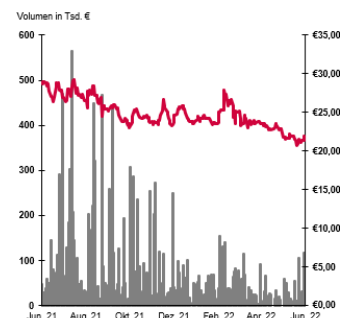
Industry: Trade, aesthetic products

Focus: Specialty Pharma; Lifestyle & Aesthetics

Employees: 111 (31.12.2021)

Year of foundation: 1993

Board of Directors: Patrick Brenske, Attila Strauss



HAEMATO AG is a listed company with a focus on the specialty pharma and lifestyle pharma sectors. The business activities are concentrated on growth markets for off-patent and patent-protected drugs. The 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 in 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 the product portfolio of off-patent and patent-protected medicines, the 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	31.12.2021	31.12.2022e	31.12.2023e	31.12.2024e
Sales	285.04	264.36	312.92	336.58
EBITDA	12.64	10.28	14.53	17.23
EBIT	11.16	8.88	13.18	15.91
Net profit for the year	6.53	6.51	9.69	11.71

Key figures in EUR				
Earnings per share	1.25	1.24	1.85	2.24
Dividend per share	1.10	1.10	1.40	1.80

Key figures				
EV/Sales	0.31	0.33	0.28	0.26
EV/EBITDA	6.96	8.55	6.05	5.10
EV/EBIT	7.88	9.90	6.67	5.52
KGV	17.21	17.27	11.60	9.60
KBV	0.78			

Financial dates

12.07.2022: Annual General Meeting

25.08.2022: Half-year report

17.11.2022: Q3 figures

**last research from GBC:

Date: Publication / Target price in EUR / Rating

05.04.2022: RS / 47.50 / BUY

28.01.2022: RS / 50.10 / BUY

08.09.2021: RS / 50.10 / BUY

14.06.2021: RS / 52.50 / BUY

23.04.2021: RS / 51.30 / BUY

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

* Catalogue of possible conflicts of interest on page 17

EXECUTIVE SUMMARY

- In the past financial year, HAEMATO AG achieved a dynamic increase in turnover of 19.6 % with sales revenues of € 285.04 million (previous year: € 238.33 million). The majority of the growth is related to the first-time consolidation of M1 Aesthetics GmbH, which was acquired on 31 December 2020 and contributed € 33.37 million to turnover. Accordingly, organic turnover growth was 5.6 % to € 251.67 million. Part of this organic growth in turnover is due to the expansion of the diagnostics business. In spring 2021, HAEMATO AG received approval for the sale of a COVID- 19 self-test, which generated additional sales.
- For the past business year, HAEMATO AG has for the first time shown a new segmentation. The "Specialty Pharma" segment includes the sales that are billed via the health insurance fund and thus this segment corresponds to the greatest possible extent to the previous HAEMATO business. With sales revenues of € 219.90 million, a gross profit of € 8.77 million was generated here, which corresponds to a gross profit margin of 4.0%. In the second segment, Lifestyle & Aesthetics, which represents the self-pay market and sales of products for beauty treatments, diagnostics and cosmetic products, sales revenues of € 65.15 million, gross profit of € 21.96 million and a gross profit margin of 33.7% were achieved.
- The fact that for the first time significant sales were generated in the high-margin "Lifestyle & Aesthetics" segment has led to a significant increase in group-wide profitability. This is particularly visible in the significant jump in EBIT to € 11.16 million (previous year: € 1.63 million), which at the same time represents a new company record (adjusted for valuation income). The EBIT margin also improved significantly to 3.9% (previous year: 0.7%).
- In the first quarter, sales declined by 26.1% to € 54.6 million (Q1 21: € 73.9 million), mainly due to the portfolio adjustment in the Specialty Pharma segment. Despite the decline in turnover, the EBIT margin increased to 3.7 % (Q1 21: 3.2 %) with an EBIT of € 2.0 million (previous year: € 2.4 million). This is due to the disproportionate sales development of the Lifestyle & Aesthetics segment.
- For the current financial year 2022, HAEMATO's management expects revenues in the range of € 250 to € 280 million and EBIT in the range of € 8 to € 10 million. The implied expected decline in business is primarily related to an expected decline in sales of COVID19 self-tests, which is expected to lead to a reduction in sales in the Lifestyle & Aesthetics segment. However, this high-margin segment is the strategic focus of the company. Dynamic growth should be achieved here through market share gains, the launch of new products and the expected supply of Botox products (licence agreement with South Korean manufacturer has been concluded). In contrast, the portfolio streamlining in the Specialty Pharma segment will continue, so that a slight increase in profit margins should be achieved here.
- In line with the corporate guidance, we expect sales revenues of € 264.36 million and EBIT of € 8.88 million for 2022. For the coming financial years, we expect significant growth impulses from the Lifestyle & Aesthetics segment so that a disproportionate increase should be achieved, especially at the earnings level.
- Within the framework of our DCF valuation model, we have determined a new target price of € 49.00 (previously: € 47.50). The increase in the target price results from a so-called roll-over effect, which, however, is offset by an increase in the risk-free interest rate. We continue to assign the rating BUY.

