

M1 Kliniken AG

Germany / Healthcare Facilities & Services
 Frankfurt
 Bloomberg: M12 GR
 ISIN: DE000A0STSQ8

H1 results

RATING

PRICE TARGET

Return Potential
 Risk Rating

BUY

€ 28.00

70.2%
 High

IF THE PRICE IS RIGHT

Q2 reporting once again showcased the growing strength of M1's injectables business. Beauty segment sales and EBIT overshoot FBE by a wide margin, while Trade segment results were close to our estimates. Meanwhile, M1 shares caught a sizable bid on Tuesday when management gave a brief update on previously communicated private equity (PE) interest in M1's Beauty business, noting that six well-known PE outfits have expressed interest in "investing in or acquiring the Beauty segment." Market speculation aside, the Beauty business has been on a heater of late, and M1 is tracking slightly ahead of our 2024 targets. We will await Q3 KPI's before adjusting FBE and maintain our Buy rating with an unchanged €28 TP.

Beauty segment is an earnings workhorse Sales were up some 31% to €48.6m in the six months to July. Segment EBIT was up 24% to €10.1m (H1/23: €8.1m) prodding the margin to 20.8% (H1/23: 21.8%). M1 did not provide any underlying KPIs breaking down the performances of the German clinics or the international network. The latter category was showed greatly improved profitability throughout 2023, and the overall good Beauty segment margin suggests this trend has continued into 2024. Trade segment revenue topped €119m and beat the prior year comp by 5%, while segment EBIT was back in the black at €4.4m vs minus €0.8m last year, when one-off eliminations burdened the KPI. M1 brass also noted in its update that they continue to explore options for the Trade segment, and that "a strategic investor has shown interest. However, talks are still at an early stage."

If the price is right The med spa economy is thriving. The researcher, Market.us, reckons the market was worth some \$17bn in 2023, while beauty-obsessed folk were thought to have shelled out close to \$10bn for fresher facial appearances last year. It's thus no surprise that private equity now wants in on the action. M1 was an early mover having opened its first clinic in 2012. After years of clinic expansion, the business is... (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

| | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|--------------------|-------|--------|--------|--------|-------|--------|
| Revenue (€m) | 314.6 | 285.3 | 316.3 | 333.1 | 371.7 | 414.8 |
| Y-o-y growth | 97.1% | -9.3% | 10.9% | 5.3% | 11.6% | 11.6% |
| EBIT (€m) | 12.1 | 9.3 | 15.7 | 19.7 | 24.9 | 30.5 |
| EBIT margin | 3.9% | 3.3% | 5.0% | 5.9% | 6.7% | 7.3% |
| Net income (€m) | 8.9 | 4.3 | 10.3 | 12.5 | 16.2 | 19.9 |
| EPS (diluted) (€) | 0.45 | 0.22 | 0.53 | 0.66 | 0.85 | 1.05 |
| DPS (€) | 0.00 | 0.00 | 0.50 | 0.55 | 0.60 | 0.65 |
| FCF (€m) | 15.9 | 19.7 | -1.6 | 22.1 | 21.1 | 25.0 |
| Net gearing | 7.5% | -10.8% | -20.4% | -11.3% | -8.0% | -11.5% |
| Liquid assets (€m) | 37.9 | 35.1 | 22.4 | 15.6 | 21.2 | 29.7 |

RISKS

Risks include, but are not limited to the ability to retain management and key medical staff, legal and market risks.

COMPANY PROFILE

M1 Kliniken AG is a provider of aesthetic medical procedures at competitive prices. The company is headquartered in Berlin and controls an extensive network of ~60 beauty clinics across Germany, continental Europe, the UK, and Australia. The company also operates a pharmaceutical trade and parallel import business through its Haemato AG subsidiary.

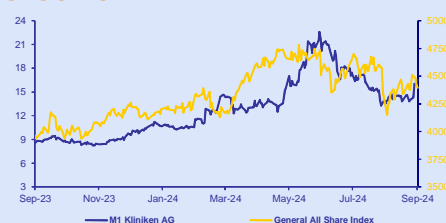
MARKET DATA

As of 05 Sep 2024

| | |
|-------------------------|----------------|
| Closing Price | € 16.45 |
| Shares outstanding | 19.64m |
| Market Capitalisation | € 323.13m |
| 52-week Range | € 8.22 / 22.60 |
| Avg. Volume (12 Months) | 23,172 |

| Multiples | 2023 | 2024E | 2025E |
|------------|------|-------|-------|
| P/E | 31.0 | 25.1 | 19.3 |
| EV/Sales | 1.1 | 1.1 | 1.0 |
| EV/EBIT | 22.8 | 18.1 | 14.4 |
| Div. Yield | 3.0% | 3.3% | 3.6% |

STOCK OVERVIEW



COMPANY DATA

As of 30 Jun 2024

| | |
|----------------------|-----------|
| Liquid Assets | € 10.30m |
| Current Assets | € 99.70m |
| Intangible Assets | € 87.80m |
| Total Assets | € 202.70m |
| Current Liabilities | € 56.80m |
| Shareholders' Equity | € 136.40m |

SHAREHOLDERS

| | |
|-------------------|-------|
| MPH Healthcare AG | 69.1% |
| Free Float | 30.9% |



. . . hitting its stride, and the earnings potential is now clearly visible after a run of quarters with segment EBIT margins topping 20%. Management said in February that the lifestyle and beauty specialist was drawing PE interest. M1's Beauty business offers a wealth of expansion opportunities across numerous markets, including America, making it an attractive takeover target.

It remains to be seen whether M1 brass want to play the long game, but everything has its price. Management hinted a 30x EBITDA multiple in February, and private equity is known for its deep pockets. We would not be surprised if one of mentioned six suitors wrote a cheque to buy in or acquire the Beauty business outright.

SIX MONTH HIGHLIGHTS

Table 1: Second quarter results vs FBe and prior year

| EURm | Q2/24 | Q2/24E | Variance | Q2/23 | Variance | 6M/24 | 6M/23 | Variance |
|---------|-------|--------|----------|-------|----------|-------|-------|----------|
| Revenue | 83.0 | 81.8 | 1% | 74.0 | 12% | 167.7 | 150.8 | 11% |
| Beauty | 23.9 | 20.5 | 17% | 16.3 | 47% | 48.6 | 37.2 | 31% |
| Trade | 59.1 | 61.3 | -4% | 57.7 | 2% | 119.1 | 113.6 | 5% |
| EBITDA | 8.2 | 6.5 | 26% | 4.6 | 78% | 17.0 | 9.9 | 71% |
| Margin | 9.9% | 7.9% | - | 6.2% | - | 10.1% | 6.6% | - |
| EBIT | 7.7 | 5.7 | 35% | 3.3 | 133% | 14.5 | 7.3 | 99% |
| Margin | 9.3% | 7.0% | - | 4.5% | - | 8.6% | 4.8% | - |

Source: First Berlin Equity Research; M1 Kliniken AG

Group earnings jump in H1/24 The group topline was up a solid 11% Y/Y. But earnings stole the 6M/24 spotlight, led by EBIT, which came within a whisker of doubling the prior year comp (+99%) to €14.5m, while EBITDA was up a robust 71% Y/Y. M1 benefited from good earnings contributions from both segments as highlighted above. The company did not update on the specifics of the clinic network, but we still look for M1 to add up to 8 new beauty centres in Germany this year plus another two abroad.

Table 2: Financial highlights

| in EURm | 6M/24 | 2023 | Variance |
|-----------------------|-------|-------|----------|
| Liquid assets | 10.3 | 22.4 | -54% |
| Interest bearing debt | 17.9 | 10.7 | 67% |
| Net cash | -7.6 | 11.7 | -165% |
| Intangible assets | 87.8 | 87.4 | 0% |
| Total assets | 202.7 | 213.0 | -5% |
| Shareholders' equity | 136.4 | 143.2 | -5% |
| Equity ratio | 67% | 67% | - |

Source: First Berlin Equity Research; M1 Kliniken AG

Ample liquidity to self-finance growth The equity ratio remained steady at 67% at the six month juncture, while cash and liquid assets tallied about €10.3m but were down some 54% YTD. The balance sheet total was also 5% lower in the six month period. This owes chiefly to the share buyback program that resulted in a cash outflow of some €13m in H1 and reduced the shareholder's equity line item by 5%. In our view, M1 still has more than enough cash to finance its current clinic expansion.



Table 3: H1 cash flow developments

| in EURm | 6M/24 | 6M/23 | Variance | 2023 |
|------------------------------|-------|-------|----------|-------|
| Operating cash flow | 14.5 | 2.4 | 504% | 7.8 |
| Cash flow from investments | -12.5 | -8.2 | n.a. | -9.4 |
| Free cash flow | 2.0 | -5.8 | n.a. | -1.6 |
| Conversion rate ¹ | 12% | n.a. | - | -9% |
| Cash flow from financing | -17.5 | -6.1 | n.a. | -14.8 |
| Consolidation adjustments | 0.0 | 0.0 | n.a. | 13.0 |
| Net cash flow | -15.5 | -11.9 | n.a. | -3.4 |

¹ percent of EBITDA

Source: First Berlin Equity Research; M1 Kliniken AG

VALUATION MODEL

Expect takeover rumour mill to reach a fever pitch According to Bloomberg, the street is calling for 2024 EBITDA of €27m. A 30x multiple implies a market cap of €780m vs the present €308m valuation. A deal for the Beauty business alone would fetch over €520m. M1 shares rose sharply earlier this summer on the back of its bullish mid-term outlook (see note of 6 June 2024). But the stock shed most of the early summer gains as recessionary fears resurfaced. We expect speculation to further fuel share price volatility but stick to our DCF valuation, which in our view reliably calculates fair value for the business. Takeover fever aside, business is good at M1, and we expect this to continue. We maintain our Buy rating and €28 TP.