TABLE OF CONTENTS

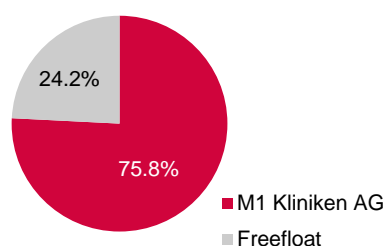
- Executive Summary 2**
- Company 4**
 - Shareholder structure 4
 - Business activities of HAEMATO AG 4
 - Specialty Pharma business segment 4
 - Lifestyle & Aesthetics business segment 4
- Market and market environment 6**
 - Market environment Specialty Pharma segment..... 6
 - Market Environment Lifestyle & Aesthetics 7
- Corporate development 8**
 - Key figures at a glance 8
 - Business development 2021 9
 - Balance sheet and financial situation 11
- Forecast and evaluation 12**
 - Evaluation 14
 - Model assumptions 14
 - Determination of the cost of capital 14
 - Valuation result..... 14
 - DCF model..... 15
- Annex 16**

COMPANY

Shareholder structure

M1 Kliniken AG	75.8%
Free float	24.2%

Sources: 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

In the Specialty Pharma segment, the company acts in particular as a wholesaler of **patent-protected drugs**. With a portfolio of over 700 products, HAEMATO AG focuses on five major therapeutic areas: HIV/AIDS, neurology, oncology, rheumatology and ophthalmology. Here the company acts both as a pharmaceutical manufacturer (generics) and as a wholesaler (parallel imports) and is able to supply and advise pharmacies, wholesalers and clinics.

Biopharmaceutical drugs are also part of the company's product portfolio. In contrast to chemically produced small-molecule drugs, so-called biologics have a very complex production process and generally belong to the high-priced drugs. The portfolio of HAEMATO AG includes all important biologicals as well as all important biosimilars (imitation products after the licence of the original biopharmaceutical drug has expired).

At the beginning of 2021, the company successfully passed the official audit for trading in high-margin **narcotics**, so that this high-growth area can also be addressed in the future. In the past financial year, the Acceptance of the BtM warehouse by the authorities has taken place. 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, which is currently outstripping supply. Additional suppliers are being sought in this regard.

Lifestyle & Aesthetics business segment

With the acquisition of M1 Aesthetics, HAEMATO AG has added lifestyle and aesthetics to its product portfolio. Here the company acts both as a trader of products from other suppliers and as a developer, manufacturer and distributor of its own brands.

Care products

Their own brands primarily include cosmetic products from their main brand **M1 Select**, a medical care line produced in-house. Products manufactured in Germany with medical know-how are sold through the online distribution channel as well as through local distributors. Primarily, these are skin-care products, medical cosmetic products, special care products as well as nutritional supplements.

Diagnostic tests

Diagnostic tests are also grouped under the Lifestyle & Aesthetics segment's own-brand area. The focus here is particularly on rapid antigen tests as well as rapid PCR tests for the detection of COVID-19. In March 2021, HAEMATO AG had announced the start of distribution of rapid antigen tests. At the beginning of 2022, a PCR point-of-care device was added to the product portfolio. With this device, it is possible to perform a reliable PCR analysis within 45 minutes. By supplying pharmacies, clinics and laboratories, the company can draw on the network that has grown out of the pharmaceutical trade.

The test product portfolio was expanded in February 2022 with the introduction of the Mini Dock, a cost-effective alternative for the detection of COVID-19 infection. With the Mini Dock, nucleic acid amplification is carried out with the help of enzymes and thus the process is accelerated and is priced below PCR analysis in the laboratory. According to the company, the detection quality is comparable to that of PCR tests.

The test portfolio is to be expanded in the future to include diagnostic tests to determine vitamin deficiencies, for example.

Botulinum toxin (Botox) under its own brand name

This business segment is expected to be strongly influenced by the planned distribution of their own **Botox product** in the coming business 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, for which HAEMATO AG estimates a period of three to four years. This will be followed by a Europe-wide roll-out under the company's own brand.

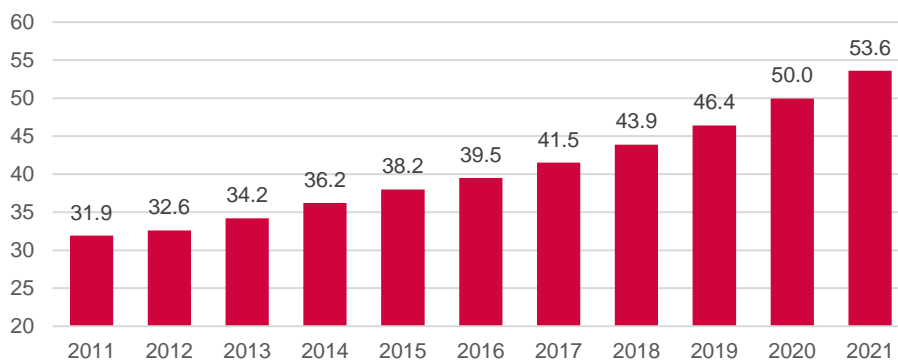
MARKET AND MARKET ENVIRONMENT

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, in which HAEMATO AG imports patent-protected and generic drugs to Germany with a focus on the treatment of HIV/AIDS, neurology, oncology, rheumatology and ophthalmology, there is a high overall market dynamic. In the past year, according to IQVIA data, drug sales increased by 7.3% to € 53.6 billion. In the long term, too, pharmaceutical expenditure in Germany is showing significant growth rates. Between 2011 and 2021, they grew at a dynamic CAGR of 5.3 %. Their demographic development in Germany in particular, which is characterised by an increasing proportion of the population consuming medicines, is likely to have contributed to this.

Pharmaceutical sales in Germany (in € billion)



Sources: IQVIA; GBC AG

The strong upward trend in pharmaceutical expenditure is naturally also reflected in the expenditure of statutory health insurance funds. According to the industry association GKV, the pharmaceutical expenditure of the health insurance funds increased by 7.8 % to € 46.65 billion (previous year: € 43.27 billion) and thus shows a similar dynamic as the pharmaceutical sales in Germany. Against this background, measures to save on expenditures play an important role. One measure of this is the savings target currently in force, according to which, with the dispensing of lower-priced imported medicines, a savings target of 2.0% per quarter and health insurance fund must be achieved. Accordingly, there is an attractive market environment for parallel importers such as HAEMATO AG, especially since the indication areas addressed by the company are in the high-price range.

The same also applies to the use of biosimilars, i.e. biologically produced medicines, after the expiry of patent protection for biopharmaceuticals. Since biopharmaceuticals are complicated to produce, this type of drug is comparatively expensive. Consequently, there is a high demand for biosimilars, which are cheaper in comparison. According to an IQVIA study paper, biopharmaceuticals accounted for 32% or € 16.6 million of the pharmaceutical market (as of August 2021). In 2006, biopharmaceuticals accounted for only 14% or € 3.5 billion of the total market, thus revealing the considerable increase in importance of biologically-produced drugs. The overall market for copycat products, biosimilars, has

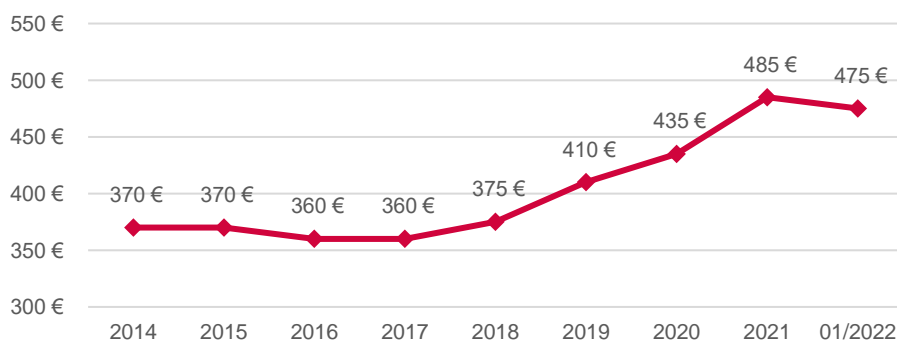
grown even more strongly. While no biosimilar was approved in 2007, total sales of around € 1.8 billion were generated with them in 2020. The biosimilar share has increased significantly from 36% to 61% in two years alone. Against this background, it is understandable that HAEMATO AG is also addressing the biosimilars sector.

Market Environment Lifestyle & Aesthetics

In this area, HAEMATO AG addresses the self-pay market via their own brands, which include diagnostic tests as well as cosmetic products. In addition, 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. In order to present the market potential for cosmetic products under the main brand M1 Select, we refer to available market data for the beauty care sector in Germany. According to the industry association IKW (Industrieverband Körperpflege- und Waschmittel), the corona pandemic and the associated lock down in 2021 led to a decline in total sales of beauty care products to €13.6 billion (PY: € 14.0 billion) by a total of 3.1%. There was another change in consumption patterns, with an increase in sales in the personal hygiene segment and a simultaneous decline in products for decorative cosmetics. Nevertheless, 42 % of the companies surveyed in the IKW industry barometer assess the current market development as "good/very good". In the previous year only 38 % of the companies were positive.

With the upcoming launch of Botox products under an exclusive licensing agreement with the South Korean Huons BioPharma, HAEMATO AG will address a very attractive and high-volume market. A look at beauty treatments in Germany alone shows that the popularity of Botox treatments has increased significantly. While Botulinum accounted for only 20.1% of all beauty treatments in 2018, this figure was 33.5% in 2021, making Botox treatments the most popular beauty procedure. However, rising costs are also likely to have led to a disproportionate increase in market volume. Measured against the statistical cost development for wrinkle injections, which include both Botox and filler injections, a clear upward trend can be observed here. Between 2014 and the first quarter of 2022, a cost increase from € 370 per treatment to € 475 per treatment was determined here.

Costs for wrinkle treatment (€/treatment)



Sources: mybody GeKIS; GBC AG

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 2020	FY 2021e	FY 2022e	FY 2023e	FY 2024e
Revenues	238.33	285.04	264.36	312.92	336.58
Other operating income	0.49	0.46	0.50	0.50	0.50
Cost of materials	-220.65	-254.31	-237.67	-279.62	-299.31
Gross profit	18.17	31.19	27.19	33.80	37.77
Personnel expenses	-6.84	-7.50	-7.13	-7.70	-8.08
Depreciation	-1.69	-1.47	-1.40	-1.35	-1.32
Other operating expenses	-8.02	-11.05	-9.78	-11.58	-12.45
EBIT	1.63	11.16	8.88	13.18	15.91
Interest income	0.00	0.48	0.35	0.35	0.30
Interest expenses	-6.19	-2.29	-0.55	-0.60	-0.60
EBT	-4.56	9.36	8.68	12.93	15.61
Taxes on income and earnings	-0.27	-2.82	-2.17	-3.23	-3.90
Other taxes	-0.01	0.00	0.00	0.00	0.00
Net profit for the year	-4.83	6.53	6.51	9.69	11.71
EBITDA	3.31	12.64	10.28	14.53	17.23
in % of sales	1.4%	4.4%	3.9%	4.6%	5.1%
EBIT	1.63	11.16	8.88	13.18	15.91
in % of sales	0.7%	3.9%	3.4%	4.2%	4.7%
Earnings per share in €	-1.02	1.25	1.24	1.85	2.24
Dividend per share in €	1.00	1.10	1.10	1.40	1.80
Number of shares in millions	4.75	5.23	5.23	5.23	5.23