Table 4: DCF model

| | 2024E | 2025E | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E |
|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|
| Sales | 333,149 | 371,733 | 414,840 | 456,421 | 497,125 | 533,766 | 565,490 | 591,996 |
| NOPLAT | 14,808 | 18,659 | 22,839 | 28,976 | 34,760 | 41,213 | 47,286 | 52,869 |
| (+) depreciation & amortisation | 5,028 | 5,467 | 5,601 | 5,978 | 6,212 | 6,483 | 6,562 | 6,718 |
| (=) Net operating cash flow | 19,836 | 24,126 | 28,440 | 34,954 | 40,972 | 47,696 | 53,848 | 59,587 |
| (-) Total investments (CapEx and WC) | -3,731 | -9,544 | -10,203 | -10,448 | -10,634 | -10,454 | -10,098 | -9,691 |
| (-) Capital expenditures | -4,918 | -5,431 | -5,638 | -6,090 | -6,391 | -6,721 | -6,842 | -7,031 |
| (-) Working capital | 1,187 | -4,113 | -4,565 | -4,358 | -4,243 | -3,733 | -3,256 | -2,661 |
| (=) Free cash flows (FCF) | 16,105 | 14,582 | 18,237 | 24,506 | 30,338 | 37,242 | 43,750 | 49,895 |
| PV of FCF's | 15,635 | 12,887 | 14,673 | 17,950 | 20,229 | 22,607 | 24,177 | 25,101 |

| All figures in EUR '000 | | Terminal EBIT margin | | | | | | |
|------------------------------------|---------|----------------------|-------|-------|-------|-------|-------|-------|
| | | 11.9% | 12.4% | 12.9% | 13.4% | 13.9% | 14.4% | 14.9% |
| PV of FCFs in explicit period | 203,139 | 42.23 | 44.13 | 46.03 | 47.93 | 49.83 | 51.73 | 53.62 |
| PV of FCFs in terminal period | 316,036 | 7.8% | 34.65 | 36.09 | 37.53 | 38.98 | 40.42 | 41.86 |
| Enterprise value (EV) | 519,175 | 8.8% | 29.30 | 30.43 | 31.56 | 32.69 | 33.82 | 34.95 |
| + Net cash / - net debt | 16,133 | 9.8% | 25.32 | 26.23 | 27.13 | 28.04 | 28.95 | 29.85 |
| + Investments / minority interests | -2,475 | 10.8% | 22.26 | 22.99 | 23.73 | 24.47 | 25.21 | 25.95 |
| Shareholder value | 532,833 | 11.8% | 19.83 | 20.44 | 21.05 | 21.66 | 22.27 | 22.88 |
| Fair value per share in EUR | 28.00 | 12.8% | 17.85 | 18.36 | 18.87 | 19.38 | 19.89 | 20.40 |

| | | Terminal growth rate | | | | | | |
|-------------------------|-------|----------------------|-------|-------|-------|-------|-------|-------|
| | | 0.5% | 1.0% | 1.5% | 2.0% | 2.5% | 3.0% | 3.5% |
| Cost of equity | 10.4% | 6.8% | 39.33 | 41.71 | 44.53 | 47.93 | 52.11 | 57.38 |
| Pre-tax cost of debt | 7.0% | 7.8% | 33.28 | 34.90 | 36.78 | 38.98 | 41.59 | 44.74 |
| Tax rate | 25.0% | 8.8% | 28.72 | 29.87 | 31.19 | 32.69 | 34.43 | 36.46 |
| After-tax cost of debt | 5.3% | 9.8% | 25.17 | 26.02 | 26.97 | 28.04 | 29.25 | 30.65 |
| Share of equity capital | 90.0% | 10.8% | 22.34 | 22.98 | 23.69 | 24.47 | 25.35 | 26.35 |
| Share of debt capital | 10.0% | 11.8% | 20.04 | 20.53 | 21.06 | 21.66 | 22.31 | 23.04 |
| WACC | 9.8% | 12.8% | 18.13 | 18.51 | 18.93 | 19.38 | 19.88 | 20.43 |

¹Please note our model runs through 2033 and we have only shown the abbreviated version for formatting purposes