Source: GBC AG

Business development 2021

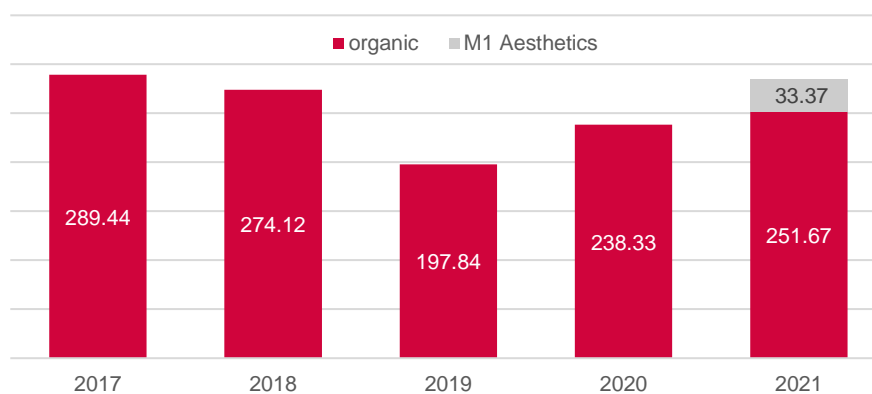
Income statement (in € million)	FY 2018	FY 2019	FY 2020	FY 2021
Revenues	274.12	197.84	238.33	285.04
EBITDA	9.96	1.90	3.32	12.64
EBITDA margin	3.6%	1.0%	1.4%	4.4%
EBIT	8.50	-0.02	1.63	11.16
EBIT margin	3.1%	neg.	0.7%	3.9%
After-tax result	6.28	-1.17	-4.83	6.53
EPS in €	0.27	-0.05	-1.02	1.25

Sources: HAEMATO AG, GBC AG

The HAEMATO management had already presented the key data for the past financial year with the publication of the preliminary figures on 30 March 2022. With the final figures now available, the already-known values were confirmed. With sales revenues of € 285.04 million (previous year: € 238.33 million) and an increase in sales of 19.6 %, the high dynamics of the previous year were continued. At the same time, the company's guidance, which had been raised for the first half of 2022 and which had envisaged sales revenues in a range of € 280 to € 300 million, was fully achieved.

The majority of the revenue growth is related to the first-time consolidation of M1 Aesthetics GmbH, which was included as of 31 December 2020 and made a revenue contribution of € 33.37 million. Adjusted for this inorganic effect, HAEMATO AG would have achieved sales revenues of € 251.67 million and thus organic sales growth of 5.6%. Part of this organic revenue growth is due to the expansion of the diagnostics business. In spring 2021, HAEMATO AG received special approval for the sale of a COVID-19 self-test, which generated additional sales.

Sales development (in € million)



Sources: HAEMATO AG, GBC AG

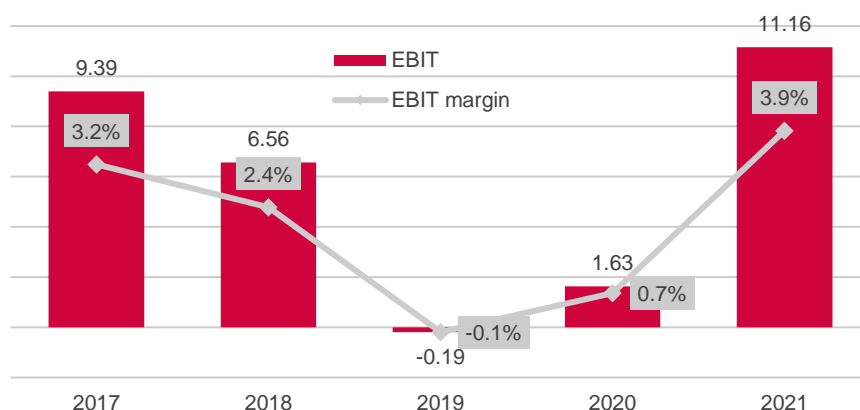
In accordance with the segmentation carried out for the first time in the past financial year 2021, all sales that are not allocated to the self-payer market but are billed via health insurance funds are allocated to the "Specialty Pharma" segment. The "Lifestyle & Aesthetics" segment includes all revenues from the self-pay market as well as aesthetic medicine products that are billed by health insurance companies.

The "Specialty Pharma" segment therefore has a large overlap with the previous HAEMATO business, which also applies to the profitability level. This is because the wholesale business with parallel imports and generics primarily takes place in this segment. With sales revenues of € 219.90 million, a gross profit of € 8.77 million was achieved here, which corresponds to a gross profit margin of 4.0%.

In contrast, sales revenues in the "Lifestyle & Aesthetics" segment amounted to € 65.15 million, which were accompanied by a comparatively high gross profit of € 21.96 million and thus a gross profit margin of 33.7%. This segment included the diagnostics sales, among others in the context of the distribution of the COVID-19 self-tests.

The fact that, for the first time significant sales were generated in the high-margin "Lifestyle & Aesthetics" segment led to a significant increase in group-wide profitability. This is particularly visible in the significant jump in EBIT to € 11.16 million (previous year: € 1.63 million), which at the same time represents a new company record (adjusted for valuation income). The EBIT margin also improved significantly to 3.9% (previous year: 0.7%). In our last study before the publication of the preliminary figures (see research study dated 28 January 2022), we had calculated EBIT of € 10.09 million for 2021. This exceeded our expectations.