INCOME STATEMENT

| | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Revenues | 314,610 | 285,291 | 316,319 | 333,149 | 371,733 | 414,840 |
| Cost of goods sold | -259,305 | -235,211 | -266,075 | -274,710 | -298,089 | -323,609 |
| Gross profit | 55,305 | 50,080 | 50,244 | 58,439 | 73,644 | 91,230 |
| Personnel expenses | -22,129 | -20,946 | -17,375 | -19,863 | -25,546 | -32,555 |
| Other operating expenses | -16,232 | -15,207 | -13,533 | -14,813 | -19,051 | -24,278 |
| Other operating income | 879 | 1,483 | 1,675 | 1,010 | 1,299 | 1,655 |
| EBITDA | 17,823 | 15,410 | 21,011 | 24,772 | 30,346 | 36,053 |
| Depreciation & amortisation | -5,688 | -6,062 | -5,311 | -5,028 | -5,467 | -5,601 |
| Operating income (EBIT) | 12,135 | 9,348 | 15,701 | 19,745 | 24,879 | 30,452 |
| Net financial result | 963 | 31 | -565 | -1,414 | -1,485 | -1,559 |
| Other financial results | 1,327 | 854 | 1,311 | 787 | 818 | 851 |
| Pre-tax income (EBT) | 14,425 | 10,233 | 16,447 | 19,117 | 24,212 | 29,743 |
| Tax result | -3,545 | -3,162 | -4,779 | -5,279 | -6,253 | -7,636 |
| Minority interests | -1,975 | -2,753 | -1,392 | -1,384 | -1,796 | -2,211 |
| Net income / loss | 8,905 | 4,318 | 10,275 | 12,454 | 16,163 | 19,897 |
| Diluted EPS (in €) | 0.45 | 0.22 | 0.53 | 0.66 | 0.85 | 1.05 |
| Ratios | | | | | | |
| Gross margin | 17.6% | 17.6% | 15.9% | 17.5% | 19.8% | 22.0% |
| EBITDA margin | 5.7% | 5.4% | 6.6% | 7.4% | 8.2% | 8.7% |
| EBIT margin | 3.9% | 3.3% | 5.0% | 5.9% | 6.7% | 7.3% |
| Net margin | 2.8% | 1.5% | 3.2% | 3.7% | 4.3% | 4.8% |
| Tax rate | 24.6% | 23.3% | 36.6% | 25.0% | 25.0% | 25.0% |
| Expenses as % of revenues | | | | | | |
| Personnel costs | 7.0% | 7.3% | 5.5% | 6.0% | 6.9% | 7.8% |
| Other operating expenses | 5.2% | 5.3% | 4.3% | 4.4% | 5.1% | 5.9% |
| Depreciation & amortisation | 1.8% | 2.1% | 1.7% | 1.5% | 1.5% | 1.4% |
| Y-Y Growth | | | | | | |
| Revenues | 97.1% | -9.3% | 10.9% | 5.3% | 11.6% | 11.6% |
| Operating income | 175.5% | -23.0% | 68.0% | 25.8% | 26.0% | 22.4% |
| Net income/ loss | 30.5% | -51.5% | 138.0% | 21.2% | 29.8% | 23.1% |



BALANCE SHEET

| | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Assets | | | | | | | |
| Current assets, total | 122,406 | 110,195 | 107,309 | 110,590 | 87,093 | 98,737 | 113,873 |
| Cash and cash equivalents | 21,960 | 37,868 | 35,149 | 22,383 | 15,578 | 21,183 | 29,680 |
| Short-term investments | 32,184 | 18,155 | 17,102 | 4,103 | 4,226 | 4,353 | 4,483 |
| Receivables | 20,480 | 16,308 | 21,773 | 28,021 | 25,557 | 28,517 | 31,823 |
| Inventories | 42,327 | 35,202 | 27,586 | 45,526 | 30,858 | 33,484 | 36,351 |
| Other current assets | 5,455 | 2,662 | 5,699 | 10,557 | 10,874 | 11,200 | 11,536 |
| Non-current assets, total | 66,336 | 87,916 | 89,716 | 102,364 | 102,255 | 102,219 | 102,257 |
| Property, plant & equipment | 15,763 | 15,267 | 17,178 | 13,794 | 13,901 | 14,019 | 14,139 |
| Goodwill & other intangibles | 38,328 | 60,393 | 60,270 | 87,362 | 87,144 | 86,991 | 86,909 |
| Financial assets | 12,003 | 12,003 | 12,003 | 939 | 939 | 939 | 939 |
| Other assets | 242 | 253 | 265 | 270 | 270 | 270 | 270 |
| Total assets | 188,741 | 198,111 | 197,025 | 212,955 | 189,347 | 200,957 | 216,130 |
| Shareholders' equity & debt | | | | | | | |
| Current liabilities, total | 58,070 | 43,417 | 37,466 | 58,249 | 42,990 | 46,731 | 50,835 |
| Short-term debt | 25,536 | 18,432 | 2,842 | 4,375 | 3,000 | 3,000 | 3,000 |
| Accounts payable | 15,841 | 12,845 | 19,222 | 33,256 | 17,310 | 18,784 | 20,392 |
| Accruals | 3,506 | 3,821 | 3,977 | 7,269 | 7,996 | 8,795 | 9,675 |
| Other current liabilities | 13,187 | 8,319 | 11,425 | 13,349 | 14,684 | 16,152 | 17,768 |
| Long-term liabilities, total | 15,353 | 14,791 | 16,508 | 11,481 | 12,139 | 12,499 | 12,864 |
| Long-term debt | 5,027 | 4,375 | 3,125 | 1,875 | 1,875 | 1,875 | 1,875 |
| Other liabilities | 1,569 | 2,289 | 3,059 | 1,782 | 2,283 | 2,484 | 2,686 |
| Shareholders' equity | 85,754 | 95,026 | 95,520 | 113,250 | 102,860 | 108,571 | 117,066 |
| Minority interests | 29,565 | 44,877 | 47,531 | 29,975 | 31,359 | 33,154 | 35,365 |
| Total equity | 115,319 | 139,903 | 143,052 | 143,224 | 134,218 | 141,726 | 152,431 |
| Total consolidated equity and debt | 188,741 | 198,111 | 197,025 | 212,955 | 189,347 | 200,957 | 216,130 |
| Ratios | | | | | | | |
| Current ratio (x) | 7.9 | 4.1 | 2.1 | 2.5 | 2.9 | 1.9 | 2.0 |
| Quick ratio (x) | 7.6 | 4.0 | 1.4 | 1.7 | 2.1 | 1.1 | 1.3 |
| Net debt/(net cash) | -25,234 | -6,638 | 8,603 | -15,061 | -29,182 | -16,133 | -10,703 |
| Net debt / EBITDA | 1.0 | -0.8 | -1.9 | -0.8 | -0.4 | -0.5 | -0.7 |
| Net gearing | -29.4% | -7.0% | 9.0% | -13.3% | -28.4% | -14.9% | -9.1% |
| Equity ratio | 61.1% | 70.6% | 72.6% | 67.3% | 70.9% | 70.5% | 70.5% |
| Book value per share (in €) | 4.4 | 4.8 | 4.9 | 5.8 | 5.2 | 5.5 | 6.0 |
| Return on equity (ROE) | 8.0% | 9.4% | 4.5% | 9.1% | 12.1% | 14.9% | 17.0% |



CASH FLOW STATEMENT

| | 2020 | 2021 | 2022 | 2023 | 2024E | 2025E | 2026E |
|---------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Net income | 7,427 | 10,880 | 7,071 | 11,668 | 13,838 | 17,959 | 22,108 |
| Depreciation and amortisation | 4,483 | 5,644 | 5,862 | 5,311 | 5,028 | 5,467 | 5,601 |
| Tax expense | 1,352 | 3,545 | 3,163 | 4,779 | 5,279 | 6,253 | 7,636 |
| Other adjustments | -4,213 | -1,150 | -729 | -1,347 | -787 | -818 | -851 |
| Net interest result | 417 | 437 | 199 | 629 | 1,414 | 1,485 | 1,559 |
| Operating cash flow | 9,466 | 19,356 | 15,566 | 21,039 | 24,772 | 30,346 | 36,053 |
| Changes in working capital | -595 | -3,650 | 7,585 | -8,851 | 2,966 | -2,137 | -2,372 |
| Tax paid | -726 | -30 | -2,164 | -4,381 | -4,779 | -6,053 | -7,436 |
| Net operating cash flow | 9,538 | 15,686 | 20,769 | 7,809 | 22,959 | 22,155 | 26,244 |
| CapEx | -1,446 | -1,335 | -1,773 | -1,009 | -1,666 | -1,859 | -2,074 |
| Other investments and disposals | 4,390 | 1,069 | 28 | -9,048 | 787 | 818 | 851 |
| Interest income | 172 | 479 | 630 | 694 | 0 | 0 | 0 |
| Cash flow from investing | 3,116 | 213 | -1,115 | -9,363 | -879 | -1,041 | -1,223 |
| Free cash flow | 12,654 | 15,899 | 19,654 | -1,554 | 22,080 | 21,115 | 25,021 |
| Debt financing, net | 4,043 | -4,219 | -13,405 | -28,372 | -1,375 | 0 | 0 |
| Equity financing, net | 0 | 14,485 | 0 | 0 | 0 | 0 | 0 |
| Paid dividend | -129 | -1,658 | -1,823 | -1,981 | -9,681 | -10,452 | -11,402 |
| Interest expense | -335 | -506 | -399 | -888 | -1,414 | -1,485 | -1,559 |
| Share buy-back | 0 | 0 | -2,146 | 7,577 | -13,163 | 0 | 0 |
| Redemption rights | -3,201 | -4,075 | -4,594 | -4,157 | -3,252 | -3,573 | -3,564 |
| Cash flow from financing | 378 | 4,027 | -22,367 | -27,821 | -28,885 | -15,509 | -16,525 |
| Consolidation adjustments | -4,175 | 0 | 0 | 16,536 | 0 | 0 | 0 |
| Net cash flow | 8,857 | 19,913 | -2,719 | -12,766 | -6,805 | 5,606 | 8,496 |
| Cash, start of the year | 9,098 | 21,960 | 37,868 | 35,149 | 22,383 | 15,578 | 21,183 |
| Cash, end of the year | 21,960 | 37,868 | 35,149 | 22,383 | 15,578 | 21,183 | 29,680 |
| EBITDA/share (in €) | 0.48 | 0.91 | 0.78 | 1.09 | 1.30 | 1.60 | 1.90 |
| Y-Y Growth | | | | | | | |
| Operating cash flow | -23.3% | 104.5% | -19.6% | 35.2% | 17.7% | 22.5% | 18.8% |
| Free cash flow | n.m. | 25.6% | 23.6% | n.m. | n.m. | -4.4% | 18.5% |
| EBITDA/share | -26.3% | 89.7% | -13.5% | 38.3% | 20.1% | 22.5% | 18.8% |