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



Sources: HAEMATO AG, GBC AG

Until the 2018 financial year, HAEMATO AG had recognised valuation income from the securities held in other operating income and was thus a component of EBIT. In the past three financial years (FY 2019 – FY 2021), these were allocated to the financial result. In each of the past three financial years, valuation losses were reported due to a decline in the price of the securities held. After these had had a significant negative impact on the financial result in the 2020 financial year at € -5.38 million, lower valuation losses were reported in 2021 at € -1.86 million. Nevertheless, the financial result was again negative at € -1.80 million (previous year: € -6.18 million).

The strong increase in the operating result, together with the significant decrease in valuation losses, had led to a noticeable increase in the after-tax result to € 6.53 million (previous year: € -4.83 million). After two financial years in which the break-even point was not reached at the level of the after-tax result, HAEMATO AG has achieved an impressive return to the profit zone.

Balance sheet and financial situation

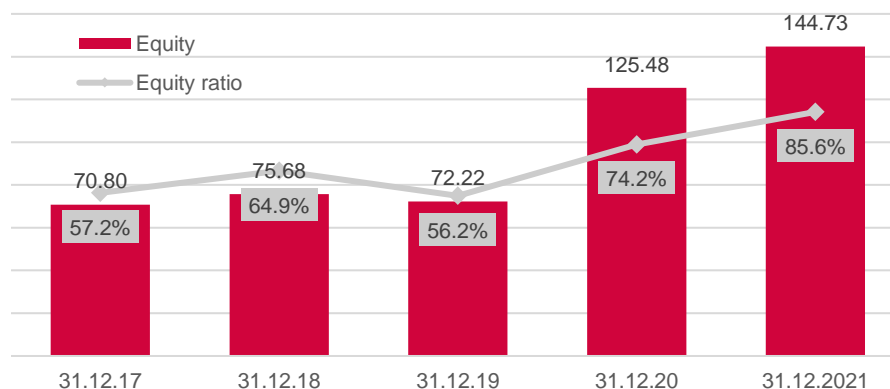
in € m	31.12.2018	31.12.2019	31.12.2020	31.12.2021
Equity	75.68	72.22	125.48	144.73
Equity ratio	65.0%	56.2%	74.2%	85.6%
Fixed assets	39.72	40.42	40.08	92.89
Inventories	44.38	55.44	35.12	34.01
Cash and cash equivalents	5.60	2.10	7.54	25.61
Cash flow - operational	0.56	-2.76	14.67	14.05
Cash flow - investment	6.21	-0.70	-0.84	-0.17
Cash flow - financing	-7.64	0.05	-4.49	7.16

Sources: HAEMATO AG; GBC AG

The balance sheet of HAEMATO AG in the past financial year was characterised by the first-time consolidation of M1 Aesthetics GmbH on the one hand and by a capital increase carried out in Spring 2021 on the other. The consolidation of M1 Aesthetics GmbH resulted in a significant increase in fixed assets to € 92.89 million (31.12.2020: € 40.08 million), which was primarily due to an increase in goodwill to € 88.27 million (31.12.2020: € 34.58 million). In the balance sheet as at 31 December 2020, € 58.09 million from this acquisition were included in other current assets, which have now been derecognised. Consequently, an asset swap has taken place.

Equity increased to € 144.73 million (31.12.2020: € 125.48 million) on the one hand as a result of the increase in the after-tax result (€ 6.53 million) and, on the other hand, due to the capital increase carried out (€ 14.26 million). With a simultaneous improvement in the equity ratio to 85.6% (31.12.2020: 74.2%), the equity base is above average. This is also due to the fact that the bank liabilities of € 14.59 million (previous year: € 18.31 million) were further reduced and are low compared to the level of equity.

Equity (in € million) and equity ratio (in %)



Sources: HAEMATO AG; GBC AG

The solid asset picture of HAEMATO AG is completed by the high level of liquid funds in the amount of € 25.60 million (31.12.2020: € 7.54 million). In addition to the once again strong development of the operating cash flow, the addition of liquidity from the capital increase of € 14.48 million led to a strong increase in cash and cash equivalents.

FORECAST AND VALUATION

Income statement (in € million)	FY 2021	FY 2022e	FY 2023e	FY 2024e
Revenues	285.04	264.36	312.92	336.58
EBITDA	12.64	10.28	14.53	17.23
EBITDA margin	4.4%	3.9%	4.6%	5.1%
EBIT	11.16	8.88	13.18	15.91
EBIT margin	3.9%	3.4%	4.2%	4.7%
After-tax result	6.53	6.51	9.69	11.71
EPS in €	1.25	1.25	1.85	2.24

Source: GBC AG

With the publication of the preliminary figures, the HAEMATO management had already issued guidance for the current business year, which was confirmed in the now published annual report 2021. According to this, revenues in a range of € 250 to € 280 million and an EBIT of € 8 to € 10 million are still expected. Compared to 2021, a decline in turnover of around -2 % to -12 % is thus assumed. However, the EBIT guidance, from which an expected EBIT margin of between 3.2 % and 3.6 % can be derived, shows that the company assumes that the high level of profitability achieved will be maintained as far as possible. For reference: between the 2017 and 2020 financial years, the EBIT margin adjusted for valuation income averaged 1.2%.