Imprint / Disclaimer

First Berlin Equity Research

First Berlin Equity Research GmbH ist ein von der BaFin betreffend die Einhaltung der Pflichten des §85 Abs. 1 S. 1 WpHG, des Art. 20 Abs. 1 Marktmissbrauchsverordnung (MAR) und der Markets Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Durchführungsverordnung und der Markets in Financial Instruments Regulations (MiFIR) beaufsichtigtes Unternehmen.

First Berlin Equity Research GmbH is one of the companies monitored by BaFin with regard to its compliance with the requirements of Section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) Market Abuse Regulation (MAR) and Markets in Financial Instruments Directive (MiFID) II, Markets in Financial Instruments Directive (MiFID) II Commission Delegated Regulation and Markets in Financial Instruments Regulations (MiFIR).

Anschrift:

First Berlin Equity Research GmbH
 Friedrichstr. 34
 10117 Berlin
 Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680

Fax: +49 (0) 30-80 93 9 687

E-Mail: info@firstberlin.com

Amtsgericht Berlin Charlottenburg HR B 103329 B

UST-Id.: 251601797

Ggf. Inhaltlich Verantwortlicher gem. § 6 MDStV

First Berlin Equity Research GmbH

Authored by: Ellis Acklin, Senior Analyst

All publications of the last 12 months were authored by Ellis Acklin.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

The production of this recommendation was completed on 6 September 2024 at 14:16

Person responsible for forwarding or distributing this financial analysis: Martin Bailey

Copyright© 2024 First Berlin Equity Research GmbH No part of this financial analysis may be copied, photocopied, duplicated or distributed in any form or media whatsoever without prior written permission from First Berlin Equity Research GmbH. First Berlin Equity Research GmbH shall be identified as the source in the case of quotations. Further information is available on request.

INFORMATION PURSUANT TO SECTION 85 (1) SENTENCE 1 OF THE GERMAN SECURITIES TRADING ACT [WPHG], TO ART. 20 (1) OF REGULATION (EU) NO 596/2014 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF APRIL 16, 2014, ON MARKET ABUSE (MARKET ABUSE REGULATION) AND TO ART. 37 OF COMMISSION DELEGATED REGULATION (EU) NO 2017/565 (MIFID) II.

First Berlin Equity Research GmbH (hereinafter referred to as: "First Berlin") prepares financial analyses while taking the relevant regulatory provisions, in particular section 85 (1) sentence 1 of the German Securities Trading Act [WpHG], art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) and art. 37 of Commission Delegated Regulation (EU) no. 2017/565 (MiFID II) into consideration. In the following First Berlin provides investors with information about the statutory provisions that are to be observed in the preparation of financial analyses.

CONFLICTS OF INTEREST

In accordance with art. 37 (1) of Commission Delegated Regulation (EU) no. 2017/565 (MiFID) II and art. 20 (1) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014, on market abuse (market abuse regulation) investment firms which produce, or arrange for the production of, investment research that is intended or likely to be subsequently disseminated to clients of the firm or to the public, under their own responsibility or that of a member of their group, shall ensure the implementation of all the measures set forth in accordance with Article 34 (2) lit. (b) of Regulation (EU) 2017/565 in relation to the financial analysts involved in the production of the investment research and other relevant persons whose responsibilities or business interests may conflict with the interests of the persons to whom the investment research is disseminated. In accordance with art. 34 (3) of Regulation (EU) 2017/565 the procedures and measures referred to in paragraph 2 lit. (b) of such article shall be designed to ensure that relevant persons engaged in different business activities involving a conflict of interests carry on those activities at a level of independence appropriate to the size and activities of the investment firm and of the group to which it belongs, and to the risk of damage to the interests of clients.