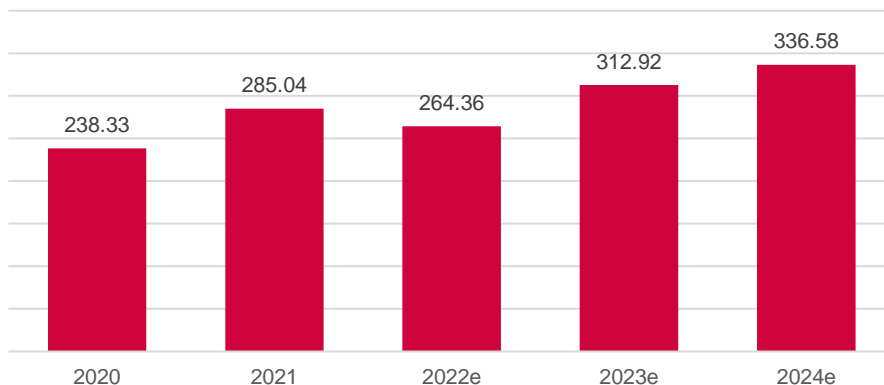
The overall sustained higher quality of earnings is due in particular to the **Lifestyle & Aesthetics** segment, which was newly created with the acquisition of M1 Aesthetics GmbH. Here, however, a declining sales development is to be expected for the time being, as the sales from the distribution of COVID 19 self-tests included in this segment are likely to decrease significantly. Due to the development of the pandemic, in conjunction with a significantly more intense competitive situation, the company had decided to reduce sales of COVID 19 self-tests. Overall, however, the diagnostics area, in which HAEMATO AG had reported the introduction of a "point of care" machine at the beginning of 2022, is to be expanded. With the help of these devices, diagnoses can be made and an evaluation of viruses and pathogens can be carried out, independent of location and without a laboratory.

In addition, sales of aesthetic medicinal products, medical devices and cosmetics are to be further expanded in this segment. Here the company anticipates an increase in market-related demand, especially in the environment of the continuing opening tendencies. The additional sales from the planned distribution of botulinum toxin (Botox) products are not yet included in the forecasts. In this regard, an exclusive supply and licence agreement for the delivery of Botox products has been concluded with the South Korean Huons Bio-Pharma. Following a European approval process, the company should benefit from the high demand for Botox. By supplying the largest customers in Germany, a high market share of the high-volume Botox market could be secured if the pricing strategy is maintained. Our forecasts do not yet include the additional potential stemming from this.

Overall, in the Lifestyle & Aesthetics segment, the loss of sales with COVID-19 tests in the current financial year should not yet be compensated for by the increase in sales with other products. From 2023 onwards, significant sales growth should be visible here, especially since the company is focusing its business in particular on this high-margin area.

In the **"Specialty Pharma"** segment, where the portfolio streamlining of low-margin products should continue, a slight decline in sales is also expected. In this segment, which continues to be the strongest in terms of sales, only a constant margin development is to be expected, which will be significantly below the "Lifestyle & Aesthetics" segment.

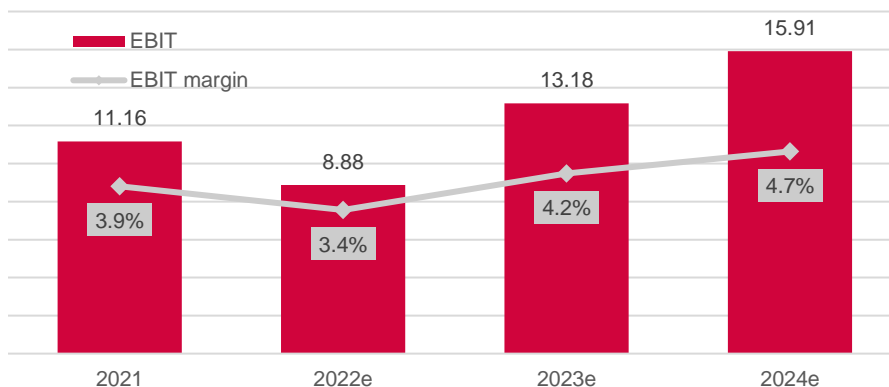
Revenues-forecast (in € million)



Source: GBC AG

For the current financial year, we are orienting ourselves towards the middle of the forecast range issued by the company and expect sales revenues of € 264.36 million and thus a decline in sales of -7.3 %. This is in line with the reported figures for the first three months of 2022. In the first quarter, there was a 26.1% decline in revenue to €54.6 million (Q1 21: €73.9 million), in particular due to the portfolio adjustment in the Specialty Pharma segment. For the coming financial years, we expect significant growth impulses coming from the "Lifestyle & Aesthetics" segment and thus an increase in sales to € 312.92 million (+18.4 %) for 2023 and to € 336.58 million (+7.6 %) for 2024. As shown, the additional potential from the licence to supply Botox is not taken into account here.

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



Source: GBC AG

We also base our EBIT on the company's communicated earnings range and expect an EBIT of € 8.88 million for 2022 (EBIT margin: 3.4 %). At the earnings level, the figures for the first quarter of 2022 also show what the future earnings picture of HAEMATO AG could look like. Despite the declining revenue development, an increase in the EBIT margin to 3.7 % (Q1 21: 3.2 %) was achieved with an EBIT of € 2.0 million (previous year: € 2.4 million). With the increasing importance of the high-margin Lifestyle & Aesthetics segment, profitability should rise in the coming financial years. We expect EBIT of € 13.18 million in 2023 (EBIT margin: 4.2 %) and € 15.91 million in 2024 (EBIT margin: 4.7 %).