In addition, First Berlin shall pursuant to Article 5 of the Commission Delegated Regulation (EU) 2016/958 disclose in their recommendations all relationships and circumstances that may reasonably be expected to impair the objectivity of the financial analyses, including interests or conflicts of interest, on their part or on the part of any natural or legal person working for them under a contract, including a contract of employment, or otherwise, who was involved in producing financial analyses, concerning any financial instrument or the issuer to which the recommendation directly or indirectly relates.

With regard to the financial analyses of M1 Kliniken AG the following relationships and circumstances exist which may reasonably be expected to impair the objectivity of the financial analyses: The author, First Berlin, or a company associated with First Berlin reached an agreement with the M1 Kliniken AG for preparation of a financial analysis for which remuneration is owed.

Furthermore, First Berlin offers a range of services that go beyond the preparation of financial analyses. Although First Berlin strives to avoid conflicts of interest wherever possible, First Berlin may maintain the following relations with the analysed company, which in particular may constitute a potential conflict of interest:

- The author, First Berlin, or a company associated with First Berlin owns a net long or short position exceeding the threshold of 0.5 % of the total issued share capital of the analysed company;
- The author, First Berlin, or a company associated with First Berlin holds an interest of more than five percent in the share capital of the analysed company;

- The author, First Berlin, or a company associated with First Berlin provided investment banking or consulting services for the analysed company within the past twelve months for which remuneration was or was to be paid;
- The author, First Berlin, or a company associated with First Berlin reached an agreement with the analysed company for preparation of a financial analysis for which remuneration is owed;
- The author, First Berlin, or a company associated with First Berlin has other significant financial interests in the analysed company;

With regard to the financial analyses of M1 Kliniken AG the following of the aforementioned potential conflicts of interests or the potential conflicts of interest mentioned in Article 6 paragraph 1 of the Commission Delegated Regulation (EU) 2016/958 exist: The author, First Berlin, or a company associated with First Berlin reached an agreement with the M1 Kliniken AG for preparation of a financial analysis for which remuneration is owed.

In order to avoid and, if necessary, manage possible conflicts of interest both the author of the financial analysis and First Berlin shall be obliged to neither hold nor in any way trade the securities of the company analyzed. The remuneration of the author of the financial analysis stands in no direct or indirect connection with the recommendations or opinions represented in the financial analysis. Furthermore, the remuneration of the author of the financial analysis is neither coupled directly to financial transactions nor to stock exchange trading volume or asset management fees.

INFORMATION PURSUANT TO SECTION 64 OF THE GERMAN SECURITIES TRADING ACT [WPHG], DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 15 MAY 2014 ON MARKETS IN FINANCIAL INSTRUMENTS AND AMENDING DIRECTIVE 2002/92/EC AND DIRECTIVE 2011/61/EU, ACCOMPANIED BY THE MARKETS IN FINANCIAL INSTRUMENTS REGULATION (MIFIR, REG. EU NO. 600/2014).

First Berlin notes that it has concluded a contract with the issuer to prepare financial analyses and is paid for that by the issuer. First Berlin makes the financial analysis simultaneously available for all interested security financial services companies. First Berlin thus believes that it fulfils the requirements of section 64 WpHG for minor non-monetary benefits.

PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

| Category | | 1 | 2 |
|--------------------------------------|--|---------------|-------------|
| Current market capitalisation (in €) | | 0 - 2 billion | > 2 billion |
| Strong Buy ¹ | An expected favourable price trend of: | > 50% | > 30% |
| Buy | An expected favourable price trend of: | > 25% | > 15% |
| Add | An expected favourable price trend of: | 0% to 25% | 0% to 15% |
| Reduce | An expected negative price trend of: | 0% to -15% | 0% to -10% |
| Sell | An expected negative price trend of: | < -15% | < -10% |

¹ The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

| Report No.: | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 2 December 2021 | €6.98 | Buy | €14.00 |
| 2...6 | ↓ | ↓ | ↓ | ↓ |
| 7 | 24 November 2022 | €4.84 | Buy | €11.10 |
| 8 | 2 May 2023 | €7.78 | Buy | €10.50 |
| 9 | 26 June 2023 | €7.28 | Buy | €10.50 |
| 10 | 28 September 2023 | €9.16 | Buy | €11.90 |
| 11 | 20 December 2023 | €10.10 | Buy | €13.20 |
| 12 | 26 March 2024 | €12.70 | Buy | €18.00 |
| 13 | 4 June 2024 | €21.40 | Buy | €18.00 |
| 14 | 6 June 2024 | €21.80 | Buy | €28.00 |
| 15 | Today | €16.45 | Buy | €28.00 |

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

SUBJECT TO CHANGE

The opinions contained in the financial analysis reflect the assessment of the author on the day of publication of the financial analysis. The author of the financial analysis reserves the right to change such opinion without prior notification.