Evaluation

Model assumptions

HAEMATO AG was valued by us using a three-stage DCF model. Starting with the concrete estimates for the years 2022 - 2024 in phase 1, the forecast is made from 2025 to 2029 in the second phase by applying value drivers. We expect increases in turnover of 7.5 % (previously: 5.0 %). We have assumed an EBITDA margin target of 5.5 % (previously: 5.0 %). 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 0.40 % (previously: 0.25 %)**.

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 stock 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 8.89% (previously: 8.74%) (beta multiplied by risk premium plus risk-free interest rate). Since we assume a sustainable weighting of the cost of equity of 85% (previously: 85%), the weighted average cost of capital (WACC) is 8.28% (previously: 8.24%).

Valuation result

Within the framework of our DCF valuation model, we have determined a new target price of € 49.00 (previously: € 47.50). On the one hand, the increase in the risk-free interest rate and thus the discount rate (WACC) has a price target-reducing effect. On the other hand, the first-time inclusion of the estimate for the 2024 business year in the concrete estimation period has a target price-increasing effect. The estimates for the 2024 financial year form a higher basis for the continuity phase of our valuation model. The short-target-increasing effect had outweighed here.

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	7.5%	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	10.0%		

three phases DCF - model:

phase in €m	estimate			consistency					final value
	FY 22e	FY 23e	FY 24e	FY 25e	FY 26e	FY 27e	FY 28e	FY 29e	
Revenues (RE)	264.36	312.92	336.58	361.83	388.96	418.14	449.50	483.21	
RE change	-7.3%	18.4%	7.6%	7.5%	7.5%	7.5%	7.5%	7.5%	3.0%
RE to fixed assets	2.85	3.35	3.59	3.87	4.17	4.50	4.86	5.24	
EBITDA	10.28	14.53	17.23	19.90	21.39	23.00	24.72	26.58	
EBITDA-Margin	3.9%	4.6%	5.1%	5.5%	5.5%	5.5%	5.5%	5.5%	
EBITA	8.88	13.18	15.91	18.58	20.08	21.69	23.42	25.27	
EBITA-Margin	3.4%	4.2%	4.7%	5.1%	5.2%	5.2%	5.2%	5.2%	5.2%
Taxes on EBITA	-2.22	-3.29	-3.98	-4.65	-5.02	-5.42	-5.85	-6.32	
Taxes to EBITA	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
EBI (NOPLAT)	6.66	9.88	11.94	13.94	15.06	16.26	17.56	18.96	
Return on capital	5.6%	8.2%	9.6%	10.9%	11.7%	12.6%	13.5%	14.5%	14.7%
Working Capital (WC)	28.00	31.00	34.00	35.00	36.00	37.00	38.00	39.00	
WC to Revenues	10.6%	9.9%	10.1%	10.0%	10.0%	10.0%	10.0%	10.0%	
Investment in WC	-1.22	-3.00	-3.00	-1.00	-1.00	-1.00	-1.00	-1.00	
Operating fixed assets (OAV)	92.69	93.34	93.82	93.50	93.18	92.87	92.56	92.26	
Depreciation on OAV	-1.40	-1.35	-1.32	-1.32	-1.32	-1.31	-1.31	-1.30	
Depreciation to OAV	1.5%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	
Investment in OAV	-1.20	-2.00	-1.80	-1.00	-1.00	-1.00	-1.00	-1.00	
Capital employed	120.69	124.34	127.82	128.50	129.18	129.87	130.56	131.26	
EBITDA	10.28	14.53	17.23	19.90	21.39	23.00	24.72	26.58	
Taxes on EBITA	-2.22	-3.29	-3.98	-4.65	-5.02	-5.42	-5.85	-6.32	
Total investment	-2.42	-5.00	-4.80	-2.00	-2.00	-2.00	-2.00	-2.00	
Investment in OAV	-1.20	-2.00	-1.80	-1.00	-1.00	-1.00	-1.00	-1.00	
Investment in WC	-1.22	-3.00	-3.00	-1.00	-1.00	-1.00	-1.00	-1.00	
Investment in Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Free cashflows	5.63	6.23	8.46	13.26	14.37	15.58	16.87	18.26	291.18

Value operating business (due date)	232.05	245.04
Net present value explicit free Cashflows	65.25	64.42
Net present value of terminal value	166.81	180.62
Net debt	-24.20	-24.42
Value of equity	256.25	269.47
Minority interests	0.00	0.00
Value of share capital	256.25	269.47
Outstanding shares in m	5.23	5.23
Fair value per share in €	49.00	51.53

Cost of capital:

Risk free rate	0.4%
Market risk premium	5.5%
Beta	1.54
Cost of equity	8.9%
Target weight	85.0%
Cost of debt	6.5%
Target weight	15.0%
Taxshield	25.0%

WACC 8.3%

Return on capital	WACC				
	7.3%	7.8%	8.3%	8.8%	9.3%
13.7%	55.51	50.39	46.28	42.92	40.11
14.2%	57.30	51.95	47.64	44.12	41.18
14.7%	59.09	53.50	49.00	45.32	42.26
15.2%	60.88	55.05	50.37	46.53	43.33
15.7%	62.67	56.60	51.73	47.73	44.40

ANNEX

I.

Research under MiFID II

1. there is an agreement between the research company GBC AG and the Issuer regarding the independent preparation and publication of this research report on the Issuer. GBC AG shall be remunerated for this by the Issuer.
2. the research report shall be made available simultaneously to all investment service providers interested therein.

II.

§1 Disclaimer/ Exclusion of liability

This document is for information purposes only. All data and information in this study has been obtained from sources that GBC believes to be reliable. Furthermore, the authors have taken the utmost care to ensure that the facts used and opinions expressed are reasonable and accurate. Nevertheless, no warranty or liability can be assumed for their accuracy - neither explicitly nor implicitly. Furthermore, all information may be incomplete or summarized. Neither GBC nor the individual authors accept any liability for damages arising from the use of this document or its contents or otherwise in this context.

Furthermore, we would like to point out that this document is neither an invitation to subscribe to nor to purchase any securities and should not be interpreted in this sense. Neither may it or any part of it serve as the basis for a binding contract of any kind whatsoever or be relied upon as a reliable source in this context. Any decision in connection with a 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 prospectuses or offer letters issued in connection with such an offer.

GBC does not guarantee that the indicated yield or price targets will be achieved. Changes in the relevant assumptions on which this document is based may have a material impact on the target returns. Income from investments is subject to fluctuations. Investment decisions always require the advice of an investment advisor. Consequently, 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 are authorised or exempt under the Financial Services Act 1986 or persons covered by 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 group of persons.

Neither this document nor a copy thereof may be brought, transferred or distributed in the United States of America or its territories or possessions. The 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 such restrictions. Any failure to comply with such restrictions may constitute a violation of the United States, 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 will also find the information on the disclaimer/exclusion of liability under www.gbc-ag.de

Legal information and publications in accordance with § 85 WpHG and FinAnV

The notes are also available on the Internet at the following address

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

§ 2 (I) Updating:

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

§ 2 (II) Recommendation/ Ratings/ Classification:

Since 1 July 2006, GBC AG has used a 3-level absolute share rating system. Since 1.7.2007, the ratings have been based on a time horizon of at least 6 to a maximum of 18 months. Previously, the ratings were based on a time horizon of up to 12 months. When the analysis is published, the investment recommendations are determined by reference to the expected return in accordance with the ratings described below. Temporary price deviations outside of these ranges do not automatically lead to a change of 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 accepted and widely used methods of fundamental analysis, such as the DCF method, peer group comparison and/or the sum-of-the-parts method. This is done by taking into account fundamental factors such as stock splits, capital reductions, capital increases, M&A activities, share buybacks, 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 base:

For the preparation of the present analysis(s), publicly available information about the issuer(s), (where available, the three most recently published annual and quarterly reports, ad-hoc announcements, press releases, securities prospectus, company presentations, etc.), which GBC believes to be reliable, has been used. In addition, discussions were held with the management of the company(ies) in question in order to have the facts relating to the business development explained in more detail.

§ Section 2 (V) 1. conflicts of interest pursuant to Section 85 of the German Securities Trading Act (WpHG) and Art. 20 of the German Securities Trading Act (MAR)

GBC AG and the responsible analyst hereby declare that the following potential conflicts of interest for which the company(ies) named in the analysis exist at the time of publication and therefore comply with the obligations of § 85 WpHG and Art. 20 MAR. An exact explanation of the possible conflicts of interest is provided 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,6a,11)

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

- (1) At the time of publication, GBC AG or a legal person associated with it holds shares or other financial instruments in this analysed company or analysed financial instrument or financial product.
- (2) This company holds more than 3% of the shares in GBC AG or a legal person affiliated with it.
- (3) GBC AG or a legal person associated with it is a market maker or designated sponsor in the financial instruments of this company. of that company.
- (4) GBC AG or a legal person associated with it was involved in the public issue of financial instruments of this undertaking in the preceding 12 months.
- (5) a) GBC AG or a legal person associated with it has, in the preceding 12 months, entered into an agreement for the preparation of research reports in return for payment. Under this agreement, the draft financial analysis (excluding the valuation section) was made available to the issuer prior to publication.
- (5) b) The draft financial analysis was amended on the basis of justified comments by the company or issuer.
- (6) a) GBC AG or a legal person associated with it has entered into an agreement with a third party in the preceding 12 months for the preparation of research reports against payment on that company or financial instrument. Under this agreement, the third party and/or and/or company and/or issuer of the financial instrument was provided with the draft analysis (without the valuation part) before publication.
- (6) (b) There has been an amendment to the draft research report based on reasonable advice from the third party and/or issuer.
- (7) The responsible analyst, the chief analyst, the deputy chief analyst and or any other person involved in the preparation of the research person involved in the preparation of the study holds shares or other financial instruments in this company at the time of publication.
- (8) The responsible analyst of that company is a member of its management board or supervisory board.
- (9) The analyst responsible has received or acquired shares in the company analysed by him prior to the date of publication before the public issue.
- (10) GBC AG or a legal entity affiliated with it has entered into an agreement on the services with the analysed company within the preceding 12 months.

(11) GBC AG or a legal entity associated with it has significant financial interests in the analysed company, such as obtaining and/or exercising mandates at the analysed company or obtaining and/or rendering services for the analysed company (e.g. presentation at conferences, roundtables, roadshows, etc.).

(12) At the time of the financial analysis, the analysed company is in one of the legal entities supervised or advised by GBC AG or a legal entity associated with it.

(12) The analysed company is, at the time of the financial analysis, in a financial instrument or financial product (such as a certificate, fund, etc.)

§ 2 (V) 3. compliance:

GBC has internal regulatory arrangements in place to prevent or disclose potential conflicts of interest, if any. The current Compliance Officer, Karin Jaegg, 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, based in Augsburg, which is registered as a research institute with the responsible 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 the copyright law generally requires the consent of the GBC or the respective company, if there has been a transfer of rights of use and publication.

GBC INC.

Halderstrasse 27

D 86150 Augsburg

Phone: 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