Legally required information regarding

- key sources of information in the preparation of this research report
- valuation methods and principles
- sensitivity of valuation parameters

can be accessed through the following internet link: <https://firstberlin.com/disclaimer-english-link/>

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

EXCLUSION OF LIABILITY (DISCLAIMER)

RELIABILITY OF INFORMATION AND SOURCES OF INFORMATION

The information contained in this study is based on sources considered by the author to be reliable. Comprehensive verification of the accuracy and completeness of information and the reliability of sources of information has neither been carried out by the author nor by First Berlin. As a result no warranty of any kind whatsoever shall be assumed for the accuracy and completeness of information and the reliability of sources of information, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the accuracy and completeness of information and the reliability of sources of information.

RELIABILITY OF ESTIMATES AND FORECASTS

The author of the financial analysis made estimates and forecasts to the best of the author's knowledge. These estimates and forecasts reflect the author's personal opinion and judgement. The premises for estimates and forecasts as well as the author's perspective on such premises are subject to constant change. Expectations with regard to the future performance of a financial instrument are the result of a measurement at a single point in time and may change at any time. The result of a financial analysis always describes only one possible future development – the one that is most probable from the perspective of the author – of a number of possible future developments.

Any and all market values or target prices indicated for the company analysed in this financial analysis may not be achieved due to various risk factors, including but not limited to market volatility, sector volatility, the actions of the analysed company, economic climate, failure to achieve earnings and/or sales forecasts, unavailability of complete and precise information and/or a subsequently occurring event which affects the underlying assumptions of the author and/or other sources on which the author relies in this document. Past performance is not an indicator of future results; past values cannot be carried over into the future.

Consequently, no warranty of any kind whatsoever shall be assumed for the accuracy of estimates and forecasts, and neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be liable for any direct or indirect damage incurred through reliance on the correctness of estimates and forecasts.

INFORMATION PURPOSES, NO RECOMMENDATION, SOLICITATION, NO OFFER FOR THE PURCHASE OF SECURITIES

The present financial analysis serves information purposes. It is intended to support institutional investors in making their own investment decisions; however in no way provide the investor with investment advice. Neither the author, nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall be considered to be acting as an investment advisor or portfolio manager vis-à-vis an investor. Each investor must form his own independent opinion with regard to the suitability of an investment in view of his own investment objectives, experience, tax situation, financial position and other circumstances.

The financial analysis does not represent a recommendation or solicitation and is not an offer for the purchase of the security specified in this financial analysis. Consequently, neither the author nor First Berlin, nor the person responsible for passing on or distributing the financial analysis shall as a result be liable for losses incurred through direct or indirect employment or use of any kind whatsoever of information or statements arising out of this financial analysis.

A decision concerning an investment in securities should take place on the basis of independent investment analyses and procedures as well as other studies including, but not limited to, information memoranda, sales or issuing prospectuses and not on the basis of this document.

NO ESTABLISHMENT OF CONTRACTUAL OBLIGATIONS

By taking note of this financial analysis the recipient neither becomes a customer of First Berlin, nor does First Berlin incur any contractual, quasi-contractual or pre-contractual obligations and/or responsibilities toward the recipient. In particular no information contract shall be established between First Berlin and the recipient of this information.

NO OBLIGATION TO UPDATE

First Berlin, the author and/or the person responsible for passing on or distributing the financial analysis shall not be obliged to update the financial analysis. Investors must keep themselves informed about the current course of business and any changes in the current course of business of the analysed company.

DUPLICATION

Dispatch or duplication of this document is not permitted without the prior written consent of First Berlin.

SEVERABILITY

Should any provision of this disclaimer prove to be illegal, invalid or unenforceable under the respectively applicable law, then such provision shall be treated as if it were not an integral component of this disclaimer; in no way shall it affect the legality, validity or enforceability of the remaining provisions.

APPLICABLE LAW, PLACE OF JURISDICTION

The preparation of this financial analysis shall be subject to the law obtaining in the Federal Republic of Germany. The place of jurisdiction for any disputes shall be Berlin (Germany).

NOTICE OF DISCLAIMER

By taking note of this financial analysis the recipient confirms the binding nature of the above explanations.

By using this document or relying on it in any manner whatsoever the recipient accepts the above restrictions as binding for the recipient.

QUALIFIED INSTITUTIONAL INVESTORS

First Berlin financial analyses are intended exclusively for qualified institutional investors.

This report is not intended for distribution in the USA and/or Canada.